IMPACT OF INCENTIVES ON INDUSTRIAL DEVELOPMENT OF BACKWARD AREAS IN UTTAR PRADESH

ABSTRACT

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The development of backward areas have been assigned a high priority in the planning period by the central government as well as the state government. Out of 357 districts in the country, 250 districts have been declared backward by the various state governments on the basis of the criteria laid down by the "Pande Committee" etc.

Regional balance or equitable participation by all region in the process as well as benefits of development has all along been one of the principal objective of industrial development in India. This objectives however, was not achieved to a socially desirable extent during the first three five year plans. At the beginning of the Fourth Plan with renewed emphasis on regional balance the task to identifying industrially backward areas was taken up for the first time by the planning Commission.

The regional disparities seem to be concomitant with economic/industrial development. This has become one of the major drawbacks of economic/industrial development and one may compare this with the problems of ecology or the gradual depletion of fossil resources. The regional disparities arising out of industrial development are in terms of standards of living, employment opportunities, infra-structural availability, etc. The industrial development has also caused migration of skill and capital from our region to the other, thus, accentuating the regional disparity. The developing countries are no exception to the problem of regional disparity.

Many scholars have studied various aspects of backward areas in India, and abroad, G.C.Cameron, B.D.Clerk, Lutherell W.F., William Tabbs, Naclum Finger, Allan Rodgers, K.S.V. Menon, Sadhak H., Giriappa S., G.D. Narang and Godbole M.D have studied the impact of incentives on Backward area development. The role of Financial institutions in the development

of backward areas has been studied by K.V.S. Menon, B.B. Tondon, G.D. Narang, K.R. Sharma. The impact of industrial locational policies was reviewed by M.D. Godbole, V.A. Pandit Rao. The role of Development Banks in the development of backward areas has been evaluated by S.N. Battacharya, Z.U. Khairoowala, Keshav Malhotra. Criteria & Strategy for industrial development in backward areas was discussed by T.S. Kannan, Hannan Ezekiel H.J. Jehaveri, T.S. Papola, kartar Singh, Hemlata Rao and Z.U. Khairoowala. The backward areas development through nucleus plants was evaluated by Charanjit Chanan and N.R. Krishna Swami. Industrial development in backward areas has been discussed by Mohd. Fazal, S.C. Kuchhal, H.. Sadhak, Singh & Sadhu, S.C. Patnaik and Satyanarayana. Agricultural development in backward areas by Kanata Prasad, R.K. Sampath. The impact of large units on backward areas has been evaluated by Amitabha De, and H.N. Pathak. Economic policy and backward areas development has been reviewed by pramod K. Sinha and K. R. G. Nair.

Keeping in view the above noted literature
into consideration, the topic for Ph.D. was selected and an humble attempt has been made to examine the impact of incentives on industrial development in backward areas of Uttar Pradesh.

The chapter second has been devoted to study the concept and criteria for backward area development. The concept of Backward area was first developed in Great Britain to stress the problems of depressed areas. Britain was also the first country to take some effective steps to develop the backward areas through dispersal of industries from congested areas to the backward areas. Other developed countries like U.S.A., France and Italy also faced the problems of backwardness and due to this Regional development and planning came into force in these countries only. The concept of backward areas could not remain confined to the developed countries, developing countries also recognised the problems of growing regional disparities and the need for development of industries in backward areas was identified.
In developing countries like India, backward areas are rural in character and have not experienced any industrial development. In fact, the difference in developing country can be called the difference in development between ‘rural’ and ‘urban’ areas which Lipton has called “rural Urban” dichotomy. The regional economic policy in India has been formulated to stimulate demand for labour and reduce level of employment by attracting more industries in backward areas and raising wages.

The planning Commission set up a study group in 1966 to suggest the criteria for identifying backward areas. The National Development Council suggested per capita income as a criteria to identify the backward states in 1968.

The development of backward areas in India during plan periods was of utmost importance. But in the First, Second, Third and Ninth Five year plans government did not outline any specific programmes for the development of backward areas in the country. In the fourth five year plan the
need for correcting regional imbalances arose. Thus, the commission appointed two working group in November, 1968. First working group was appointed under the chairmanship of B.D. Pande to recommend the criteria for identification of backward areas. Second group was named as Wanchoo Committee, which suggested fiscal and financial incentives for establishing industrial units in the backward areas. The total outlay was revised during fourth five year plan from Rs. 697.35 crores to Rs. 710.01 crores of which Rs. 46.57 crores to Rs. 49.20 crores were estimated for special and backward areas development. A scheme for giving on out right grant or subsidy amounting to 10 percent of fixed capital investment of new and existing units having fixed investment of not more than Rs. 50 lakhs was in 44 industrially backward areas.

The fifth five year plan draft pointed out the need for infrastructure facilities and an institutional frame work to coordinate the essential components of the industrial development programmes for the development of backward areas. The total
expenditure of central government and state government in different areas was of order of Rs. 1581.53 crores of which the highest amount of Rs. 756.66 crores was estimated for tribal areas, Rs. 496.48 crores was for integrated rural development and 236.74 crores was for hill areas development.

The sixth five year plan also emphasized the importance of balance regional industrial development and prepared schemes for industrial development of the backward areas. A high level National Committee for the Development of Backward Areas (NCDBA) was appointed under the chairmanship of Mr. N. Sivaraman during the sixth plan. It was constituted to examine and identify backward areas and to review the working of existing scheme introduced for the regional industrial disparity. Hill area was one of the categories of backward areas the other are namely Tribal areas, Drought prone areas, Desert areas, coastal areas affected by salinity and chronically flood affected areas, which was suggested by National Committee on the development of backward areas.
The Seventh Five year plan envisages discouraging the setting up of industries in or around urban agglomerations and package of incentives were provided to attract industries in the backward areas. The total outlays during the seventh plan for other special areas programme was Rs. 1258.59 crores of which Rs. 244.59 crores was for backward areas.

During the Eight Five year plan the total outlay of states in special area programme was Rs. 6750.16 crores of which Rs. 1450 crores was for hill areas Rs. 1160 crores for North Eastern Areas and Rs. 4140.16 crores for other special areas. The outlays for other special area programmes was Rs. 4140.16 crores of which Rs. 1250.16 crores was for backward areas.

The Ninth Five year plan emphasized the issue of regional balance operates at both the inter-state and the intra-state levels, and increase the productivity of agriculture in backward area but also to increase the degree of integration between
the rural areas and rest of the country.

The development of backward areas in Uttar Pradesh could not be an essential features in their plans. As it is evidence from the facts that the First, Second, Third and Ninth Five year plans by Uttar Pradesh Government did not outline any specific programme for the development of backward areas. During the Fourth Five Year Plan the total outlay was Rs. 6477.50 lakhs of which Rs. 2000 lakhs was allocated for hill and border areas, Rs. 450 lakhs was allocated as an additional outlay for backward areas. During the Fifth Five year plan the Pande Committee had declared 39 districts as a backward districts. With a capital subsidy of 20%, 15% and 10%.

During the Sixth Five year plans the total outlays for backward areas developments in Uttar Pradesh was Rs. 8865 lakhs out of which Rs. 3750 lakhs was to be spent in backward areas. In plains total length of roads to be constructed was 10785 kilometers of which 735 kilometer was in backward areas. The amount to be spent on the roads in
plains was Rs. 18665 lakhs, of which Rs. 1250 lakhs was for backward areas. In hill areas total length of roads to be constructed was 3536 kilometers of which 1500Kms. was in backward areas.

The total outlay during the Seventh Five Year plan was Rs. 23797 Lakhs of which Rs. 1900 lakhs was for backward areas, representing 7.98 percent of the total outlay. The total actual expenditure was Rs. 2109 lakhs of which Rs. 260 lakhs was for backward areas, indicating 12.33 percent of the total actual expenditure.

The total outlay of UPSIDCO during the Seventh Five year plan was Rs. 3505 lakhs of which Rs. 2665 lakhs was for the land subsidy in backward districts which is Rs. 76.03 percent of the total outlay. Some other institutions agreed outlay during the Seventh plan was 3088 lakhs of which Rs. 200 lakhs was subsidy for backward areas, indicating 6.48 percent of the total agreed outlay.

During the annual plan 1991-92 the total outlay was Rs. 9900 lakhs of which Rs. 3850 lakhs was for
backward areas, indicating a share of 38.89 percent. The total expenditure during the same period was Rs. 6828 lakhs was for backward areas, indicating a scheme of Rs. 40.04 percent of the total expenditure.

The total outlay of the Eight five year plan was Rs. 1165 lakhs of which Rs. 1100 lakhs was for land subsidy in backward districts. In 1992-93 total approved outlay was Rs. 235 lakhs of which Rs. 125 lakhs was for backward districts, representing a share of 53.19 percent of total outlay. The anticipated expenditure and proposed outlay was 10 lakhs in each as subsidy for backward areas in the years 1992-93 and 1993-94 respectively.

In the Ninth Five Year Plan Priorities were given for the development of agriculture, living standard of the poor, disparity and fiscal deficits. But the state of Uttar Pradesh has not made any provision for the development of backward area development.

The Financial Institutions i.e. Industrial Reconstruction Bank of India (IRBI), Small Industries
Development Bank of India (SIDBI) Unit Trust of India (UTI), General Insurance Corporation of India (GICI), Tourism finance Corporation of India (TFCI) did not outline any specific programme for development of backward areas in the country. But financial institutions such as, IDBI, IFCI, ICICI, SFCs, SIDCs and LIC has given a special treatment to backward areas. As given evident from the fact that the sanctioned assistance to backward areas by All Financial Institutions has increased from Rs. 460 crores in 1976-77 to Rs. 20455.6 crores in 1995-96, registering an overall rise of 4446.6 percent. The assistance disbursement was Rs. 239.3 crores in 1976-77, which increased to Rs. 8396 crores in 1995-96 showing an overall rise of 3408.6 percent.

All India Financial Institution's assistance sanctions to backward areas has risen from Rs. 739.6 crores in 1979-80 to Rs. 190320.3 crores in 1995-96, showing an overall rise of 2577.5 percent. The increasing trend in disbursement to backward areas, registered a rise of 1587.6 percent. As
compared with the previous year i.e. 1993-94 the increase worked out to the tune of 23.3 percent.

Industrial Development Bank of India's (IDBI) assistance sanctions to backward areas increased from Rs. 563.6 crores in 1979-80 to Rs. 6981.1 crores in 1995-96, which is 107 times increase in just sixteen years, registering an overall growth of 1239.9 percent. In the backward areas side, it has risen from Rs. 625.4 crores in 1979-80 to Rs. 12388.1 crores in 1995-96 recording an increase of 1198.5 percent.

IFCI's total assistance sanctions was Rs. 10300.4 crores in 1995-96 which rose from 137.8 crores in 1979-80, registering an overall growth of 7518.5 percent. The assistance sanctioned to backward areas has increased from Rs. 61.2 crores in 1979-80 to Rs. 5722.8 crores in 1995-96 which is about 42 times increase in just sixteen years, and recording an overall rise of 4135.8 percent. In non-backward areas assistance disbursement has risen from Rs. 76.6 crores in 1979-80 to Rs. 4578.6 crores.
in 1995-96, registering an overall increase of 3979 percent. From 1979 to 1996 the sanctions amounted to Rs. 36375 crores, out of which sanctions to industries in backward areas was to the tune of Rs. 18040.5 crores. Therefore, the share percentage of backward areas was 34.8 percent, while the share percentage of non-backward areas was 50 percent which is more than the share of backward areas.

The IRBI’s sanction to backward areas in 1981-82 was Rs. 13.3 crores which rose to Rs. 216.8 crores in 1995-96, showing an overall rise of 1630.8 percent which is about 16 fold increase just in the period of sixteen years. In non-backward areas, the assistance sanctions was Rs. 33.6 crores in 1981-82 which has gone up to Rs. 680.4 crores in 1995-96, registering a rise of 2023.8%. The total assistance sanctions moved up to Rs. 897.9 crores in 1995-96 from a small amount of Rs. 46.9 crores in 1981-82, showing overall increase of 1908.6 percent.

3IDBI’s assistance to backward areas,
in 1994-95 aggregated to Rs. 656.6 crores, recording a decline of 36.5 percent over the period 1990-91. While compared with the previous year (1993-94) assistance sanctions comes to about 12 percent. In non-backward areas the total amount of assistance sanctions in 1995-96 aggregated to Rs. 3780.1 crores recording a growth of 270.9 percent over the year i.e. 1990-91, if compared with the previous year (1994-95) the assistance sanctions stands at about 39 percent.

Unit Trust of India's (UTI) total assistance has risen from Rs. 127.5 crores in 1982-83 to Rs. 5531.2 crores in 1994-95, recording an increase of 4238.1 percent. While assistance sanctions to backward areas increased to Rs. 93.2 crores in 1994-95 from Rs. 15.1 crores in 1982-83 constituting 517.2 percent growth rate. In the non-backward areas the total assistance sanctions is more than the backward areas.

General Insurance Corporation's total amount of assistance has increased from Rs. 92.7
crores in 1982-83 to Rs. 431.2 crores in 1994-95, constituting a rise of 365 percent. To backward areas the total amount of assistance sanctions in 1994-95 aggregated to Rs. 4.5 crores recording 221.4 percent growth rate over the base year i.e. 1982-83. In the non-backward areas the total assistance sanctions has risen to Rs. 426.7 crores in 1994-95, recording a growth rate of 367.3 percent over the base year i.e. 1982-83.

State Financial Corporation's assistance to backward areas in 1995-96 aggregated to Rs. 15085 crores registering a rise of approximately 1628.5 percent over the base year i.e. 1976-77. In the non-backward areas the growth in assistance sanctions in 1995-96 aggregated to Rs. 2411.0 crores, recording 2314.6 percent increase over the base year i.e. 1976-77.

State Industrial Development Corporation's (SIDCs) total assistance rose to Rs. 1894.6 crores in 1995-96 from a small amount of Rs. 157.6 crores in 1979-80, showing an overall increase
of 1031.9 percent. The assistance sanctions in backward areas in 1979-80 was Rs. 99.1 crores which rose to Rs. 713.5 crores in 1995-96, registering an overall rise of 686.5 percent which is about six fold increase, just in a period of sixteen years. while in non-backward areas the assistance sanctions was Rs. 58.5 crores in 1979-80 has gone up to Rs. 1181.6 crores in 1995-96, constituting a rise of 2018.8 percent.

Tourism Finance Corporation of India's assistance to backward areas in 1994-95 aggregated to Rs. 24.3 crores, recording an increase of 147.9 percent over the base year i.e. 1989-90. In the non-backward areas, the amount of assistance sanctions in 1994-95 aggregated to Rs. 190.5 crores, recording a growth of 343 percent over the base year i.e. 1989-90.

RCTC's total assistance sanctions has risen from Rs. 3.7 crores in 1987-88 to Rs. 7.4 crores in 1993-94, recording a growth of 100%, while assistance sanctions to backward areas decreased to Rs. 2.0
crores in 1993-94 from Rs. 2.6 crores in 1987-88, accounting to 30 percent decline rate. In the non-backward areas the growth rate of total assistance sanctions is more than the growth rate of backward areas.

From the above discussion it has been observed that there are federation of agencies for implementing the policy of concessional finance and state subsidy - All India level as well as State level. There are IDBI, IFCI, ICICI at the national level and there are institutions like SFC, SIDCO, PICUP etc. at the state level. All the all India institutions sanction concessional finance, in addition to that IDBI offers refinance, seed capital IFCI has its Risk capital foundation etc. All these institutions are financing industries in developed as well as in backward regions. Therefore the whole efforts of these institutions are divided. There is also the regional element in their financing. Among these 3 all India institutions, ICICI is a private organisation, while IDBI and IFCI are Government institutions. Therefore, the
operational objectives come in the way of financing the industries in backward regions.

The All Financial Institutions (AFI) All India Financial Institutions (AIFI), Industrial Development Bank of India, (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit Investment Corporation of India (ICICI), Industrial Reconstruction Bank of India (IRBI), Small Industries Development Bank of India (SIDBI), State Financial Corporation (SFC), State Industrial Development Corporation (SIDC) played a vital role in the development of backward areas in Uttar Pradesh.

The All Financial Institution's assistance to backward areas has increased from Rs. 64 crores in 1980-81 Rs. 1654 crores in 1995-96 showing an overall rise of 1404 percent. Simultaneously, the disbursement rose from Rs. 44 crores in 1980-81 to Rs. 1128 crores in 1995-96 indicating an overall increase of 2209 percent.

The All India Financial Institution's assistance sanctions to backward areas was Rs. 50 crores in 1980-81 which rose to Rs. 1407 crores in
1995-96, accounting an increase of 2714 percent, similarly the disbursement of assistance to backward areas moved up from Rs. 38 crores in 1980-81 to Rs. 993 crores in 1995-96, recording a growth rate of 2265.7 percent.

Industrial Finance Corporation's assistance sanctions and disbursement to backward areas, was Rs. 7 crores and Rs. 4 crores in 1980-81, which went up to Rs. 308 crores and Rs. 284 crores in 1995-96, indicating a rise of 3541% and 8513% respectively.

ICICI's assistance sanctions to backward areas has gone up from Rs. 4.2 crores in 1980-81 to Rs. 306 crores in 1995-96, it has increased 70 times just in sixteen years. The assistance disbursement increased to Rs. 297 crores in 1995-96 from Rs. 3 crores in 1980-81, which shows 75 fold increase in the period of sixteen years.

IRBI's total assistance sanctions in backward areas has risen from Rs. 4 crores in 1984-85 to Rs. 8 crores in 1995-96 recording a growth rate of 100 percent. While the assistance disbursement in
backward areas moved up from Rs. 3 crores in 1984-85 to Rs. 8 crores in 1995-96 registering 100 percent growth rate.

SIDBI's assistance sanctions to backward areas registered a declining trend of 39.4 percent in 1995-96 over 1990-91. The share assistance has also declined by approximately 45.8% during the period understudy, i.e. from Rs. 79 crores in 1990-91 to Rs. 50 crores in 1995-96.

Life Insurance Corporation's (LIC) assistance sanctions to backward areas amounted Rs. 4 crores registering a growth rate of 3900 percent over 1986-87. While the declining trend, registered in assistance disbursement to backward areas during the same period, accounted for about 800 percent declined, that is from Rs. 9 crores in 1986-87 to Rs. 1 crores in 1991-92.

State Financial Corporation's (SFCs) assistance sanctions rose about 587 percent in 1995-96 over 1980-81 as against the rise of 829 percent in assistance disbursement during the same period. In
all the fifteen years from 1980-81 to 1995-96 together total sanctions amounted to Rs. 1621 crores and disbursement Rs. 914 crores out of which sanctions and disbursement to industries in backward areas were Rs. 848 crores and Rs. 565 crores. The share of backward areas in sanctions and disbursement was 52.3 percent and 61.8 percent respectively.

The other institution i.e. Unit Trust of India (UTI), General Insurance Corporation (GIC), Tourism Finance Corporation of India (TFCI) and Risk Capital & Technology Corporation Ltd. (RCTC) not play any significant role in the promotion of industries in backward areas of Uttar Pradesh.

There should be financing and developmental institutions evolve their own package of incentives. There is, therefore, unwanted elements of competition among them to attract industries to their respective States.

One single agency like the 'National Bank for Backward Regions Development should be established to finance the industries exclusively in backward regions of the country. Otherwise one institutions
either IDBI and IFCI can be exclusively entrusted for this purpose. Head Office of NBBRD will be situated at New Delhi and all the State will have regional office and one branch at each backward districts. NBBRD will also administer the Central Government Subsidy Scheme.

The NBBRD should also pay attention to the working capital problem. Our field study reveals that most of the industries especially small Scale Industries are not happy with the functioning of the Commercial Banks and other state level institutions in Backward districts of Uttar Pradesh. They also not get sufficient working capital from them. It is therefore felt that responsibility of providing working capital to industries in the backward districts should be entrusted to 2 to 3 commercial banks.

The Industrial development in backward area of Uttar Pradesh, in category 'A' districts, Kanpur Dehat has the highest number of industries, i.e. 4673, with a total investment of Rs. 27.99 crores and an employment opportunity to 25091 persons. In order of progress
sultanpur stands at the second place and Jaunpur falls in the third place. In category 'B' district Ballia has the highest number of industries i.e. 4588 small scale units with an investment of Rs. 11.95 crores, providing employment to 16798 persons. In the Basti district, there were 3098 establishments with an investments of Rs. 40.96 crores and employing 12624 persons. In category 'C' the Bulandshahr district has the highest number of industries i.e. 10877, with a total investment of Rs. 60.48 crores and employment opportunity to 51311 persons. The Farrukhabad district stands at the second place with 8207 industries having a total investments of Rs. 30.36 crores and generating employment opportunity to 41004 persons.

In regards to large and medium scale industries in category 'A' Nanital has the highest number of industries i.e. 87, with a total investment of Rs. 612.12 crores and an employment opportunity to 24512 persons. In category 'B' districts Rae-Bareili district has the highest number of units. There were 27 units with a total investment of Rs. 269.53 crores with an employment opportunity to 14704 persons. In category 'C' the
Bulandshahr district has the highest number of industries i.e. 51, with a total investment of 277.77 crores and an employment opportunity to 10206 persons. The Moradabad district stand at the second place having 32 industries with a total investments of Rs. 362.29 crores and employment opportunities for 10765 persons.

The highest number of industries which were established in backward areas were food products industries 76381 (24 percent) repairing services 4458 units (14.15 percent), wood products 3191 units (10.13 percent) and metal products 2516 units (7.99 percent) upto 31st March 1988. From 1st April 1988 to 31st March 1995, position of industries was as; repairing services industries were on the top 10007 units (22.09 percent), followed by food products 8998 units (19.86 percent), hoisery and garments 5978 units (13.19 percent) and wood product 4706 units (10.39 percent).

It has been observed from the foregoing analysis that the attempts so far made in India and Uttar pradesh to develop industries in backward regions are not based on any long term industrial planning. Though the problem is deep rooted in Indian economy,
the solution seems to be thought on an adhoc basis, sometimes guided by political considerations. Moreover, the efforts to develop industries in the backward regions were not related to the other actions like to develop agriculture, furnishers, trade etc.. It is therefore necessary to draw a long term plan for the industrial development in backward region stating clearly the objectives to be achieved. One of the most important objectives of this industrial plan for backward regions would be to generate sufficient employment for local people.

This plan should take into account of the intersectoral relationship of the other branches of the economy which are capable of assisting the growth of manufacturing activities in the backward regions. This industrial plan for the development of industries in the backward regions should consider the question of development of required infrastructure, industry mix, technological choice, entrepreneurship development, marketing of products (particularly produced by small scale industries)
transportation policy etc. However this industrial plan should be drawn under the context of national economic planning and social objectives.

The Majority of the entrepreneurs in all the three categories of districts have established their units during two periods, i.e. 1986-90 and 1991-96. In the case of pattern of ownership of the entrepreneurs majority of entrepreneurs 12 units (40 percent) were in the form of private limited company, followed by sole proprietorship / self owned.

The education has always been considered as an important assets of an individual in building his occupational career. Formal education help in the acquisition of required knowledge for a job. It imparts knowledge about different occupational opportunities. A majority of the entrepreneurs 12 (40 percent) are graduate (B.A., B.Sc. B.Com) and 12 (40 percent) entrepreneurs are post graduate in Arts, Science or commerce in backward districts viz., Kanpur Dehat Jhansi and Mathura of categories A, B and C. Thus, it can be said that majority of entrepreneurs are highly qualified.
Selection of an industry is not an easy task. The ultimate success of an entrepreneur depends on this judicious decision making in this regard requires the expertise of professional guidance, because small industry is such where it is impossible to locate a mistake that is committed once, since small entrepreneurs can least afford to experiment on alternative ideas or plans.

Selection of suitable industries and use of appropriate technology are the two most ticklish but important question especially in view of our objective of creation of employment opportunities in backward regions by industrial development through subsidy and incentives. It is observed in our study that the majority of the industries in Uttar Pradesh are Capital intensive industries alien to the region. We felt that the development of highly capital intensive industries in a rural setting may not be able to realise the basic objectives of industrial growth. Therefore, industry mix must be selected after careful survey of industrial potential. It is suggested that the financial institution
especially SIDCO should further endeavour to induced industries based on the forest and agricultural resources.

Industries with considerable local linkage would be able to exploit local resources and local talent. In general care must be taken by the financial institutions while inducing the industries to go to the backward district about the technology which is going to be use by the concerned industrial units. Industries which would be using labour intensive method as well as more material contents technology must be given priority. Because, these industries will exert greater influence on the local employment rather than the industries labour saving material contents technology. Industrial states/areas should be established in backward areas, by central as well as state government.

Labour attains most significant place in the process of production. When the units succeeds in getting rightmen for the right job along with the coordination and cooperation of the employees in smooth running of the industrial units. Very often, the entrepreneurs faced
labour shortage situation particularly of skilled workers. Absenteeism of labour and proper labour facility in backward districts Kanpur Dehat, Jhansi and Mathura of categories A, B and C, have been other problems of entrepreneurs.

The shortage of skilled labour and managerial personnels in Kanpur Dehat, Jhansi and Mathura districts due to shortage in the local labour market and unwillingness of the outsiders to come to the area under study due to inadequate social infrastructure. Local skilled labour supply can be increased through training facilities. However there is lack of sufficient infrastructure in the local institutions to impart required training for the growing need of the industries. Number of seats and faculties be therefore increased. One institution can be started for in-service industrial training.

Residential accommodation is a great problem in backward district. Government Housing Board and SIDCO should take immediate steps to construct residential houses in backward areas. There is also
necessity for increasing the number of schools, especially English Medium School. Many executives told us that they left their families in Calcutta, New Delhi and Bombay only for the non availability of good schools in backward districts.

Continuous supply of power is an essential prerequisite for the optimum utilisation of plant and machinery. But unfortunately, the industrial units were also exposed to power failures, low voltage, irregular power supply.

The Uttar Pradesh Government is assuring and ensuring power supply still entrepreneurs of industrially backward districts face power shortage. It cause adverse effect on production. When the researcher visited the backward district, so many factories were closed due to power cut. There was major complaint about power failure but still uncut power supply to be ensured, by UPSEB for continuous production. In major area of concern in the water supply during summer which made few medium industries to close their plant. The Government should immediately take necessary
steps to ensure uninterrupted water supply.

The SIDCO has been doing commendable jobs by providing site inputs, road etc. some deficiency in infrastructure has observed by us. Tele­communication is totally inadequate. Therefore immediate improvement of telephone service by increasing the number of exchanges, providing more lines to the entrepreneurs and by introducing telex services are necessary. Sustained growth can not be achieved without these services. Infrastructure facilities should be designed for the development of industries as well as for the development of people.

The working group on small scale Industries in 1959 that the non-availability of the right type of raw material at reasonable prices had always been a problems faced by small entrepreneurs. Shortage of Iron and steel had adversely affected many small scale engineering units. The shortage of raw materials at reasonable prices would hamper the production process. At times, the entrepreneurs approach the middlemen for the supply of raw material so, it necessary to ensure adequate quality
of raw material to the industrial enterprises at comparative prices for their well being.

The source by which entrepreneurs procure their raw materials are very important for the smooth production. Therefore, it is felt necessary to investigate the source of the raw material for entrepreneurs. It has been reported that they get their required raw material through open markets in backward districts i.e., Kanpur Dehat, Jhansi & Mathura of categories A, B and C.

Problem of raw material is very acute for the industrial units in backward areas, specially for the small scale units, since no industrial raw material is available in the district it is to be imported from Delhi. This causes increase in inventory by blocking the working capital. It is felt that the service of UPSIDC should be improved which is not satisfactory as per our finding from field study. UPSIDC should formulate special corporate plan to supply required raw material to the small scale and ancillary units in backward areas of Uttar Pradesh. The state government should
provide raw material to small scale enterprises at prices at which they are made available to large houses.

The capital structure in different industries of Kanpur Dehat, Jhansi and Mathura districts of Uttar Pradesh has been discussed in the foregoing pages. It was found that the highest number of entrepreneurs who got the concessional finance and state subsidy were in the range of Rs. 0-10 lakhs, borrowed from market were in the size of Rs. 0-10 lakhs and Rs. 25-50 Lakhs, own capital were in the limit of Rs. 25-50 lakhs.

In Kanpur Dehat district of category 'A' out of 10 entrepreneurs, 3 entrepreneurs (30%) faced the problem of delay in sanctions loans and another 3 entrepreneurs has reported the security requirements have been the main problems in procuring financial assistance. In Jhansi district of category 'B', 3 entrepreneurs (30%) said that more paper work has been the main problems for them, another 3 entrepreneurs (30%) have reported that the security required had been the main problem in procuring financial assistance.
In Mathura district of category 'C' out of 10 entrepreneurs, 3 entrepreneurs (30%) have reported that lack of information has been one of the important problems and other 3 entrepreneurs (30%) said that more paperwork has been another important problem for them in procuring financial assistance.

The packages of incentives and concessions have been available in backward areas as well as developed districts. Several policy measures have been devised to develop backward areas since the late Sixties when a conscious decision was taken to induce industrial activity in relatively less developed areas of the country. The granting of a subsidy on capital investment in backward areas is one among them. This subsidy was made available to new units, as well as to existing units in notified backward districts.

The financial incentives are not sufficient to attract large industries to backward areas. Policy of incentives to be supported by strong location policy prohibiting any industries to come up in developed zones. No objection certificate has introduced in Uttar Pradesh is a right step in this
direction. Licensing policy can be utilise in order to guide the industries mix in the backward districts. Penalty taxes can be imposed in the developed centres to discourage entrepreneurs to come up in the congested industrial regions. Adequate financial incentives will be able to promote local units but to attack industries from developed industrial centres. Strong 'Push' is necessary belong with 'Pull' factors. There we recommended the "National Industrial Location Policy" to regulate the industrial location in the country.

A BASKET OF INCENTIVES to be introduce to take care of all the possible constraints. This basket of incentives which would form the backbone of 'Location Pull' should be strongly supported by the 'Location Push' under a synchronised action plan instead of piecemeal action here and there.

The decision of location of entrepreneurs is influenced not by any single factor but by a matter of facts. Availability of finance has been one of the important factor in the location decision of entrepreneurs
because 54% units have been assigned first rank. But financial incentives i.e. concessional finance (26%) and investment subsidy (20%) could not influence the location decision.

The researcher has observed that concessional finance and personal factors (Home town) have emerged as the most important points in location decision by scoring 44 points each. Second highest point was scored by location of similar industries 36 points. Third and fourth position according to score went to state investment subsidy 34 points and nearness of raw material 22 points.

In Jhansi districts of category 'B' financial incentives and concessional finance, were as considered important factors by the industrial units. On the other hand, the sample taken from the districts that the location factors like interest free sale tax, cheap land, cheap labour, nearness of raw material and location policy of government etc. have external marginal influence in choosing plant location.

In Mathura district of category 'C', state investment subsidy has been considered as first ranking factor 25%
entrepreneurs. Concessional finance has been considered as second ranking factor by 22% entrepreneurs. Personal factors (Home town) has been considered as third ranking factor by 15% entrepreneurs and exerted a considerable influence on location decision.

Investment subsidy, interest free sales tax, transport subsidy and power concession were the important facilities which were not enough for motivating entrepreneurs to set up units in backward areas of Kanpur Dehat of category 'A'.

In Jhansi and Mathura districts government subsidies, concession and other incentives have been motivating factors. While the other factors such as the state investment subsidy, interest free sales tax, transport subsidy, power subsidy and Generating set subsidy could moderately motivated. But in all, subsidies and incentives do not play any important role in the establishment of units in Jhansi and Mathura of categories 'B' and 'C' districts in backward areas.

Transport cost is still constitutes an important part in location cost in India. Need is therefore
to introduce transport subsidy for the industrial units located in structural backward areas as well as backward district away from the metropolitan cities. In this case also graded pattern of transport subsidy can be introduced, depending on the distance of the backward district away from the metropolitan cities.

One constraint which has been described by almost all entrepreneurs as horrible is the availability of transport services. Main mode of transport in backward areas of Uttar Pradesh is Truck Transport Service which is costly inadequate.

Due to the availability of various infrastructure facilities, special loan subsidy provided by the Uttar Pradesh Finance Corporation could not motivate entrepreneurs to establish units in Kanpur Dehat and Jhansi backward districts. In Mathura district of category 'C' due to UPFC incentives/subsidies only two entrepreneurs could be motivated and 6 entrepreneurs were less motivated as per survey conducted by Researcher. It may be inferred that UPFC could not play a significant
role in the establishment of new units in Mathura district.

UPSIDC's incentives/subsidies could not play a major role in the development of industries in backward areas of A and B categories. But in Mathura district of category 'C' the UPSIDC has played an important role in for the development of backward districts.

Impact of PICUP incentives/subsidies on Industrial development of backward Districts, viz., Kanpur Dehat, Jhansi and Mathura of categories A, B and C respectively indicates the availability of Bridge loan, seed capital and sales tax exemption were less motivated to the entrepreneurs of backward areas. Hence, it may be concluded that PICUP's incentives and subsidies could not motivate entrepreneurs to establish their units in backward districts.

Suggestions

From the foregoing review of backward area capital development planning policy, programmes and criteria to identify the backward areas suggested by different committees, it can be observed that no
programme, policy and criteria to identify backward areas could be successful. This may be due to lack of implementation and absence of long term industrial planning. So far no efforts were made by the Government, committees, financial institution and any other organisations to evaluate the above noted programmes, policies and criteria to identify backward regions at a district or state level with micro approach, through which one can come to a conclusion, that a particular programme, policy or a criteria for identification of backward areas suggested by different committees is how for successful. If it is noticed that any programme, policy or criteria is successful the same by followed with certain improvement according to the situation for the development of backward areas.

Growth of right type of entrepreneurs considered as an important input for industrial growth. However as our findings from field study suggest - there was not much effort made in this direction. Most of the entrepreneurs were individually motivated. They have not received any formal training from any
institutions. It is therefore, recommended that the financial institutions and the Government should jointly organise short duration training programme for the existing entrepreneurs in backward areas of Uttar Pradesh. Since the first generation small entrepreneurs are totally involved in their units, it is suggested that the training programme should be held at backward district. This programme should include managerial, personnel, marketing etc. and should be held at frequent interval. A technical institute should be set up for providing training to the entrepreneurs of backward areas.

(1) The Government of India and State Government are interested in the development of backward regions and in reducing the regional imbalances and disparities. They can form an autonomous body namely "Backward Area Development Board" or "Backward Region Development Authority" or "Backward Areas Development Corporation".

(2) This organisation will be managed by the experts indifferent fields as Economist, Statistician, Engineer,
Town Planner, Water Management Experts, Chartered Accountants and Business Management experts who will assess and evaluate the plan, schemes and programmes suggested by the board for the development of backward areas in the country.

(3) The national level corporation shall function through different sub-committees at State level and district level, will be assisted by regional authority.

(4) The Regional Authority will collect all the relevant data from published report and by conducting surveys, to be supplied to the national authority.

(5) The Regional Authority will be advise by an advisory board consisting of the representatives of State Government, Chambers of Commerce, Industry Association, Transport Association, Educationists.

(6) The Regional Authority will have the power to supervise the development programmes in Backward regions.

(7) Separate research department will be establish at state level with sub-branches at district level, which will impart effective advise to the board in connection with the industrial growth in the backward
regions.

(8) The Board will consider the question of development of required infrastructure, technological choice, entrepreneurial development, marketing of product, transportation policy etc.

(9) The Regional Authority will evaluate the feasibility and importance of the project and will recommend to the financial institutions for the purpose of finance or loan.

(10) The board will closely associate with the financial institutions at other organisations and institutions conducting entrepreneurial development programmes at state level.

(11) The Board will look into the problems of entrepreneurs such as finance, infrastructure facilities, raw material, location, transport, marketing incentives and subsidies.

(12) The Board should pay attention to the working capital problems of industries in backward districts.

(13) The board should maintain close contrast with the Lead Bank as soon as any project is approved by the
board for the purpose of loan that may be communicated to the Lead Bank who will make arrangement for the working capital of new projects. In this case the entrepreneur need not spend much time by approaching to the term landing institution for working capital. Instead of, he can concentrate his attention to other activities.

Therefore, to augment the industrial growth in backward areas if the above noted suggestions are properly followed, one can say that the backward areas can be developed with a short span of period.
Certificate

This is to certify that MR. NASIR NAEM has completed his Ph. D. thesis entitled "Impact of Incentives on Industrial Development of Backward Areas in Uttar Pradesh", under my supervision. In my opinion this work is of original nature and is suitable for submission for the award of the Degree of Doctor of Philosophy in Commerce.

(Dr. Ziauddin Khairoowala)

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Dated

(Nasir Naeem)
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CHAPTER I
Chapter I

INTRODUCTION

Balance regional development has been one of important objectives of Indian Economic Planning. In order to achieve a well balanced growth through industrial development in backward areas, a number of measure including incentives have been taken by Government both central and at the state level. All India Financial Institutions such as IDBI, IFCI, ICICI and state level institutions such as SFCs and SIDCs are also increasingly involving themselves in the promotion of regionally well balanced growth. In fact a separate department called regional and backward area development department has been set up by the IDBI with the objective of Project Identification and Project promotion connected with the development of backward areas in the country. But so far very little is known about the role of financial institutions and effectiveness of various incentive schemes to promote industries in notified backward areas of the country.¹

Therefore, an attempt has been made to examine the validity of the various concepts of backwardness, review the working of various incentives schemes, evaluate the role of financial institutions in the backward area development and recommend the strategies required for the speedier development of backward areas.

The development of backward areas had been assigned a high priority in the development strategy in Fifth Five year plan and this is being followed in subsquent five year plans and will be followed in the Ninth Five year plan. Out 357 districts in the country 250 districts have been declared backward by the various state government on the basis of the criteria laid down by the "Pande Committee." In accordance with recommendation of the "Wanchoo Committee" special incentives viz. cash subsidy, advance depreciation allowance, rebate on freight, Concessional finance etc. have also been provided. ¹

The balanced growth of different parts of the country, Particularly the development of less development areas, was visualised, in India's Five Year Plans, as a

¹ Amitabha De, "Impact of large units in backward areas", Yojana, July 31, 1992, p.23.
major instrument of improving the levels of living of the population. It was recognised that general policy measures for accelerating the rate of growth in income may not reduce regional disparities. It was, therefore considered necessary to evolve a strategy and take specific policy measures with a focus on the development of less developed areas.¹

The design and implementation of policy for development of backward areas in India would seem to have been considerably influenced by two factors namely, the federal political structure and the adoption of national planning as an instrument for rapid economic growth. In a federal structure, the allocation of resources among different regions on the basis of their needs, becomes difficult as the pursuit of such a policy invariably involves inter-state resources transfer, with which developed states do not readily acquiesce. Likewise, a national economic plan cannot be as responsive to the needs of different regions as a plan from bottom to top variety, would be.²

The approach to industrial development of backward areas in India so far has been viewed more from a techno-economic angle disregarding the soil where it is sought to be implemented. Industrialisation is not just a mechanistic process which can be stated anywhere at any point of time and within a certain time period sufficient activity could be generated to reach the stage of self-sustained growth.¹

During the twenty five years, International Development Bank of India (IDBI) in collaboration with ICICI, IFCI and other financial institutions has taken up several promotional activities with a view to accelerating industrial growth, particularly in backward region the country. In this process, it has gathered considerable information which should prove to be very useful to prospective entrepreneurs and authorities associated with industrial promotion.²

Regional balance or equitable participation by

all region in the process as well as benefits of development has all along been one of the principal objective of industrial development in India. This objectives however, was not achieved to a socially desirable extent during the first three five year plans. At the beginning of the Fourth Plan with renewed emphasis on regional balance the task to identifying industrially backward areas was taken up for the first time by the planning Commission.¹

The problem of development of backward areas has been recognised very early in the planning process of the country. Various measures have been taken and institutions created for correcting the regional imbalances and developing these backward areas. These extend to various sectors agricultural, allied agricultural activities, industry and the tertiary sectors. Though removal of inbalanced in development of areas has been one of the major objectives of planning in India, there is no single criterion of assessing the backwardness of any area.²

The regional disparities seem to be concomitant with economic/industrial development. This has become one of the major drawbacks of economic/industrial development and one may compare this with the problems of ecology or the gradual depletion of fossil resources. The regional disparities arising out of industrial development are in terms of standards of living, employment opportunities, infra-structural availability, etc. The industrial development has also caused migration of skill and capital from our region to the other, thus, accentuating the regional disparity. The developing countries are no exception to the problem of regional disparity.

Regional disparity is a committee identified the backward states, and the states in turn in consultation with the planning commission, identified the backward districts in a particular state based on the state's average. This meant the backward districts of developed states like Maharashtra and Gujarat were comparable in

1. Chebbi, Vijay K., "industrial policies and strategies for backward areas development", seminar on industrial development of backward areas, IDBI, Bombay, 1980, pp. 149-150.
industrial development with the average districts in Madhya Pradesh.¹

The problem of regional disparities in economic development in India is an inheritance from the colonial era. The problem of development of underdeveloped areas is a very complex problem where difficulties are encountered even in their identification and qualification of regional imbalance.

There is growing realisation of the need for reducing regional imbalances and accelerating the process of development of relatively less development areas of country. The strategy for industrial development of backward areas must, therefore, be evolved in area-specific terms and not on a global basis. Such a strategy calls for much greater emphasis on proper project identification and proper project formulation efforts then has been our experience in the past which has witnessed a simplistic and preponderant emphasis on financial incentives of one type or another on the one hand and mutually damaging completion among different states to attract new industrial projects to their backward dis-

stricts through the grant of financial incentives.¹

Review of Literature

The forthcoming pages deal with the review of literature. The studies which were conducted in various fields are as follows. Impact of incentives on industrial development of backward areas, strategy for industrial development of backward areas, programmes for development in backward areas, financial assistance and locational policies for backward areas. Role of development banks in industries for backward areas, development of backward areas through Nucleus plant, Impact of large scale units on the development of backward areas, agricultural and industrial development of backward areas.

Studies Abroad :

Impact of Incentives on Backward Areas Development :

Some studies on the topics impact of incentives on industrial development of backward areas in United Kingdom have been conducted by G.C. Cameron, B.D. Clerk¹ and

2. Cameron G.C. and Clerk B.D., "Industrial movement and regional Problems".
Lutharel W.F.¹ (1962) William tabb² (1966) of United States of America, Naclum Finger³ of Israel (1971) and Allan Rodgers⁴ (1979) of Italy have conducted some studies in general which indicate that the Government's policy of incentives helped in the promotion of certain industries in the designated backward areas. There was also a significant 'dispersal of industries' especially in Britain from congested areas to backward areas. However, the incentives and subsidies offered by Govt. of Britain promoted generally the capital intensive industries in backward areas. Even than the problem of unemployment in backward areas could not be solved. In fact the 'Employment Prima' in Britain, though designed to create more employment in assisted units, met with only limited success.

Studies in India:

Impact of Incentives on Backward Areas Development:

Some attempt have been made by K. S. V. Menon, H. Sadhak, S. Girippa (1990), G. D. Narang (1983), Godbole, M.D. (1978), and special correspondent of the Times of India (1969) to study the impact of incentives on backward area development but these studies are limited in scope and objectives.

K.S.V. Menon (1990) in his study discussed about various subsidies and incentives in India. No effort was made to examine the impact of incentives either on Macro-level or Micro-level in the development of industries.

Special correspondent of the Times of India (1969) reported that Standing committee of National Development Council has proposed to stimulate the growth of industries in backward areas by granting of various fiscal incentives to entrepreneurs intending the set up small-scale industries.

L. K. Mutatkar (1979) stated in his paper that high rate of interest hits small scale entrepreneurs in the backward areas of Maharashtra. He observed that the crippling burden of high interest rates, charged by the banks on advances have simply ruined the prospect of many young and budding entrepreneurs. He suggested that the interest rate structure should be made suitable accounting to the paying capacity of small man in the industry.

P. Asthana and Surendra K. Gupta (1980) have made an effort to list out some questions related to the incentives offered by the industries for the official

and hope that National Committee of Backward Areas (NCDBA) will look into all these issues before the submission of its report which is due by the end of the year. He has also pointed out the following methods which can speed up development of backward areas in India.

1. Incentives of shifting a unit from negative listed area to a location in category (A) should be launched.

2. Merger of small enterprise incentives with backward areas incentives. Enterprise should be shifted to metropolitan location and other backward areas.

3. The incentives offered today do not discriminate between capital intensive and labour intensive technologies. It is generally argued that labour intensive units contribute more to the growth of backward areas.

4. The problems of backward areas being what they are, there is a need to induce some pioneer units.

S. Giriappa (1990) has highlighted in his studies that there are various incentives and development initiatives in the process of rural industrialisation like special incentives to backward industrial regions, growth centres and industrial estates. He also made an attempt

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to evaluate the scheme of self employment implemented by the District Industries Centre in Uttar Kanada District of Karnataka and found that this scheme has been successful to educated unemployment youths.

**Financial Assistance:**

K.S.V. Menon¹ (1979) pointed out that with the advent of economic planning in India, a great urgency was attached to the development of backward areas. With an aim to reduce regional imbalance. He has also stated that various incentives such as central investment subsidy, transport subsidy, income tax benefits, concessional finance from term lending institutions have been offered for setting up industries in backward areas.

B.B. Tandon² (1983) has discussed the role of All India Financial Institutions in bringing about industrial development in backward areas, and pointed out wide disparities in the flow of assistance to these areas. The All India Financial Institutions have allowed regional imbalances to perpetuate as shown in the state-wise pattern of assistance.

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G. D. Narang (1983) in his study dealt with development Banking and backward areas. He analysed impact of financial assistance sanctioned by All India Financial Institutions, i.e. Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Industrial Credit Investment Corporation of India (ICICI) on industrial Development of backward areas of the country as a whole and Punjab specially.

K. R. Sharma (1986) in his book has evaluated the role of financial institutions, i.e. IDBI, IFCI, ICICI, SIDC's and SFCs in the reduction of regional disparities in the country. He has also reviewed that the All India Financial Institutions, specially the apex institution, i.e. IDBI, has taken up the problem of regional inequalities in India. He explained how the institutional assistance has flown to a few developed states and to a few backward areas of developed states.

**Industrial Locational Policy:**

Godbole (1978) has evaluated his effectiveness of

Maharashtra Govt's Industrial location policy to disperse Industries from Bombay to backward districts. No doubt it is a vital attempt to study the comparative location cost in industrially backward and developed areas.

P. Asthana¹ (1980) wanted the following points to be kept in view in the location of industrial units:—
1. proximity to availability of raw material;
2. concentration of manufacturing activities in respect of value added items;
3. educating adivasis to lead a settled life; and
4. adopting of blocks instead of districts as units of planning and for the purpose of various incentives.

Development Banks and Industrially Backward Areas:

S. N. Bhattacharya² (1981) has highlighted the nature and problems of Industrially backward areas in the Country. Further he has discussed the role of Financial Institutions in the development of Industries in Backward Areas.

An attempt has been made by Z. U. Khairoowala and Samiuddin\(^1\) (1989) to examine the validity of various concept of backwardness, review various incentive schemes, evaluate the role of financial institutions in the backward area development and recommended the strategies required for speedy development of backward areas.

Keshav Malhotra\(^2\) (1991) has reviewed regional development policies and evaluated the performance of various development banks in the industrial development of backward areas. Further, he has examined the industrial disparities at inter-sectoral level.

Criteria and Strategy for Industrial development in Backward Areas:

Special Correspondent of the Times of India\(^3\) (1972) observed his paper backward area that the strategies for the development of backward areas has to be evolved preferably. Infact, various statements made by Government spokesman on the subject from time to time, but

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failed to formulate an integrated plan of action. Further, he has recommended new strategies as a part of the solution to the problems of urban congestion, rural backwardness, and rural poverty.

T. S. Kannan¹ (1980) has suggested the following for the development of backward areas:

1. Infrastructure facilities should be designed for the development of industries as well as for the development of people.

2. All the state Government should provide raw material to small scale enterprises at prices at which they are made available to large houses.

3. Setting up of a technical institute for providing training to local people.

Hannan Ezekiel² (1980) has examined the following causes for slow growth development of Backward Areas.

Slow industrial development of backward areas might be due to the fact that development of the country it


self has not proceeded at a rapid growth rate. The rate of growth of income has remained more or less steady, while the saving rate has risen rapidly.

He has suggested the following strategies for backward area development.

1. Rising saving ratio could result in a higher rate of growth.
2. Rising cost of energy should be considered while determining the strategies for regional and overall development.
3. Identification of backward area should be with large population which may lead to quick response to industrial development programmes.

Jhaveri N. J. (1980) has argued in his research paper that industrial development policy of backward areas should have some objectives which are noted below:

1. the income originating in backward areas as a result of industrial investment should accrue to the people by way of self employment;

2. industrial development should predominantly take place in the least developed area by encouraging village and small scale industries;
3. define the type of industries to be promoted;
4. resources based industries should be promoted in backward areas such as agro based industries;
5. investment in non-priority sector and traditional industries should be given a second look.
6. labour incentives policies may be adopted to promote private sector along with capital incentives and;
7. priority sector should be revided by designing a state level industrial promotion policy, this may creat problem of migration of investment from one state to another on account of difference in priorities followed by the respective programmes.

T. S. Papola (1980) has pointed out that certain areas remain backward due to; (i) in adequate natural endowment; (ii) insufficient infrastructural facilities; and (iii) lack of material and trading skill etc.

He has suggested that backward areas can be developed if the following steps are taken into consideration:

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a. simultaneous development of Industry and agriculture in backward areas;
b. financial incentives like low rate of interest to be linked with efficiency of the unit, which would have in the promotion and healthy growth of industries; and
c. labour intensity should not be over looked.

V. Venkatesan¹ (1980) has pointed out in his paper some measure for backward areas development, which are given below:

1. intensity of industry in backward areas;
2. need for participation of people in setting up industries in backward areas; and
3. active involvement of concerned agencies.

Katar Singh² (1981) has stated in his paper that the following principles seems to be appropriate as guidelines in selecting, formulating and implementing rural development programmes:

1. substantial improvement in the quality of life and purchasing power of rural poor should be sole criteria for selection of programmes and project in the backward regions.

2. Increase productivities through use of new technologies should be major means of increasing purchasing power of the people of backward areas.

3. A particular activity or enterprise in the area should be identified that could offer a converting point for the people with common interests and problems and that could break the vicious circle of low output-low income -no savings-no investment-low productivity and low output. All necessary resources and efforts should be devoted to make a big success of this activity (big push theory).

4. After the vicious circle is broken and people have gained self confidence, other promising programmes and projects which could catalyze self-propelling and self-replicating growth should be developed launched with the help and cooperation of the local people concerned.

5. The drain of brain and resources from rural areas should be minimized by providing organised farm and non farm job opportunities with in the areas.

6. The important role of women in the process of development should recognized and nutrition, education, training and extension programmes should be so designed as to reach out to them.
7. The rural producers particularly the rural should be organised on the lines of 'Anand pattern' dairy cooperatives so they could help themselves, make their presence felt, their voice heard and requirements met.

8. The pattern of administration of programmes and projects should be such that it could provide opportunities for every development agency-official and non-official to make a contribution.

Hemlata Rao\(^1\) (1985) feels that general policy on development of backward regions has resulted in wide disparities. She emphasizes that to reduce the disparities, block-level planning must be adopted, because, according to her each block requires a difference strategy for development because of its different milieu and special local needs.

She advocated the development of backward areas at block level under the following groups:

**Group I**: This group consists of blocks having very high level of development and at the same time having all the sectors developed or at the most having a situation of unidimensional backwardness.

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Group II: This group consists of those blocks where the productive sectors like agriculture and industry are backward but the remaining sector are developed.

Group III: Consists of developed block having one of their productive sectors backward.

Group IV: Consists of backward blocks having all the productive sectors as backward. In this category a majority of the backward blocks are included.

Group V: Consists of backward or average blocks having one developed productive sector unit. Besides, these blocks lack in economic and social infrastructure.

Group VI: Consists of all the backward or average block with either developed agriculture sector or industrial sector.

Z. U. Khairoowala (1989) observed that no programme, policy and criteria to identify backward areas could be successful. This may be due to lack of implementation and absence of long term industrial planning. So far no efforts have been made by Government, committees, financial institutions and any other organizations to evaluate programmes, policies and criteria to identify backward areas.

backward region at district or state level. If it is noticed that any programme, policy or criteria is successful the same be followed with certain improvement according to the situation for the development of backward areas. He suggested in his paper that if the Government of India and state government are interested in the development of backward regions and in reducing regional imbalances and disparities, they can form an autonomous body namely "Backward Area Development Board" or "Backward Region Development Authority" or "Backward Areas Development Corporation".

Jose Jacob\(^1\) (1993) has examined the workable solution to the unemployment problem and economic crisis in backward areas. The following few measures that may be useful towards this end are brought out here for contemplation.

1. The state can promulgate an industrial policy. A through revamping of the same commands prime importance for achieving the goal.

2. The administration of public enterprises of state may be brought under direct supervision of a com-

\(^1\) Jacob Jose, "Industrial Backwardness of Kerala-A Diagnosis", Yojana, June 20, 1993, pp. 25-29.
mittee of experts from concerned fields and a con- 
genial atmosphere towards uninterrupted performance without any interference from external force may be ensured.

3. In the supply of power and raw materials, priority may be assigned to resource based or demand based industries.

4. Tax exemption, subsidies, loan facilities and other modes of assistance and concessions need to be totally restructured so as to achieve rationality in allocation and production.

5. There is need to construct an input output matrix for, at least, state owned and semi-governmental enterprises, and their purchase policies may be explicitly spelt out with a view to fostering and facilitating other local enterprises and raw material market.

6. The existing institution meant for industrial promotion need to be recognised, integrated and brought under the supervision of industrial experts. Performance of such agencies may be planned on the basis of long term industrial policy perspectives.
7. Logical criteria for industrial wages should be arrive at based on all India average or that of the south Indian states or consumer price indices or a combination of them.

8. Financial incentives and technical supports should be offered to the industrialist who are willing to use newer source of energy.

9. Similar incentives may be extended to private enterprises which should be willing to produce power and are sound in ecological and social terms as well.

10. On matters coming under the authority of the state Government, at least, in the case of small scale and cottage industries, simplification of licensing producers and speedy disposal of application are of utmost exigency.

11. Methods of agitation such as strick are to be banned in all the new industrial ventures in Kerala, at least, for the first few years in view of the relative industrial retrogression and growing problems of unemployment.
Strategy for Industrial Development in Backward Areas

K. G. Sharma¹ (1992) found in his study that in a backward tribal hilly area there should be tribal labour societies and crop cooperative should be formed to manage the affairs of tribal to protect their interest against exploitation, separate housing facilities should be provided to local tribal labour and it should be looked after by their own people. Employment to outsiders, should be allowed only when no local persons are available. Persons found exploiting tribal women should dealt with severely and promptly.

Backward Area Development through Nucleus Plants:

N. R. Krishna Swami² (1981) remarked that the nucleus complex approach can be considered as a suitable strategy to provide impetus, the basic tenets of small industry programme and employment generation should not be lost sight of. He further stated that the most of the complexes are based on national demand, they must be guarded against vicissitudes of demand.

Charnjit Chanana^ (1984) highlighted that the nucleus plants programme undertaken is one of the several strategies for industrial development of backward areas in the country. He stated that the objective of programme is to be set up large or medium projects and ancillary units, it also covers the simultaneous creation of minimum necessarily infrastructure. He further explains nucleus plant is expected to discourage a mother plant assembling a variety of selected parts of components and a number of small scale units can be set up in a cluster. The nucleus plant can render various back-up services needed by small units.

**Industrial Development in backward Areas**

Mohammad Fazal^ (1982) made an humble attempt to study the integrated development of the economy, with strong emphasis on the development of backward areas as a vital instruments in the over all economic progress of the country. He observed that India has abundant natural resources, a great reservoir of talent and expertise a strong political base; and all these factors combined

together effectively can make India a great country. He further remarked that to achieved the national goal all of us have to play a positive role with courage, enthusiasm and abundant confidence for a prosperous future.

Suresh C. Kuchhal¹ (1984) has highlighted in his book "The Industrial Economy of India" compact, coherent and consistent study of the relevant concepts, policies and problems of industrial growth in India. He has tried to maintain a balanced approach of industrial economy.

H. Sadhak² (1986) has made a brief review of the role of Industrial development in over all economic progress of the country, origin and expansion of regional disparities, and the need for intervention and incentives to remove the regional disparities. A further examination has been made about the nature of regional disparities, policies of the central and state governments, towards removal of regional disparities through industrial development of backward region.

He has also examined various incentives and subsidies as introduced by the central, state Governments and all India and state level financial institutions. Further, he examined the extent the growth of institutional assistance, it impact on industrial growth.

Amarjeet Singh and A. N. Sadhu¹ (1988) have pointed out in their book "Industrial Economics" that modest efforts had been made in analysing the problems, perspectives and potential of industrial growth in India and developing countries. They also analysed the concept, policies, and productivity of industrialisation.

S. C. Patnaik² (1988) has emphasised the industrial growth is never and autonomous process, independent of the general forces of economic development of a backward region are highlighted with emphasis on policy and institution changes.

Satyanarayana³ (1989) attempted to evaluate the impact of District Industry Centre (DIC) in Industrialising

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the district and Impact of Industrial development before and after the establishment of district Industries centre. An effort is also made to support a line of suitable industrial units which could be set up based on the potential resources both human and physical, available in the district.

Special correspondent of Economic Times' (1993) reported in his paper that backward areas get priority in UP's industrial development. He observed that the industrial development of backward areas which includes parts of central and Eastern Uttar Pradesh, from a major part of the new policy implemented by the state government. He further explains that the total districts in the state have been divided into following groups:

1. Special incentives offered to the most backward district.
2. The trans Yamuna area of Allahabad (except Naini) and seven other districts including Faizabad.
3. Kanpur Dehat and several district in the hilly region come under the most backward category.

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4. Croping per capita industrial output and level of industrial employment.

5. Extent of availability of land as indicated by the landman ratio and its distribution in view of the fact that land is the basic resource in an agricultural economy.

6. Development of infrastructure as indicated by length of roads and railways per thousand square kilometer per capita consumption of electricity and development of banking.

7. Level of social development indicated by educational and medical facilities and percentage of weaker section as represented here by percentage of schedule caste to total population.

**Agricultural Development in Backward Areas**

Kamata Prasad (1978) in his paper "Agricultural development in backward districts" has identified backward districts on the following economic indicators of backwardness:

1. Economic structure of the district is primarily agriculture oriented and has a more pronounced
rural bias, as indicated by the percentage of people living.

2. Poverty of the people as indicated by income from agriculture per head of rural population.

3. Productivity of agriculture is indicated by the value of output per hectare of sown area.

4. Levels of agriculture and industrial development as indicated by the quantum of fertilizers used, extent of irrigation, extent of multiple.

R. K. Sampath (1978) has studied that agriculture development in backward districts has the following main points.

1. The first step towards agricultural development should be to increase the area under irrigation and that this increase should be brought about through development of ground water resources.

2. A special programme for reclaiming and upgrading user lands will have to be evolved.

3. A comprehensive approach towards cropping pattern and crop sequences have to be adopted for the flood prone areas.

4. The success of various developmental measured would require provision of sizeable amount of additional funds and changes in institutional and organisational structure.

**Impact of large units in Backward Areas**

Amitabha De¹ (1992) pointed out in his paper the impact of large units in backward areas, he observed that the establishment of any large scale unit in backward areas is bound to have some effect on development like, transport facilities, communication facilities, employment facilities to the local as well as to other people and some general development i.e. backward and forward that would be created in the industrial sector by the large scale industrial units. He further explains that to stimulate economic and industrial activity in backward areas, a number of methods have been considered and some of them implemented in varying degrees.

**Programmes for Backward Area Development**

Special correspondent of Kurukshetra² (1974) reported

that Latur which is located in Osmanabad district of industrially backward region of Marathwada in Maharashtra, facing large number of problems, i.e. unemployment and under employment due to unfavourable natural conditions.

There is no mineral and forest resources, rail communication and power position is unsatisfactory, and small scale units is very low.

He further indicated that there should some programmes for development process i.e.

1. Loans from the project nucleus funds at low interest rates to the new and existing entrepreneurs.
2. In plant training.
3. Common facility services, and
4. other promotional activities like consultancy services, industrial study tours of prospective entrepreneurs and two important schemes pertaining to the promotion of dairy and blacksmithy industries.
H. N. Pathak\(^1\) (1980) suggests that programmes of industrial development for backward areas should be modelled on the lines those initiated for the agricultural rural sectors. He reviewed the crux of success selectivity as also availability of a variety of programme allowing some discretion in their use, depending upon the circumstances, industrial development, he further emphasised that incentives and subsidies could not be given for all times to come and should be self-liquidation within a time span. He pointed out that allocation of resources must be just by the long-term aim Development.

**Economic policy and Backward Areas Development**

Pramod K. Sinha\(^2\) (1986) made an attempt in his paper, to study the incidence and distribution of poverty in the agrarian sector of North Bihar. He also focuses on the identification of rural poor on income basis and their living conditions on the basis of their

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consumption, expenditure and also the regional distribution of poverty in different sub-regions and different classes of the villages, e.g. marginal farmers, landless labourers and village artisans.

He further studied the problem of poverty faced by villagers due to under employment, unemployment and low wages, cumulative effect of demographic pressure, slow rate of urbanisation, scarcity of non-agriculture.

K. R. G. Nair (1993) examines the impact of government's New Economic policy (NEP) on regional economic development with reference to Orissa, one of the least developed states of India. He discusses the development of the economy of Orissa and brings out the causes of Orissa's relative economic backwardness. The impact of the new economic policy on the development of a less developed region like Orissa is then examined and the main findings are put forward.

Scope of the Study

Keeping in view the noted facts into consideration, it was felt necessary to make a micro study of impact of incentives on industrial development of backward areas in Uttar Pradesh. This study is first of its kind in nature which provides factual information about the development of backward districts in Uttar Pradesh.

Objective of the study

The objectives of the study are as follows.

1. To review the concept of backward areas and criteria to identify the backward areas.

2. To review the government policies for the development of backward areas in India and Uttar Pradesh during the plan periods.

3. To examine the role of financial Institutions in the development of backward areas in India and Uttar Pradesh.

4. To evaluate the industrial development of backward areas in Uttar Pradesh.

5. To identify the Socio - Economic problems of entrepreneurs in backward areas of Uttar Pradesh.
6. To evaluate the impact of incentives on Entrepreneurial development in backward areas of Uttar Pradesh.

7. To identify the problems of entrepreneurs and suggest suitable measures for the development of backward areas in Uttar Pradesh.

**Limitations of the study:**

1. The study is confined to three backward districts of Uttar Pradesh in category 'A' Jhansi, in Category 'B' Kanpur Dehat and in Category 'C' Mathura only.
2. The sample consists of 10 entrepreneurs in Jhansi, 10 in Kanpur Dehat, and 10 in Mathura.
3. The study is confined to sole proprietorship concerns, partnership firms, private limited Companies only.
4. From each unit, only one entrepreneur was interviewed. A partner or a director who has been playing a dominant role in the affairs of the enterprise was taken as the entrepreneur, in the case of partnership firms and private limited companies.
Research Methodology

The study is based on primary and secondary data. The secondary data were collected through Government reports, official report, Five year plans, other reports, Magazine Yojana, Economics & Political weekly Kurukshetra, Economics times, Financial Express, Times of India etc. and some books, also have been consulted. The Primary data personally collected by the scholar through a questionnaire to the thirty entrepreneurs in Mathura, Jhansi and Kanpur Dehat selected on a random basis.

During the course of field work, a lot of inconvenience was faced by the researcher. The entrepreneurs had the impression that the researcher is a government agents and trying to extract facts from them about their enterprises. It took a lot of time to convince them that the study has nothing to do with the government administration, but to know the problems of entrepreneur so as to enable the researcher to solve such problems by suggesting right ways. Most of them asked to leave the questionnaire with them with a provision that the questionnaire will be returned after filling up by post, to the residence of the researcher.
In addition to the above, the entrepreneurs were not in a position to spare time for any non-business activities due to their heavy scheduled of business activities. Because of this, the researcher had to visit three and four times to an individual to collect the required data therefore the data in respect of 30 units was collected with a common schedule of questionnaire convassed personally.

The personal information of the entrepreneurs in Section 'A' of the questionnaire was exclusive meant for the entrepreneurs and not for the Manager or any other execution of the unit the case Partnership, Private and public limited companies, one of the most active members was viewed for filling up the questionnaire. The entrepreneurs did not find any hesitation in answering to section 'A' of the questionnaire which was meant to know the general information in relation to the entrepreneurs and their units.

Section 'B' of the questionnaire consists of motivational, facilities, Discouraging factors, Business Talent and concessional incentives factors in establishing and Managing the enterprise on the basis of the percentage of weighted score, ranking system was applied to know the influencing factors
conceiving the idea of setting up the units, reasons for selecting the line industry, factors which discourage the process of setting up the commencement of the unit and reasons for the location of their industrial units in the backward areas. Graduate and post Graduate entrepreneurs will keen interest in answering to the questions rank-wise as per their preferences. For the entrepreneurs having no educational qualifications and with Matric qualifications, the reseacher read the questionnaire and translated the same in the regional language of Uttar Pradrsh viz. Hindi/Urdu.

Section 'c' of the questionnaire consisted of Financial performance, various problems, i.e., power, water, raw materials and labour, of the entrepreneurs. The analysis of the financial position is based on the average computed from the data of preceeding 6 years i.e. 1991-92 to 1995-96. In the case, the unit is established after 1991, the actual working period of the unit has been taken into consideration for the purpose of calculating the average to pursue the objectives of the study, an attempt has been made to investigate the performance of entrepreneurs in the field of production, Finance personal Management and Marketing.
Section 'D' of the questionnaire consisted of impact of incentives and subsidies at the central level and state level, and other institutions/organisations i.e. PICUP, UPFC and UPSIDCO. The analysis of the impact of incentives and subsidies is based on the percentage, weight score and ranking system was applied to know the influenced factors in conceiving the area of the entrepreneurs i.e., highly motivated, moderately motivated and less motivated, out of the various incentives/subsidies which one is not received.

Apart from this, to achieve the above mentioned objectives an extensive use of the facilities available in the following libraries, organisations and government offices have been made.

2. Seminar Library, Department of Commerce AMU, Aligarh.
5. District Industry centre of Kanpur, Kanpur Dehat, Mathura, and Jhansi.
7. IDBI, office Indian Red Cross Building, New Delhi.

**Scheme of Chapterisation:**

The entire study has been divided into eight chapters.

The first chapter deals with the introduction, review of literature, objectives of study etc. The second chapter has been devoted to review the concepts of backward Areas and to identify the criteria of Backward Areas. The third chapter highlights the government policies and programmes for the development of backward areas in India and Uttar Pradesh which were taken up by the central and state Governments during the plan periods. The fourth chapter has been devoted to examine the role of Financial Institutions in the development of backward areas in India and Uttar Pradesh. In the fifth Chapter the industrial development of backward areas in Uttar Pradesh has been discussed. The sixth chapter has been devoted to identify the socio-economic problems of entrepreneurs in backward areas of Uttar Pradesh. The seventh chapter has been devoted to evaluate the impact of incentives and subsidies on entrepreneurial development in backward areas of Uttar Pradesh. The last chapter deals with the summary, conclusions and suggestions.
CHAPTER II
CHAPTER - II

BACKWARD AREA DEVELOPMENT - A CONCEPTUAL APPROACH

Before reviewing the criteria to identify the backward areas and strategy or different categories of Backward Area, it is necessary to have a conceptual framework about the causes and origin of regional disparities in India. The concept of backward area was first developed in Great Britain to stress the problem of distressed/depressed areas. Britain was also the first country to take some affirmative steps to develop the backward areas through dispersal of industries from congested areas to the backward areas.¹ United States of America (U.S.A.), France and Italy also faced the problem of backward areas and the practice of regional development and planning came into force in these countries.

In our country, a very large number of people believe that the area they live and work in is, in some more or the other way "economically backward". Many of them also feel that their requirements have been neglected in the process of planning. This belief has found expression in the political system and manifests itself in a large number of claims for special treatment put forward by official and non-official organisations².

THE CONCEPT OF BACKWARD AREA:

The concept of 'backwardness' has been reinforced by many financial schemes that give special treatment to backward areas.¹ The concept of backward areas could not remain confined to the developed countries. Developing countries also recognised the problem of growing regional disparities and the need for development of industries in these backward areas in order to achieve balanced development. Resenstein Rodan² says that development of industries in backward areas will reduce the regional disparities by raising income in depressed areas at a higher rate than in rich areas by the use of local raw material, employment of local raw material, employment of local labour, skilled and unskilled would create an impact on income levels and pull the area out of its backwardness and promote regionally balanced development. The draft report of the Chakravarty committee on backward areas made some relevant observations on this matter. The draft report states: "The purpose of this committee is to

1. Report on General issues relating to backward areas development, National Committee on the development of backward areas, planning commission, Government of India, November, 1981, P. 34.
provide an approach towards the formulation of plans for backward areas, where backwardness refers to necessarily to poverty, but to factors which underlie such poverty.

There are certain other important features of the concept of backwardness which need to be made more clear. The areas identified as backward must have following three key characteristics:

1. They must have potential for development;
2. There must be some inhibiting factor which prevents this potential from being realised, and
3. There must be a need for special programmes to remove or mitigate the inhibiting factor and realise the full potential for development.

REGIONAL DISPARITIES/AREA-WISE DIFFERENCES:

In a developing country like India, backward areas are rural in character and have not experienced any industrial development. In fact, the difference in developing country can be called the difference in development between 'rural' and 'urban' areas which Lipton has called "rural-urban" dichotomy.

1. Report on general issues relating to backward areas development, National Committee on the development of backward areas, planning commission, Government of India, November, 1981, P.34.
2. Ibid, P.35.
This rural-urban dichotomy, has become the most important class conflict in developing countries, which has been the result of 'urban biased' strategy of development. The witnessed prosperity in urban areas due to the growth and development of economic activities particularly industrial activity, rural areas remained backward. In India 'urban' areas are very less in number, therefore, these urban centres are surrounded by vast backward rural areas, which are characterised by chronic unemployment, under employment, lack of industrial development and dominance of primary sector in the regional economy.

**REASONS OF DIFFERENCE:**

The difference in development of industries and other related modern economic activities among different areas arise due to the following reasons.

1. Variation in activity in three sector i.e. cooperative, private and public.

2. Unsatisfactory conditions of development which are associated with substantial areas.

3. Geographical distribution of natural resources like coal, iron, ore etc.
4. Colonial rule over capital manufacturing industries and markets.

5. After independence, industrial development concentrated in and around industrially developed colonies, due to the absence of any systematic policy of location, control, regional planning and operation of market forces, causing concentration of capital, labour and income. Thus, backward areas of the country have fallen behind due to migration of manpower and capital to industrially developed cities, for higher wages and return.¹

From the foregoing discussion, it can be concluded that regional differences arise due to uneven distribution of industrial investment, industrial employment and their concentration in a few developed centres.

**REGIONAL ECONOMIC POLICY:**

The Regional economic policy play an important role in the development of backward areas.

1. It can stimulate demand for labour in backward region.

2. It can reduce level of employment by attracting more industries in backward areas and raising wages.

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3. It can induce private and public investment in backward areas through regulating industrial units through subsidy and incentives.

4. It can dispose industries from congested areas and promote industries in backward areas through regional development plan.

5. It can have effective control over private industrial location.¹

**REGIONAL POLICY IN INDIA:**

The aim of regional policy in India is to control location. Regional policy should be able to counter the structural weaknesses of backward regions to promote and develop new manufacturing industries. Regional planning influences the location decision of private entrepreneurs and also influences the location of industrial investment and induces industries to come to backward areas. Since, regional planning aims at regulating the location of industrial investment and plant location, industrial location turns out to be a link between regional planning and industrial development in backward areas. Therefore, there is relationship among regional planning, industrial location and development on backward areas².

IDENTIFICATION OF BACKWARD AREAS BY SMALL SCALE INDUSTRIES BOARD 1960

The identification of backward areas in an attempt made in 1960 by Small Scale Industries Board. The appointed committee by the board, to suggest a criteria to indentify the backward areas noted the following points.

1. Low per capita income,
2. High density of population,
3. Lack of communication etc.

PLANNING COMMISSION AND IDENTIFICATION OF BACKWARD AREAS:

During the formulation of Fourth Five Year Plan the commission set up a study group in 1966 to suggest the criteria for identifying backward areas. This committee suggested 15 indicators including the density of population, No. of workers in agriculture, net sown area, cultivable area per agricultural worker, establishment using electricity road mileage, no. of seats for technical training, no. of commercial vehicle etc. ¹

NATIONAL DEVELOPMENT COUNCIL 1968 AND BACKWARD AREAS:

The National Development Council too suggested per capita income as a criteria to identify the backward states in 1968. This criteria could not be effective due to following reasons.

¹ K.S.V. Menon, Development of Backward areas, through incentives.
1. States below the national average were considered backward for this purpose;
2. Too much variation in per capita income among districts within a state; and
3. Per capita income can not be the only indicator of backwardness.

**State government financial Institution Criteria**
The planning commission, state governments and financial institutions finalised, the following criteria for identifying backward districts in all the states and union territories of India:

1. The districts (which are normally said to be economically and industrially backward should possess a minimum level of infrastructure facilities essential for the development of industries;
2. ratio of population to agricultural workers;
3. Per capita industrial output (gross);
4. number of factory employees per lakh population;
5. Per capita consumption of electricity; and
6. length of surfaced roads and length of railway mileage in relations to population, (only those districts with indices well below the state average in respect of above indicators are to be selected as backward).

WORKING GROUPS FOR IDENTIFICATION OF BACKWARD AREAS:

At the central level two working groups were appointed by the planning commission in 1968, under the chairmanship of Mr. B.D. Pande and Mr. N.N. Wanchoo. They were set up to suggest criteria for identification of backward areas, and to go into fiscal and financial incentives needed for establishing and expending industries in the identified backward areas.

PANDE COMMITTEE AND IDENTIFICATION OF BACKWARD AREAS:

A committee was set up under the chairmanship of B.D. Pande to identify the backward areas at states, Union territories and district level.

STATES AND UNION TERRITORIES LEVEL:

The committee submitted its reports in February 1969, it suggested the following criteria for identifying backward states and union territories.

1. Total per capita income;
2. Per capita income from industry and mining;
3. Number of workers in registered factories;
4. Per capita annual consumption of electricity;
5. Length of surfaced road in relation to (a) the population, and (b) the area of the state;
6. Railway mileage in relation to, and (a) the population and (b) the area of the state.
Keeping in view the foregoing noted criteria the committee recommended the following industrially backward states and union territories which qualified for special treatment.

**STATES:** Andhra Pradesh, Assam, Bihar, Jammu and Kashmir, Madhya Pradesh, Nagaland, Orissa, Rajasthan, and Uttar Pradesh.

**UNION TERRITORIES:** All Union territories (i.e. Andhama & Nicobar, Arunachal Pradesh, Dadra & Nagar Haveli, Goa, Damam & Diu, Lakshadeep and Mizoram) except Chandigarh, Delhi and Pondicherry.

**DISTRICT LEVEL:**

The Pande working group also suggested criteria or indicators for identifying backward districts in industrially backward district level are as follows:

1. District outside a radius of about 50 miles from large cities or large industrial projects;

2. Poverty of the people indicated by low per capita income starting from the lowest to 25 percent below the state average;

3. High density of population in relation to utilisation of productive resources and employment opportunities as indicated by;

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(a) Low percentage of population engaged in secondary and tertiary activities (25 percent below the state average may be considered as backward);

(b) Low percentage of factory employment (25 percent below the state average may be considered as backward);

(c) Non or under utilisation of economic and natural resources like minerals, forests etc;

(d) Adequate availability of electric power or likelihood of its availability with in 1-2 years;

(e) Availability of transport and communication facilities or likelihood of their availability within 1-2 years;

(f) Adequate availability of water or likelihood of availability during 1-2 years1.

It is suggested that each industrially backward state may furnish the data in respect of the criteria recommended for identification of backward districts from 3 to 6 such districts. It is further felt that about 20-30 districts in all might be finally selected for grant of special incentives during the Fourth Five Year Plan period2.

WORKING GROUP ON FISCAL AND FINANCIAL INCENTIVES ON
WANCHOO COMMITTEE:

This committee was set up under the chairmanship of Mr. H.M. Wanchoo to suggest fiscal and financial incentives and the role of the state government and financial institutions in the development of industries in backward areas. This working group submitted its report in April, 1969. The committee recommended the following incentives for attracting entrepreneurs for setting up industries in selected backward areas:

(a) Grant of higher development rebates;
(b) Grant of exemption from income tax including corporation tax, for five years after providing for development rebate;
(c) Exemption from excise duties for a period of five years from the date of their going into production;
(d) Exemption from the payment of import duties on plant and machinery components etc., imported by units set up in backward areas;
(e) Exemption from sales tax both on raw materials and finished products to units set up in specified backward areas for a period of five years from the date of their going into production.
(f) Upto 400 miles the distance should be considered normal and beyond that the transport cost for finished goods should be subsidised for such backward areas as may be selected in the states of Assam, Nagaland, Manipur, Tripura, NEFA, Jammu & Kashmir and Andamans. The transport subsidy should be equivalent to 50 percent of the cost of transportation; and

(g) There should be re-orientation of the lending policies of the financial institutions so as to ensure the availability of finance on a preferential basis and on a concessional rate of interest to industries to be set up in backward areas.¹

NATIONAL COMMITTEE ON THE DEVELOPMENT OF BACKWARD AREAS:

The recommendation of the two working groups were considered by a meeting of the National Development Council in September 1969 and the main decisions taken were inter-alia.

(i) Concessions to be offered by financial and credit institutions for financing industries in backward areas should be available to selected backward areas in all the states and Union Territories.

(ii) The criteria to be adopted for selection of industrially backward districts in the state and Union Territories may be settled by the planning commission in consultation with the financial institutions and the state governments. Accordingly, planning commission held deliberations with Reserve Bank of India and other financial institutions like IDBI, IFCI, ICICI etc. For evolving a set of criteria for the purpose.

**SIVARAMAN COMMITTEE:**

The National Committee on the Development of Backward Areas (NCDBA) was appointed under the chairmanship of Mr. B. Sivarman on 30th November, 1978 to identify the backward areas. The committee felt that backwardness can be identified on the basis of fundamental structural factors i.e. geographical conditions of the region. The committee suggested the following criteria to determine the backwardness of the region:

(i) **Tribal areas** (the definition is being slightly revised);

(ii) **Hill areas** inclusive of hill stations.

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(iii) Drought prone areas,
(iv) Hot and cold water areas,
(v) Chronically flood affected areas,
(vi) Coastal areas affective by salinity

This committee has also made a comprehensive study of different aspects of problem and has submitted eleven reports, namely.

1. Organisation of administrative and financial structure for backward areas development.
2. Industrial dispersal.
3. Development of backward hill areas.
4. Village and cottage industries.
5. Development of tribal areas.
6. Industrial organisation.
7. Development of Drought prone areas and desert areas.
8. Development of chronically flood affected areas.

11. General issues relating to backward areas development.

RECOMMENDATION OF SIVARAMAN COMMITTEE:

The NCDBA submitted report on dispersal made following recommendations concerning the development of backward areas through industrialisation.

i. The evaluation of the existing policy for industrial dispersal, the central investment subsidy and the scheme of concessional finance have benefited a small number of districts, mostly in close proximity to relatively developed industrial centres.

ii. The industrial estate programme has not helped to relocate industries away from developed areas.

iii. Licensing policy is only a negative instrument and cannot by itself promote industrial development in backward areas.

iv. The availability of concessional finance and subsidy has been a significant motivating factor in persuading entrepreneurs to locate their units in backward areas.

Based on the findings and recommendations of the report by NCDBA, the Government decided to reclassify the backward areas into three categories (A, B & C) as follows.

Category A: NON-INDUSTRY DISTRICTS PLUS SPECIAL REGIONS (91 + 43 = 134 districts).

Category B: Districts currently eligible for central investment subsidy minus category 'A' (55 districts).

Category C: Districts currently eligible for concessional finance, minus category A and B (113 districts).

The NCDBA recommended the following primary units for the identification of backward areas.

1. The Nucleus plant approach can be used in industrially backward areas as identified in the recommendations regarding the central subsidy and concessional finance scheme.

2. Entrepreneurial development programme can be organised in industrially backward areas.

3. To establish industrial development authority (IDA), it will prepare a master plan and the responsibility of financing the rest would be with financial institutions on a direct finance basis.

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**IDENTIFIED BACKWARD DISTRICTS:**

In 1971, the government of India declared 217 districts as backward out of 357 total districts in the country\(^1\), and announced financial incentives for the industries in those districts. The number of backward districts was raised to 262 in April, 1982, and thus 70 percent of total area and 59 percent of total population was brought under backward districts out of 262 districts, 101 were eligible for central Government capital subsidy\(^2\).

**Chakravarty Committee:**

The concept and criteria of backwardness outlined in the previous pages has to be operationalised in a manner that it is least open to dispute and most likely to attract a consensus of agreement, Chakravarty Committee sees it, there are broadly two ways of operationalising the concept. The first is to rely on some overall index for ranking areas and treat all areas below some cut off point as backward. The second is to identify problem areas in different categories by specifying the constraints on development that can only be mitigated by special measures.\(^3\)

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DIFFERENT CATEGORIES OF BACKWARD AREAS:

The National Committee on the development of backward areas has suggested in the light of the concept of Backward Areas differ in the degree of backwardness and in their underlying causes. Very broadly, we have six categories of backward areas, viz.

(a) desert areas, (b) drought prone areas, (c) hilly areas including border areas, (d) tribal areas, (e) coastal areas and (f) chronically flood affected areas.

Each category needs a specific solution. The nature of backwardness in the hill districts of North Eastern Region would perhaps require, in the initial stages, a greater emphasis on physical infrastructure than elsewhere; while in north west, there is a need for proper marketing - organisation to sell their rich crop. Thus, to expect the manufacturing sector can serve the diverse needs of all these backwardness would be too simplistic an approach.

1. Report on National Committee on the development of backward areas, Govt. of India, New Delhi, P. 39.
It has been observed that all the countries of the world irrespective of the level of economic development have their own backward regions and suffer from the problem of regional disparities. The inducement of industries through industrial estates/areas to invest backward areas may be called indirect incentives. But these 'indirect incentives' may not be able to induce sufficient industrial investment in backward areas in a developing economy where there is total absence of industrial culture and higher uncertainty and risk is involved in investment. Therefore, indirect incentives are supported by direct Financial and Fiscal incentives. Concessional rates, income tax rebate, sales tax rebate, capital investment subsidy, lower tariff or imported machinery and raw material etc. these are some of the important direct incentives which are providing finance to industrial units. These incentives considered as 'pull factors' are known as 'Direct Inducement' for the industries to invest in backward areas. But these 'Direct Inducement to investment' may not be sufficiently strong to counter the 'backwash effect' released by the developed industrial centres in backward areas.

These instruments of 'positive incentives' and 'negative control' are equally used by such developed and developing countries such as, Italy, United States of America (USA), Spain, Great Britain (U.K.), France, India, and Israel.

UNITED STATES OF AMERICA:

In USA only 'positives' as a tool to influence regional choice of industry location are widely used. Incentives policy of the USA has a special feature in addition to attracting industries to depressed rural areas, poor rural areas, poor mountain areas, Industrial Mining Areas as well as 'innercity chetto', which are located in urban slums usually inhabited by Negros. The appalachain area is the example of Indutrial backward area in U.S.A. ¹.

SPAIN:

Like USA in spain only 'positive incentives' as a tool to influence regional choice of industry location are widely used. Loan policy is also used to attract industrial units to backward areas in spain.

GREAT BRITAIN (U.K.):

The Government of United Kingdom has passed the special areas development and Improvement Act in 1934 to deal with the problem of depressed area. According to this Act the Government designated four special areas i.e. South wales; North East England, West Cumberland and Clydeside area of Scotland. Government provided factory building, loans at low interest rates and tax relief to industries. ²

¹. H.Sadhak, op-cit,34.
². H.Sadhak, op-citp,32.
The most important step to decentralise industries from London came as a result of publication of Royal Commission Report on the distribution of industrial population. The Commission suggested decentralisation of industries from congested London and a policy of industrial diversification in depressed regions. Then came the distribution of industry act 1947.

Great Britain is using both the 'positive incentives' as well as negative disincentives and control attain its goal of regional policy. And also used financial incentives to create more employment in the depressed areas and attract new industries in special development areas. Industrial Development Certificate (IDC) is used to control further growth of existing country.¹

The regional policy in Britain has undoubtedly achieved good results. The aim of the policy was migration of industrial units to depressed region. But the regional policy of Britain could not solve the problem of unemployment².

The advantages of these control and disincentives are that the region of their enforcement can be responsible to the changing economic circumstances. The Industrial Development Certificate (IDC) came into existence in 1947 as the most important disincentive measure. The incentive measure in Britain is assisted by strong negative measure of 'location control'. The regional policy in England is based on "The carrot and stick" (or aforesaid incentives and control) methods. The incentives industries and location of new industries in the congested areas.

There is now employment subsidy in England. This employment subsidy also called premia employment, is linked to every job created in development zones. Financial incentives along with employment linked subsidy is beneficial for a country which desires to attract new industries in a backward area with a view to create employment opportunities for local people.

Controls and disincentives as the tools of the regional policy would be successful for highly industrialised area available in any depressed region. The depressed regions are known as Development Area (DAS), Special Development Areas (SDAS), Intermediate Areas (IAS), New Towns. Variety of incentives and subsidies are available in these areas in Britain, South Wales, North East England, Cumberland areas are examples of the Industrially backward areas in U.K.

ITALY:

The most Industrially backward area in Italy is south Mezzogiorno. A legislation was passed in 1957 for Mezzogiorno, which was followed by a new law in 1965. According to this law various incentives in the form of loans, grants, tax exemption were introduced. The most important aspect of Italian policy was the implementation of 'Growth Centre' Strategy, 'Area of industrial development' and 'Industrial Nucleus' are two types of zones, first is egglomerative in nature, it incorporates no. of commune focal centres, and at least two lakh population. Secondly normally it has 75.000 population. There are three separate Banking Institutions namely ISVEIMER (for southern Mainland), IRFIS (for sicily) CIS (for Sardinia).

Regional disparities in Italy exist between Northern and southern regions of the country, while the industrial growth rate was high in north Italy due to concentration of industrial investment and expression of industrial activities, south was relying on agriculture. The policy of government aimed at reducing disparities in industrial development between the North and south by inducing industries in south. Huge Government investment was made in south directly and indirectly.¹

The Italian Government mainly depended on incentive measures to implement its policy of developing industries in Mezzogiorno. The important incentives were: Investment subsidy up to 20 p.c. of the cost of Industrial building and 30 p.c. of the cost of plant and equipments, loans at reduced rate (3 to 6%), relief incorporate and income tax, reduction in turnover tax, Railway freight charge, social security charge etc., preference is given, to large investment and investment in Nuclie only 'positive incentives' as a tool to influence regional choice of industry location were widely used by Italy.

FRANCE:

Industrial control measures came into existence first in France in 1955 with the objective to disperse

¹ M. Sadhak, op-cit, p. 37.
industries from Paris and to induce them to southern region and also to check further growth of industries in Paris. The regional problem in France is over concentration of industries in Paris and poor development of industries in southern region. In fact Paris urban region, contains about a quarter of industrial employment of France.

Industrial location policy was announced in 1958, which divided the country into five zones to implement financial incentives programme for industries. In France both the positive incentives as well as negative disincentives and control to attain its goal of regional policy are used.

In order to disperse industries a number of financial incentives and grants are introduced in five zones in France. In the first zone (Southern and western periphery), there are investment grants to new industries. Second zone (specially old mining and textile area), there is industrial adaptation grants to encourage industrial conversion. Tax exemption is allowed in the third and fourth zones (relatively rich part of outer Paris). In the fifth zone (Paris region) industrial expansion is discouraged. France imposed penalty tax on any industry for further expansion in the congested regions and many.

industrial activities are subjected to special dues in policy. This penalty of tax is a special feature of French policy.

**ISRAEL:**

Israel is a young nation suffering from industrial backwardness and lack of industrial investment. The only major urban industrial centre are Tel-Aviv, Hafiza and Jerusalem etc. since Israel is a country of immigrant population, there is a normal tendency of concentration of capital, investment and population in urban centres.

The objective is to encourage industrial investment in backward areas and reduce the burden of major urban centres. The main objectives of Israel Government is "the absorption of immigration, the planned distribution of population over the area of the state and the creation of new sources of employment", on the basis of the foregoing points the entire country was divided according to the level of backwardness into two groups. Most backward areas were 'priority area-A' and other were 'priority area-B'.

The graded system of grants was introduced for building site development and machinery equipment for all the area, highest being for 'priority area - A', liberal loan scheme at the concessional rate of interest upto project cost of 55%, 50% and 45% for A, B, & C areas was introduced. The rate of interest was 6%, 8% and 10% for A, B, 'C areas respectively.\(^1\)

The incentive programme in Israel had good impact on relocating industries in priority areas. There was a definite rise in the percentage of approval projects/investment locating in developing (Priority) Areas.

Industrial investment increased in priority areas, the policy failed to disperse industries to distant places. However, it is undeniable that the Israeli policy was quite successful in attracting industrial investment in priority areas, this is no means a small achievement for a young country like Israel.

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Conclusion:

From the above noted facts, it can be concluded that the concept of backward area was first developed in Great Britain to stress the problem of depressed areas. Britain was also the first country to take some effective steps to develop the backward areas through dispersal of industries from congested areas to the backward areas. Other developed countries like U.S.A., France and Italy also faced the problem of backwardness and due to the this practice of regional development and planning came into force in these countries. The concept of backward areas could not remain confined to the developed countries. Developing countries also recognised the problem of growing regional disparities and the need for development of industries in the backward areas in order to achieve balanced development.

In developing countries like India, backward areas are rural in character and have not experienced any industrial development. In fact, the difference in developing country can be called the difference in development between 'rural' and 'urban' areas which Lipton has called "rural - urban" dichotomy. The Regional economic policy in India has been formula stimulated
demand for labour and reduce level of employment by attracting more industries in backward areas and raising wages.

The planning commission setup a study group in 1966 to suggest the criteria for identifying backward areas. The National Development Council suggested per capita income as a criteria to identify the backward states in 1968. The planning Commission appointed two working groups under the Chairmanship of Mr.B.D. Pande and Mr.N.N Wanchoo, They are setup to suggested criteria for the identification of backward areas and to go into fiscal and financial incentives needed for establishing and expanding industries in the identified backward areas.

The Sivaraman Committee felt that backwardness can be identified on the basis of fundamental structural factors i.e, geographical conditions of the region.

In 1971, the government of India declared 217 districts as backward out of 357 total districts. The number of backward districts was raised to 262 in April, 1982 and announced financial incentives for the industries in those districts.
Thus, it can be inferred that no programme, concept and criteria to identify backward areas could be successful. This may be due to lack of implementation and absence of long term industrial planning. One can say, no efforts were made by the government, committee, financial institutions and any other organisations to develop and evaluate the programmes, policies and criteria to identify backward regions at district or state level, that a particular programme concept policy or a criteria for identification of backward areas suggested by different committees is how for successful. If it is noticed that any programme, policy or criteria is successful the same followed with certain improvement according to the situation for the development of backward areas.

After discussing the concept and criterias for identifying the backward areas, it has been of paramount importance to study the role of government in provides finance for the development backward area in India and Uttar Pradesh during plan periods. The next chapter has been devoted to deal with the same.
CHAPTER III
Jawaharlal Nehru, the architect of planning in India, set up a National Planning Committee in 1938 which conducted a series of studies on different subjects concerned with the economic, industrial and agricultural development of the country. The committee emphasised that the government should own or control all key industries and services, mineral resources, Railways, Airways, Shipping, other public utility concerns and large scale industries.1

FIRST FIVE YEAR PLAN (1951-56)

In July 1951, the planning commission presented a draft outline of a plan of development for the period of First Five Year Plan April, 1951 to March, 1956. In the First Five Year Plan priority was given to the development process of various industries in public and private sectors.

It has been remarked in the First Five Year plan that "Industrial development in India has been on an unplanned basis and it has been concentrated in a few selected areas. Although there has been a trend towards wide dispersion of some industries like cotton textiles and cement, industrial development in some parts of the

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country has lagged behind seriously. The excessive concentration of industries brings in its train certain economic and social disadvantages and a wider diffusion of industry is desirable for this larger point of view. Further, if industrial development in the country is to proceed rapidly and in a balanced manner, increasingly greater attention will have to be paid to the development of those states and regions which have so far remained backward.

SECOND FIVE YEAR PLAN (1956-61)

The Second Five year plan accorded a high priority to industrialization, and specially to the development of basic and heavy industries in development areas.

The Second Plan suggested that through successive plans every effort must be made to provide for balanced development in different parts of the country. The plan pointed out the following strategy with regard to industrial dispersal. In the first place, the National Development Council has recommended programmes for setting up decentralised industrial production. Secondly, it has been suggested that in the location of new enterprises.

1. First Five Year Plan, Government of India Planning Commission, New Delhi, p.442.
whether public or private consideration should be given to the need for developing a balanced economy for different parts of the country. Some industries have to be located in particular areas in view of the availability of the necessary raw material or other natural resources.

No specific programme has been made for the development of backward areas in the country with a strategy to control regional disparities.

THIRD FIVE YEAR PLAN (1961-66)

The Third Five year plan pointed out a multidimensional programme for industrialisation of backward areas, Large Scale Industries, specially basic and heavy industries. To achieve this goal, following strategy on the human resources would be involved,

(a) Preferential treatment of backward areas in the location of facilities for the training of engineers, craftsmen, etc.
(b) technical training programmes to facilitate labour mobility, and
(c) the development of competent administrative and technical personnel and the growth of small and medium entrepreneurs. Development of backward areas was also to be accelerated through the

1. Third Five Year Plan, planning commission, Government of India, New Delhi, p.143.
the provision of infrastructural facilities. The plan included a proposal for setting up industrial development areas with basic facilities like power, water, communication and factory sites on long lease to prospective entrepreneurs.

From the foregoing discussion, it can be summed up that the Third plan also could not reduce the disparities due to lack of sufficient effective policy framework. It was realised that more command of government over the resources was necessary to bring greater scatter of industrial activity in backward areas.

FOURTH FIVE YEAR PLAN (1969-74)

At the time of formulation of the Fourth Plan the need for correcting regional imbalances arose. Thus, the commission appointed two working groups in November, 1968. Firstly the Pande Committee to recommend criteria for the identification of backward areas. Secondly the Wanchoo committee, to suggest fiscal and financial incentives for establishing industrial units in the backward areas. That the incentives which were being suggested for development of industries in the backward areas would be sufficient to disperse industries.


During the Fourth Five Year Plan the outlay was of Rs. 697.35 crores of which Rs. 46.57 crores were estimated for special and backward area development. After some times the total sectoral outlay was revised from Rs. 697.35 to 710.01 crores of which Rs. 49.20 crores were estimated for special and backward areas development, during the same period.

A scheme for giving an outright grant or subsidy amounting to 10 percent of fixed capital investment of new and existing units having a total fixed investment of not more than Rs. 50 lakhs was confined of 44 industrially backward district areas. The coverage of this scheme was extended to 89 district/areas as well as to units having fixed capital investment of more than Rs. 50 lakhs, subject to the subsidy being limited to Rs. 5 lakhs\(^1\).

Another scheme for the rural electrification has been approved out of a total of 499 schemes, 214 schemes for the backward and special under developed areas up to the end of August 1973\(^2\).

The total outlay of centre, states and Union territories was Rs. 195.33 crores of which Rs. 46.57 crores was estimated for special and backward area development.

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development. The total outlay of state governments was Rs. 95.56 crores of which Rs. 46.57 crores was allotted for the special and backward area development. The Central Government and Union Territories have allotted a total outlay of Rs. 90.68 crores and 9.09 crores respectively for different programmes/areas. But special and backward areas were completely neglected. From the foregoing analysis, it can be concluded that in Fourth Plan period Central government and union territory were completely neglected in any programmes for backward areas development. While state governments were assigned some amount for the backward area development.

FIFTH FIVE YEAR PLAN (1974-79)

The Fifth Five Year Plan draft pointed out the need for infra-structure facilities and an institutional framework to coordinate the essential components of the industrial development programmes for the development of industrially backward areas. The policy with regard to the accelerated development of backward areas for the Fifth Five Year Plan has been formulated on basis of the following consideration:

1. that the problem of backwardness is a long term problem which can be tackled only over a long period of time;
2. that allocation of adequate financial resources is only one of the many steps necessary for the accelerated development of these areas; other essential measures being the evolution of locally oriented integrated strategies; the development of suitable programmes with appropriate norms, procedures and technologies; the strengthening and coordinate functioning of financing, promotional and consultancy institutions; and the reorientation and, where necessary, the restructuring of the field organisation to suit the functional requirements of the identified development programmes;

3. that, in view of the indivisibility of the plan, non-plan activities and the basic administrative structure, the state would have to continue to bear the main responsibility for the development of their backward areas, though the central government would also actively participate in this task by making special allocations for hilly and tribal areas and also by;

(i) providing technical support in respect of planning as well as programme development;

(ii) channelising institutional resources on a priority basis;
(iii) continuing and further extending the liberal patterns of central assistance; and
(iv) providing special incentives for the flow of private investment to identified backward areas.

The total expenditure of central and states in different areas was to the tune of Rs. 1581.53 crores of which the highest amount of Rs. 756.66 crores was estimated for tribal areas, followed by Rs. 496.48 crores and 236.74 crores estimated for integrated rural development and hill areas respectively during the Fifth Five Year Plan. The total outlay of state government was Rs. 844.58 crores, of which tribal areas have highest expenditure i.e. Rs. 558.33 crores. The central government has allotted a total outlay of Rs. 736.95 crores for different areas. From this analysis, it can be observed that central government incurred highest expenditure for the backward areas development. But the union territory has been completely neglected for any expenditure for the development of backward areas.

**SIXTH FIVE YEAR PLAN (1980-85)**

The Sixth Five Year Plan was first announced during the regime of the Janata Party Government headed by Prime Minister Mr. Morarji Desai in (1978-83). After the downfall

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of the government of Morarji Desai the caretaker Government headed by Mr. Charan Singh slightly modified this plan. But even this plan was replaced by the Congress (I) Government headed by Prime Minister Mrs. Indira Gandhi when it assumed power at the centre in 1980.

The Sixth Five Year Plan formulated the following strategy;

(i) Substantial increasing of manufacturing capacity in public/private sector encompassing a variety of industries to provide consumer goods and consumer durables and to support agricultural and industrial growth through supply of intermediate and capital goods.

(ii) The capital goods industry in general and the electronics industry in particular will require special attention for the support of the growth of a wide range of economic activities.

(iii) In the light of considerable volume of foreign exchange resources essential to support the plan, export of engineering goods and industrial products will need to be enhanced.

(iv) To attain technological excellence, a re-orientation and review of the existing procedures and parameters in relation to import of
technology and development of indigenous technology is necessary.

(v) In the context of energy crisis, measures are to be taken to improve energy efficiency. In addition, efforts are to be enunciated to adjust the energy consumption pattern in the industrial sector to domestic energy requirement.

(vi) To develop backward areas, new strategies will be needed to be devised including studying the recommendations of National Committee on Development of Backward Areas in details.

The Sixth Plan total outlay was Rs. 1,72,210 crores out of which Rs. 97,500 crores was for public sector and remaining Rs. 74,710 crores was for private sector. The sixth plan also emphasized the importance of balanced regional industrial development and prepared schemes for industrial development of the backward areas. A high level National Committee for the Development of Backward Areas (NCDBA) was appointed under the chairmanship of Mr. Sivaraman during the Sixth Five Year Plan. It was constituted to: (a) examine and identify backward areas; and (b) review the working of existing schemes introduced for the regional industrial disparity.

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Hill area was one of the categories of different of backward areas, namely Tribal areas, Drought prone areas, Desert areas, Coastal areas affected by salinity and chronically flood affected areas, which was suggested by National Committee on the Development of Backward Areas. During the Sixth Plan, the programme objectives were to develop the specified hill areas including the western ghat, without causing destruction to its ecology. The Hill Area Development programme (HADP) was implemented in the states of Uttar Pradesh, Assam, West Bengal and Tamil Nadu, while the western ghat development programme (WGDP) was implemented in the states of Maharashtra, Karnataka, Kerala, Tamil Nadu and Goa. Special General Assistance earmarked in the Sixth Plan for both these programmes was of Rs. 560 crores of which Rs. 485 crores was earmarked for the HADP and remaining Rs. 75 crores for the WGDP.

SEVENTH FIVE YEAR PLAN (1985-90)

The Seventh Five Year Plan envisages discouraging setting up industries in or around urban agglomerations and a package of incentives were provided to attract industries in the backward areas.

Out of the agreed outlay of special central financial assistance for Hill Area Development Programme (HADP), 86.61% went for the Designated Hill Districts and 13.39% for the western Ghats Talukas\(^1\).

**SEVENTH PLAN OUTLAY:**

The following table highlights the plan outlay by Head of Development in Centre, States & union territories during the Seventh Five Year Plan in Hill Area, North Eastern Area, other special area programmes, Backward Areas and Tribal Areas.

**Table No. 1**

<table>
<thead>
<tr>
<th>Heads of development</th>
<th>Centre</th>
<th>States</th>
<th>Union territories</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Area Programme</td>
<td>-</td>
<td>2803.59</td>
<td>-</td>
<td>2803.59</td>
</tr>
<tr>
<td>1. Hill Areas</td>
<td>-</td>
<td>870.00</td>
<td>-</td>
<td>870.00</td>
</tr>
<tr>
<td>(a) Western Ghats</td>
<td>-</td>
<td>116.50</td>
<td>-</td>
<td>116.50</td>
</tr>
<tr>
<td>(b) Other Hill Areas</td>
<td>-</td>
<td>753.50</td>
<td>-</td>
<td>753.50</td>
</tr>
<tr>
<td>2. North Eastern Areas</td>
<td>-</td>
<td>675.00</td>
<td>-</td>
<td>675.00</td>
</tr>
<tr>
<td>3. Other Special Area programmes</td>
<td>-</td>
<td>244.59</td>
<td>-</td>
<td>244.59</td>
</tr>
<tr>
<td>(a) Backward Areas</td>
<td>-</td>
<td>756.00</td>
<td>-</td>
<td>756.00</td>
</tr>
<tr>
<td>(b) Tribal Areas</td>
<td>-</td>
<td>258.00</td>
<td>-</td>
<td>258.00</td>
</tr>
</tbody>
</table>

Seventh Plan Total outlay 95534.00 80698.00 3768.00 180000.00

**Source:** Seventh Five Year Plan (1985-40), Mid-term appraisal, Government of India, Planning Commission, New Delhi, p. 254.

1. Eight Five Year Plan, Volume II, Planning Commission of India, New Delhi, p. 430.
The table No. 1 reveals that total outlay of states in special area programmes was Rs. 2803.59 crores of which Rs. 870 crores was for Hill areas, Rs. 675 crores for North Eastern Areas and Rs. 1258.59 crores for other Special Area programmes. The total outlay for the Special Area programmes was Rs. 1258.59 crores of which Rs. 244.59 crores for backward Areas Rs. 75 crores for tribal Areas and Rs. 258 crores for other areas.

The overall total outlay in the Seventh Five Year Plan was Rs. 180000 crores of which Rs. 95534 crores was for centre, Rs. 80698 crores for states and Rs. 3768 crores for union territories.

From the foregoing analysis, it can be summed up that State Governments have got the highest outlay, if compared with centre and union territories.

**ACTUAL PLAN EXPENDITURE:**

The actual plan expenditure by Heads of Development in Centre, States & Union territories during the year 1985-86 in Hill Areas, North Eastern Areas, other special area programmes, Backward Areas and Tribal Areas can be understood from the forthcoming table.
Table No. 2 presents an analytical study with regard to Actual plan expenditure during the Seventh Five Year Plan (1985-90). The table reveals actual plan expenditure of states in special area programmes, which was Rs. 446.29 crores out of which Rs. 166.70 crores was for Hill Areas, Rs. 96.46 crores was for North Eastern Areas, Rs. 173.13 crores for other special Area programmes, Rs. 43.13 crores was for Backward Areas and Rs. 140 crores was for tribal Areas.

### TABLE No. 2

**ACTUAL Plan Expenditure during the year 1985-86**

(Rs. in crores)

<table>
<thead>
<tr>
<th>Heads of development</th>
<th>Centre</th>
<th>States</th>
<th>Union territories</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Area Programmes</td>
<td>-</td>
<td>446.29</td>
<td>1.04</td>
<td>447.33</td>
</tr>
<tr>
<td>1. Hill Areas</td>
<td>-</td>
<td>166.70</td>
<td>1.04</td>
<td>167.74</td>
</tr>
<tr>
<td>2. North Eastern Areas</td>
<td>-</td>
<td>96.46*</td>
<td>-</td>
<td>96.46*</td>
</tr>
<tr>
<td>3. Other Special Areas Programme</td>
<td>(a)Backward Areas</td>
<td>-</td>
<td>43.13</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(b)Tribal Areas</td>
<td>-</td>
<td>140.00</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(c)Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Includes Rs. 10 crores LIC loans.

**Source:** Seventh Five Year Plan (1985-90), mid-term appraisal, Government of India planning commission, New Delhi, p. 246.
The overall actual plan expenditure was Rs. 33059.90 crores of which Rs. 19115.47 crores was for centre, Rs. 13249.52 crores for states and Rs. 694.91 crores was for union territories. On the basis of analysis, it can be concluded that in Seventh Five Year Plan, Central Government and union territory were completely neglected in programmes for backward areas, while state governments were assigned some amount for the backward area.

REVISED ESTIMATES IN SEVENTH PLAN:

The following table stats the revised estimates by Head of development in centre, states and union territories in Hill Areas, North Eastern Areas, other special area programmes, Backward Areas and Tribal Areas during the year 1986-87.
Table No. 3

Revised Estimates by Head of development in 1986-87
(Rs. in crores)

<table>
<thead>
<tr>
<th>Head of Development</th>
<th>Centre</th>
<th>States</th>
<th>Union territories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Area Programmes</td>
<td>-</td>
<td>585.98</td>
<td>-</td>
</tr>
<tr>
<td>1. Hill Areas</td>
<td>-</td>
<td>188.99</td>
<td>-</td>
</tr>
<tr>
<td>2. North Eastern Areas</td>
<td>-</td>
<td>145.00*</td>
<td>-</td>
</tr>
<tr>
<td>3. Other Special Area Programmes</td>
<td>-</td>
<td>67.03</td>
<td>-</td>
</tr>
<tr>
<td>(a) Backward Area</td>
<td>-</td>
<td>155.03</td>
<td>-</td>
</tr>
<tr>
<td>(b) Tribal Areas</td>
<td>-</td>
<td>30+00</td>
<td>-</td>
</tr>
<tr>
<td>(c) Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Revised Estimates 23625.23 15899.98 735.53 40260.74 in Seventh Plan (1986-87)

* Includes Rs. 20 crores L.I.C. Loans.
+ For Border Areas.


The Table No. 3 provides statistical information about revised estimates during the Seventh Five Year Plan (1986-87). It is clear from the table that the revised estimate of states in Special Area Programmes was Rs. 585.98 crores of which Rs. 188.99 crores was for Hill Areas, Rs. 145 crores for North Eastern Area Rs. 252.03 crores for other Special Area Programmes, Rs. 67.03 crores for Backward Areas, Rs. 155 crores was for
tribal areas and Rs. 30 crores was for other areas. Thus, it can be said that in Seventh Plan Central Government & union territory were completely neglected in the programmes for backward areas, while state governments were assigned some amount for the backward area.

**Plan outlay in 1987-88:**

The plan outlay by head of development in centre, states and union territories during the year 1987-88 is presented in the following table.

<table>
<thead>
<tr>
<th>Heads of Development</th>
<th>Centre</th>
<th>States</th>
<th>Union territories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Area Programmes</td>
<td></td>
<td>696.70</td>
<td></td>
</tr>
<tr>
<td>1. Hill Areas</td>
<td>-</td>
<td>204.00</td>
<td></td>
</tr>
<tr>
<td>2. North Eastern Areas</td>
<td>-</td>
<td>165.00*</td>
<td></td>
</tr>
<tr>
<td>3. Other Special Area Programmes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Backward Areas</td>
<td>-</td>
<td>79.90</td>
<td></td>
</tr>
<tr>
<td>(b) Tribal Areas</td>
<td>-</td>
<td>168.50+</td>
<td></td>
</tr>
<tr>
<td>(c) Others</td>
<td>-</td>
<td>79.30+</td>
<td></td>
</tr>
<tr>
<td><strong>Total Plan outlay in Seventh Plan (1987-88)</strong></td>
<td>25041.79</td>
<td>18957.80</td>
<td>698.84</td>
</tr>
</tbody>
</table>

* Includes Rs. 25 crores L.I.C. Loans.

+ Includes Rs. 42.30 crores for Border Areas and Rs. 37.00 crores for other special Areas.

**Source:** Seventh Five Year Plan (1985-90), Mid-term appraisal, Government of India, Planning Commission, New Delhi, p. 254.
Table No. 4 indicates the plan outlay in 1987-88 of states in Special Area Programme which stood at 696.70 crores out of which Rs. 204 crores was allocated for Hill Areas, Rs. 165 crores was meant for North Eastern Areas, Rs. 79.90 crores was given for Backward Areas, Rs. 168.50 crores was for tribal areas and Rs. 79.30 crores was for other areas.

The overall total plan outlay in 1987-88 was to the tune of Rs. 44698.43 crores of which Rs. 25041.79 crores earmarked for centre, Rs. 18957.80 crores for states and Rs. 698.84 crores was for union territories. Thus, it can be concluded that state governments have got the highest plan outlay, when compared with centre and union territories.

**EIGHT FIVE YEAR PLAN (1992-97)**

The Eight Five Year Plan commenced from April 1st, 1992. It is two years late (1990-95). The priority for economic development is in the fields of Energy, transport and communication and for the human development. The priority was given for employment generation, population control and literacy and health including drinking water and rural electrification. The total outlay envisaged stood at Rs. 7,92,000 crores of which Rs. 342,000 crores was given for public sector, Rs. 1,48,000 crores for private sector and Rs. 3,02,000 crores was
allocated for household. The target for the growth rate of Eight Five Year Plan is 5.6%. The target for the Seventh Plan was 5% but achievement was 5.6\%.

**TOTAL OUTLAY DURING EIGHT PLAN:**

The following table highlights the public sector outlay by Head of Development in States and Union Territories during the Eight Five Year Plan in Hill Areas, North Eastern Areas, other special area programmes, Backward areas and Tribal areas.

Table No. 5

<table>
<thead>
<tr>
<th>Head of Development</th>
<th>States</th>
<th>UTS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL AREA PROGRAMMES</td>
<td>6750.16</td>
<td>0.00</td>
<td>6750.16</td>
</tr>
<tr>
<td>1. Hill Areas</td>
<td>1450.00</td>
<td>0.00</td>
<td>1450.00</td>
</tr>
<tr>
<td>2. North Eastern Areas</td>
<td>1160.00</td>
<td>0.00</td>
<td>1160.00</td>
</tr>
<tr>
<td>3. Other Special Area</td>
<td>4140.16</td>
<td>0.00</td>
<td>4140.16</td>
</tr>
<tr>
<td>Programmes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Backward Areas</td>
<td>1250.16</td>
<td>0.00</td>
<td>1250.16</td>
</tr>
<tr>
<td>5. Others</td>
<td>640.00</td>
<td>0.00</td>
<td>640.00</td>
</tr>
</tbody>
</table>

Source: Eight Five Year Plan, Volume I, Planning Commission of India, New Delhi, p. 59.

From the foregoing table No. 5, it can be observed that the total outlay of states in special area

programmes is Rs.6750.16 crores of which Rs. 1450 crores is for Hill areas, Rs. 1160 crores for North Eastern Areas and Rs. 4140.16 crores for other special areas. The outlay for other special area programmes is Rs. 4140.16 crores of which Rs. 1250.16 crores for Backward Areas & Rs. 1250 crores for Tribal Areas and Rs. 640 crores for other areas. From the foregoing analysis, it can be concluded that the state governments have the highest outlays, and the centre and Union Territories have been completely left out for any outlay during the Eight plan.

**Area-wise Programme:**

The following table stated that the area wise programmes, namely Hill and western Ghats Areas, Tribal sub-plan, North Eastern Council plan, Border Area Programmes and other special area programmes (including backward areas and Tribal areas) at a different amounts.

<table>
<thead>
<tr>
<th>Area Programmes</th>
<th>Plan Estimates (at 1984-85)</th>
<th>Present Estimates (at current prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hill and Western Ghats Area</td>
<td>870</td>
<td>1,043</td>
</tr>
<tr>
<td>Tribal sub-plan</td>
<td>756</td>
<td>861</td>
</tr>
<tr>
<td>NEC Plan</td>
<td>575</td>
<td>714</td>
</tr>
<tr>
<td>Border Area Programmes</td>
<td>200</td>
<td>219</td>
</tr>
<tr>
<td>Other special area Programmes</td>
<td>58</td>
<td>123</td>
</tr>
</tbody>
</table>

**Source:** Eight Five Year Plan, Volume I, Planning Commission of India, New Delhi, p. 100.
The foregoing table reveals that the total area programmes in different areas was Rs. 2459 crores in plan estimates at 1984-85 prices, but the present estimates at current prices was Rs. 2960 crores. The plan estimates at 1984-85 prices in Hill and Western Ghats areas stood at Rs. 870 crores, Tribal sub-plan to the tune of Rs. 756 crores NEC plan was sanctioned Rs. 575 crores, Border Area Programmes was given Rs. 200 crores and other special area programmes was Rs. 58 crores and the present estimates at current prices in the aforesaid areas was Rs. 1043 crores, Rs. 861 crores, Rs. 714 crores, Rs. 219 crores and Rs. 123 crores respectively.

**NINTH FIVE YEAR PLAN (1997-2001)**

The area of growth economy during the VIII plan period has encouraged the planners to bring out a blueprint for much higher economic growth and the input base to achieve the same in the Ninth plan. The annual economic growth rate during the VIII plan was achieved at 5.9 percent as against the target of 5.6 percent and the rates of domestic savings and investment were 23.7 percent and 25 percent per annum respectively, as against the targets set at 21.6 percent and 23.2 percent. The achievement in the trade front is also dismal within ports growing at the
annual average rate of 13.6 percent against the expectation of 8.4 percent and export quantum declining to 11.4 percent as against the target figure of 13.6% per annum.¹

**Industrial Development:**

Industrial development will continue to receive priority as it received during the Eighth Five Year plan but there will not be much public sector investment in new industrial units. Most of whatever investment that will be undertaken will go for providing industrial infrastructure for small-scale industries particularly in food processing activities. Recently, the Government of India enhanced the investment limits of small scale Industries to ₹3 crore.²

**Principal Objectives of Ninth Plan:**

The principal objective of the Ninth plan is to build on the successes of the VIII plan, while tackling the problems that have emerged, particularly in agriculture, living standard of the poor, infrastructure, social sector, regional disparity and fiscal deficits. The Ninth plan will facilitate broadening and deepening the economic reforms process to ensure that the fruits of development reach the

2. Thimmaiah, G., "What is new about Ninth Five Year plan?", Kurukshtra, March-April, 1997, p.11.
backward regions of the country and benefit the poorer sections of the society in a time-bound manner.¹

**Objectives of Ninth Plan:**

The context of four important dimensions of state policy, viz. quality of life, generation of productive employment, regional imbalance, and self-reliance, the following are the objectives of the ninth plan.

1. minimizing the growth of productive employment and reducing poverty through higher priority to agriculture and rural development,

2. Accelerating the growth rate of the economy with stable prices;

3. providing for food and nutritional security for all but most of all for the vulnerable sections of the society,

4. providing the basic minimum services like safe drinking water, primary health care facilities, universal primary education, shelter and connectivity, in a time bound manner;

5. checking the growth rate of population.

6. Ensuring environmental sustainability of the development process through social mobilization and participation of people at all levels;

---

7. increasing political and economic empowerment of women and other socially handicapped people including OBCs and minorities so that they become effective agents of socio-economic change;

8. promoting and developing people's participatory institutions like Panchayati Raj bodies, cooperatives and self-help groups, and

9. strengthening efforts to build self-reliance.¹

Regional Balance:

The issue of regional balance operates at both the inter-state levels. There is, therefore, the need to address it in a framework that is more flexible than the political and administrative boundaries of each individual state. The focus regarding the issue of regional balance has traditionally been on industrialization. However, reduction in regional disparities, may be better achieved through greater focus on agriculture and other rural activities. As such, it becomes necessary not only to increase the productivity of agriculture in backward areas, but also to increase the degree of integration between the rural areas and the rest of the country through improved connectivity in terms of transport and communication.²

**Conclusion:**

From this discussion it can be concluded that First and Second Five year plan did not outline any specific programme of development for backward areas in the country with a strategy to control regional disparities. The Third Five year plan also could not reduce the disparities due to lack of effective policy framework. It was realised that much command of government over the resources was necessary effect greater scattering industrial activity in backward areas. At the time of formulation of the Fourth Five year plan the need for correcting regional imbalances arose. Thus, the commission appointed two working groups in November, 1968. Firstly the Pande committee was formed to recommend criteria for identification of backward areas. Secondly the Wanchoo committee, to suggest fiscal and financial incentives for establishing industrial units in the backward areas. The total outlay was revised during fourth five year plan from ₹ 697.35 crores to ₹ 710.01 crores of which ₹ 46.57 crores to ₹ 49.20 crores were estimated for special and backward area development. A scheme for giving an outright grant or subsidy amounting to 10 percent of fixed capital investment of new and existing units having a total fixed investment of not more than ₹ 50 lakhs was in 44 industrially backward district areas.
The Fifth Five Year plan draft pointed out the need for infrastructure facilities and an institutional framework to coordinate the essential components of the industrial development programmes for the development of industrially backward areas. The total expenditure of central and states in different areas was of Rs. 1581.53 crores of which the highest amount of Rs. 756.66 crores was estimated for tribal areas, followed by Rs. 496.48 crores and 236.74 crores for integrated rural development and hill areas.

The Sixth Five Year plan also emphasized the importance of balance regional industrial development and prepared schemes for industrial development of the backward areas. A high level National Committee for the development of backward areas (NCDBA) was appointed under the Chairmanship of Mr. N. Sivaraman during the sixth plan. It was constituted to examine and identify backward areas and to review the working of existing schemes introduced for the regional industrial disparity. Hill area was one of the categories of backward areas, namely tribal areas, Drought Prone areas, Desert areas, coastal areas affected by salinity and chronically flood affected areas, which was suggested by National Committee on the development of backward areas.
The Seventh Five Year plan envisaged discouraging the setting up of industries in or around urban agglomerations and package of incentives were provided to attract industries in the backward areas. The total outlays during the seventh plan for other special areas programme was Rs. 1258.59 crores of which Rs. 244.59 crores was for backward areas.

The total outlays of states during the Eighth Five Year plan in special area programme was Rs. 6750.16 crores of which Rs. 450 crores was for hill areas, Rs. 1160 crores for North Eastern areas and Rs. 4140.16 crores for other special areas. The outlays for other special area programmes was Rs. 4140.16 crores of which Rs. 1250.16 crores was for backward areas.

Ninth Five Year plan emphasized the issue of regional balance operates at both the inter - state and the intra - state levels, and increase the productivity of agriculture in backward areas, but also to increase the degree of integration between the rural areas and the rest of the country.

In the foregoing pages backward area development in India during the plan periods has been discussed. The succeeding pages has been devoted to evaluate the performance of backward area development in Uttar Pradesh during plan periods.
BACKWARD AREA DEVELOPMENT IN UTTAR PRADESH DURING THE PLAN PERIODS:

Uttar Pradesh can be divided into different regions with varying degrees of economic backwardness and widely different need for development. The hill districts and the Bundelkhand Division are sparsely populated, with a difficult terrain, poor communications and almost no industry. The Eastern districts are thickly populated but have been affected by floods, which have greatly sapped their economic vitality. The western Uttar Pradesh districts which have been traditionally better in condition from aforesaid areas, but these areas have suffered very serious losses due to heavy rains in past few years indicating the problem of water logging.

FIRST FIVE YEAR PLAN (1951-56)

The central First Five Year Plan priorities were given to the development process in various Industries in public sector and private sector. The planning commission presented in July, 1951, a draft out line of the five year period from April, 1951 to March 1956. In 1955-56 a study of inter-districts, and inter state income differentials was undertaken in 289 districts in the country. The National Council of Applied Economic Research, found that out of 29 most backward districts in whole country

with per capita income of less than Rs. 146, 11 were in Uttar Pradesh. In another group of 29 districts with per capita income between Rs. 147 and 173, 11 were in Uttar Pradesh. Thus out of the 58 poorest districts of India, Uttar Pradesh had 22, Bihar 12, Orissa and Madhya Pradesh 5 each, Mysore and Maharashtra 3 each, Assam, Andhra Pradesh and West Bengal 2 each. Madras and Tamil Nadu 1 each. According to this study, 35 percent population of the state was living in these backward districts\(^1\). This leads to a conclusion that first plan did not outline any specific programme for industrial development in backward areas of Uttar Pradesh.

**SECOND FIVE YEAR PLAN (1956-61)**

The Second Five Year Plan of centre outlines a high priority to industrialization, specially to the development of basic and heavy industries in developed areas\(^2\). But the state of (Uttar Pradesh) made a fair provision for the needs of each area and sanctioned a total amount of Rs. 238 crores\(^3\).

The forthcoming table shows the special assistance schemes in eastern districts, hill districts, Bundelkhand

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1. Fourth Five Year Plan, planning Department, Uttar Pradesh, Lucknow, 1969, p.23.
Region, backward areas, rural areas, Mirzapur district and western districts, totalling to Rs. 1850.11 crores in the Second Five Year Plan.

**TABLE NO. 7**

Special Schemes for Different Areas of Uttar Pradesh

<table>
<thead>
<tr>
<th>Schemes in Areas</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme for eastern districts</td>
<td>750.31</td>
<td>40.56</td>
</tr>
<tr>
<td>Scheme for Bundelkhand</td>
<td>183.35</td>
<td>09.92</td>
</tr>
<tr>
<td>Scheme for Hill districts</td>
<td>292.00</td>
<td>15.78</td>
</tr>
<tr>
<td>Roads in Backward areas</td>
<td>196.45</td>
<td>10.62</td>
</tr>
<tr>
<td>Housing for Medical staff in rural areas</td>
<td>18.00</td>
<td>0.97</td>
</tr>
<tr>
<td>Scheme for Mirzapur districts</td>
<td>50.00</td>
<td>2.70</td>
</tr>
<tr>
<td>Water-logging in Western districts</td>
<td>360.00</td>
<td>19.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1850.11</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Annual Development Plan, 1960-61, Planning Department of Uttar Pradesh, Lucknow, 1960, p.68.

Table No. 7 shows that the total amount of special schemes for different areas of Uttar Pradesh was Rs. 1850.11 lakhs of which Rs. 750.31 lakhs was for eastern districts, Rs. 183.35 lakhs for Bundelkhand, Rs. 292 lakhs for Hill districts, Rs. 196.45 lakhs for roads in
backward areas, Rs. 18 lakhs for rural areas, Rs. 50 lakhs for Mirzapur district and 360 lakhs for western districts, indicating 40.56 percent, 9.91 percent, 15.78 percent, 10.62 percent, .97 percent, 2.70 percent & 19.45 percent respectively of the total amount. It can be concluded that special scheme provided highest amount for the eastern districts followed by western and hill districts. But the backward areas got an insignificant amount.

THIRD FIVE YEAR PLAN (1961-66)

The Third Plan was started in 1961-66 for the purpose of industrialisation in the country. The total outlay was Rs. 6834 lakhs while the total expenditure during the plan period was estimated at Rs. 6647 lakhs for different sectors. But no allocation of fund was made for Bundelkhand area. Table number 8 shows sector-wise outlay and expenditure during the Second and Third Five Year Plan.

Table No. 8 displays sector-wise expenditure in Second and Third Plan, the expenditure was Rs. 2971 lakhs in Second Plan, it increased to Rs. 6647 lakhs in Third Plan. In Second plan total outlay was Rs. 3024 lakhs of which Rs. 400 lakhs was for special schemes for backward areas. The total expenditure was Rs. 2971 lakhs of which Rs. 387 lakhs was for Backward Area.
TABLE NO. 8

SECTOR-WISE EXPENDITURE IN THE SECOND AND THIRD PLAN
(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Head of development sector</th>
<th>Second Plan outlay</th>
<th>Second Plan Exp.</th>
<th>Third Plan Outlay</th>
<th>Third Plan Exp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industries and Mining</td>
<td>1312</td>
<td>1292</td>
<td>2017</td>
<td>2070</td>
</tr>
<tr>
<td>Large &amp; Medium scale Industries</td>
<td>336</td>
<td>376</td>
<td>386</td>
<td>714</td>
</tr>
<tr>
<td>Mineral Development</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Village and Small Industries</td>
<td>970</td>
<td>910</td>
<td>1644</td>
<td>1331</td>
</tr>
<tr>
<td>Hill and Border areas</td>
<td>--</td>
<td>--</td>
<td>2800</td>
<td>2507</td>
</tr>
<tr>
<td>Special scheme for backward areas</td>
<td>400</td>
<td>387</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3024</strong></td>
<td><strong>2971</strong></td>
<td><strong>6834</strong></td>
<td><strong>6647</strong></td>
</tr>
</tbody>
</table>

**Source:** Fourth Five Year Plan, Planning Department of Uttar Pradesh, Lucknow, p. 48.

From the foregoing analysis it can be concluded that backward area have been given priority in the allocation of outlay and expenditure during the second Five Year Plan only.
FOURTH FIVE YEAR PLAN (1969-74)

The Fourth Plan commenced with effect from 1st April, 1969. It should ordinarily have been started in 1966 after the end of the Third Plan, but due to some severe stresses (Indo-Pak war in 1965 and drought during two successive year), the finalisation of the plan was delayed. The broad objectives of the Fourth Five Year Plan were as follows:

1. To achieve 5-6 percent annual rate of growth of the economy as a whole, a growth rate of 5 percent in the agriculture sector and 8-10 percent in Industry.

2. To ensure 6.9 percent annual rate of growth in the production of foodgrains to achieve self-sufficiency.

3. To minimise employment opportunities compatible with the proposed growth rate.

4. To reduce disparities in social services and economic infrastructure between backward and developed areas.

5. To redress imbalances arising from a high rate of population growth and inadequate expansion in agricultural production by bringing in the shortest possible time, the fertility rate to 25 percent thousands.

6. To provide potable drinking water in the hill areas, Harijan bastis and other scarcity areas.¹

¹. Fourth Five Year Plan, Planning Department, Uttar Pradesh, 1969, p.54.
DISTRIBUTION OF OUTLAYS DURING FOURTH FIVE YEAR PLAN:

The following table reveals the distribution of outlay during the Fourth Five Year Plan under different heads.

**TABLE NO. 9**

DISTRIBUTION OF OUTLAYS IN FOURTH PLAN

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Head of Development/Sector</th>
<th>Outlay (Lakhs)</th>
<th>Additional outlay</th>
<th>Total outlay (Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale Industry</td>
<td>2371.50</td>
<td>--</td>
<td>2372.50</td>
</tr>
<tr>
<td>Mineral Development</td>
<td>95.00</td>
<td>--</td>
<td>95.00</td>
</tr>
<tr>
<td>Village and Small Industry</td>
<td>2010.00</td>
<td>--</td>
<td>2010.00</td>
</tr>
<tr>
<td>Hill and Border areas</td>
<td>2000.00</td>
<td>--</td>
<td>2000.00</td>
</tr>
<tr>
<td>Backward areas</td>
<td>--</td>
<td>450.00</td>
<td>450.00</td>
</tr>
</tbody>
</table>

| Total                                       | 6477.50        | 450.00            | 6927.50              |

**Source:** Fourth Five Year Plan, Planning Department, Uttar Pradesh, Lucknow, 1969, pp. 358-59.

The above mentioned table indicates that the total outlay was Rs. 6477.50 lakhs of which Rs. 2000 lakhs was allocated for hill and border areas, Rs. 450 lakhs was sanctioned as an additional outlay for backward areas, 2,010.00 lakhs was for village and small industries Rs.2372.50 lakhs was for large scale industries & Rs. 95 lakhs for mineral development. Thus, it can be said that backward areas have been given priority in the allocation
additional outlay of Rs. 450.00 lakhs during the Fourth Five Year Plan.

FIFTH FIVE YEAR PLAN (1974-78)

During Fifth Five Year Plan considerable emphasis was given to the development of backward areas. The state of Uttar Pradesh has been classified into five regions for the purpose of development, on the basis of contiguity, cropping pattern, geographical and economic factors. The regions were (1) Hill (2) Eastern (3) Bundelkhand (4) Central and (5) Western. The first three regions are comparatively less economically developed and hence relatively backward, as compared to the other two regions.

During the Fifth Five Year Plan the Government of India had appointed Pandey Committee for identifying industrially backward areas. The committee had declared Uttar Pradesh as industrially backward and 39 districts out of 56 were declared industrially backward. Subsequently Wanchoo committee was setup for suggesting concessions and incentives for the development of backward areas. The main recommendations of this committee were:

(a) concessional finance for industrially backward districts, and
(b) capital subsidy in six districts\(^1\).

\(^1\) Five Year Plan (1978-83) for industrial development of Uttar Pradesh, Directorate of Industries, Planning & Research Division, Kanpur, p.49.
INCENTIVES FOR BACKWARD AREAS:

**CAPITAL SUBSIDY:** 15% capital subsidy was provided on the fixed assets of the units located in the six districts of Uttar Pradesh viz. Basti, Ballia, Almora, Faizabad, Jhansi and Rae Bareilly. Subsidy will be given to the small scale units in the following ways:

(a) In backward districts solely served by metre gauge rail lines.
   i) @ 10% subsidy in case of tiny sector units including at the growth centre.
   ii) @ 7½% subsidy to all other SSI units.

(b) In other backward districts:
   i) 5% subsidy to all other small scale units.

TOTAL OUTLAY FOR FIFTH FIVE YEAR PLAN:

The forthcoming table reveals the total outlay during the Fifth Five Year Plan.

**TABLE NO.10**

**TOTAL OUTLAY DURING THE FIFTH FIVE YEAR PLAN**

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Major Heads of development</th>
<th>Special and Backward Areas</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hill Areas</td>
<td>Western and Bundelkhand Area</td>
<td>Economic Services</td>
<td>Total</td>
</tr>
<tr>
<td>V Plan outlay</td>
<td>27962</td>
<td>64871</td>
<td>13</td>
<td>92964</td>
</tr>
</tbody>
</table>

**Source:** Fifth Five Year Plan, Draft annual plan 1976-77, Uttar Pradesh, Planning Department, Lucknow, pp.716-17.

1. *Fifth Five Year Plan(1978-83),* op-cit, P.50.
The foregoing table reveals that in the Fifth Five Year Plan the total outlay was Rs. 92964 lakhs of which Rs. 97962 lakhs was for backward areas, Rs. 64871 lakhs was for Eastern and Bundelkhand areas and Rs. 131 lakhs for other economic services. This shows that the highest amount of outlay was allocated for the development of backward areas.

**SIXTH FIVE YEAR PLAN (1980-85)**

During the regime of Janta Party Government, the Sixth Five Year Plan was announced in 1978-83. After the downfall of the Janta Party government, this plan was replaced by Congress (I) in 1980-85. The Sixth Plan emphasised the importance of balanced regional industrial development and prepared schemes for industrial development of backward areas. A National Committee for the development of backward areas (NCDBA) was appointed under the chairmanship of Mr. B. Sivaraman during the Sixth Five Year Plan. It was constituted to:

1. examine and identify backward areas, and
2. review the working of existing schemes introduced for the regional industrial disparity.

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REQUIREMENT OF FUNDS FOR ROADS DEVELOPMENT PROGRAMME:

The following table shows the requirement of funds for the development of roads in Uttar Pradesh during sixth five year plan.

**TABLE NO. 11**

REQUIREMENT OF FUNDS FOR ROADS DEVELOPMENT PROGRAMMES IN SIXTH PLAN

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Details of Schemes</th>
<th>Roads Plains</th>
<th>Hills</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Length</td>
<td>Cost</td>
<td>Length</td>
</tr>
<tr>
<td>Kms</td>
<td>Kms lakhs</td>
<td>Kms lakhs</td>
<td>Kms</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Rural road</td>
<td>13210</td>
<td>22457</td>
<td>710</td>
</tr>
<tr>
<td>By Passes</td>
<td>1000</td>
<td>2800</td>
<td>40</td>
</tr>
<tr>
<td>Plan for roads in schedule caste area</td>
<td>661</td>
<td>1124</td>
<td>189</td>
</tr>
<tr>
<td>Roads of other deptt.</td>
<td>2000</td>
<td>3400</td>
<td>1000</td>
</tr>
<tr>
<td>Roads in backward areas</td>
<td>2000</td>
<td>3400</td>
<td>1500</td>
</tr>
<tr>
<td>Total</td>
<td>18871</td>
<td>33181</td>
<td>3439</td>
</tr>
</tbody>
</table>

Source: Draft Sixth Five Year Plan (1980-85) volume I, Uttar Pradesh Planning Department, Lucknow, 1980, p.460.

Table No. 11 noted above shows that the total length of the roads to be constructed in plains was 18871 kilometres at the cost of Rs. 33181 lakhs of which 2000
Kilometres of roads to be constructed in backward areas with the cost of Rs. 3400 lakhs.

The length of the roads to be constructed in hill areas was 3439 kilometres with the cost of Rs. 8698 lakhs of which 1500 kilometres roads, was constructed in areas of hill sides with the cost of Rs. 3750 lakhs.

OUTLAY FOR ROAD DEVELOPMENT

The forthcoming table shows the total outlay for roads development programmes in Uttar Pradesh Plains and hills areas during sixth five year plan.

**TABLE NO.12**

**TOTAL OUTLAY FOR THE ROAD DEVELOPMENT PROGRAMME IN UTTAR PRADESH DURING SIXTH PLAN**

<table>
<thead>
<tr>
<th>Details of Schemes</th>
<th>Plains</th>
<th>Hills</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Length</td>
<td>Cost</td>
<td>Length</td>
</tr>
<tr>
<td></td>
<td>Kms</td>
<td>Rs.</td>
<td>Kms</td>
</tr>
<tr>
<td>Rural Road</td>
<td>8750</td>
<td>14875</td>
<td>1100</td>
</tr>
<tr>
<td>By Pass Road</td>
<td>300</td>
<td>840</td>
<td>30</td>
</tr>
<tr>
<td>Plan for roads in</td>
<td>500</td>
<td>850</td>
<td>189</td>
</tr>
<tr>
<td>scheduled Caste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads of other</td>
<td>500</td>
<td>850</td>
<td>717</td>
</tr>
<tr>
<td>deptt.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads in</td>
<td>735</td>
<td>1250</td>
<td>1500</td>
</tr>
<tr>
<td>backward areas</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Draft Sixth Five Year Plan, Vol.I, Uttar Pradesh, Planning Department, Lucknow, p.461.
Table No. 12 shows that the total length of roads which were to be constructed in Uttar Pradesh plains and Hill areas was 14321 Kilometres and the amount which was to be spent on these roads was Rs. 27530 lakhs, out of which 10785 Kilometres was in plain areas and 3536 Kilometres in hill areas and the amount to be spent on these roads was Rs. 18665 lakhs and Rs. 8865 lakhs.

In plain areas total length of road to be constructed was 10785 kilometres of which 735 kilometres was to be in Backward Areas. The amount to be spent on roads in plains was Rs. 18665 lakhs of which Rs. 1250 lakhs was for Backward Areas.

In Hill areas total length of road to be constructed was 3536 kilometres of which 1500 Kms. was to be in backward areas. The amount to be spent on the construction was Rs. 8865 lakhs out of which Rs. 3750 lakhs was to be spent on backward areas.

SEVENTH FIVE YEAR PLAN (1985-90)

The main objective of the Seventh Five Year Plan was the development & dispersal of industries and balanced regional growth. Location of public sector projects in Backward Areas was an important scheme for the development of these areas, and a package of incentives has been provided
to attract industries in Backward Areas during the Seventh Five Year Plan.

The Seventh Five Year Plan envisaged discouraging setting up industries in or around urban agglomerations and a package of incentives was provided to attract industries in Backward Areas. The location of nucleus plants and promotion of ancillarisation was encouraged around the growth centres so selected or identified.

During the third plan, the state of Uttar Pradesh was divided into five economic regions, i.e. western, central, Eastern, Bundelkhand and Hill region of these, the later three have been identified as backward regions, taking into account factors like low productivity, high/low density of population and inadequacy of infrastructure. These three backward regions have been considered special problem areas.

OUTLAYS AND EXPENDITURE IN SEVENTH PLAN:

The forthcoming table shows the outlay, proposed outlay, actual expenditure, and anticipated expenditure during the Seventh Plan.

### TABLE NO.13

**SEVENTH PLAN OUTLAY AND EXPENDITURE IN UTTAR PRADESH**

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Name of the Schemes/Project</th>
<th>VII Plan outlay</th>
<th>Actual expend. 85-88</th>
<th>Actual expend. 88-89</th>
<th>Total outlay 89-90</th>
<th>Anticipated outlay 89-90</th>
<th>Proposed outlay 90-91</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backward areas</td>
<td>1900</td>
<td>260</td>
<td>37</td>
<td>150</td>
<td>127</td>
<td>85</td>
</tr>
<tr>
<td>Divisional development corpus</td>
<td>450</td>
<td>60</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Bundelkhand vikas</td>
<td>6000</td>
<td>40</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Doon valley</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1000</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Roads</td>
<td>7506</td>
<td>1349</td>
<td>867</td>
<td>800</td>
<td>800</td>
<td>1000</td>
</tr>
<tr>
<td>Rural Electrification</td>
<td>12941</td>
<td>400</td>
<td>--</td>
<td>200</td>
<td>200</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23797</strong></td>
<td><strong>2109</strong></td>
<td><strong>904</strong></td>
<td><strong>1250</strong></td>
<td><strong>1177</strong></td>
<td><strong>1155</strong></td>
</tr>
</tbody>
</table>

**Source:** Draft Annual Plan, 1990-91, Government of Uttar Pradesh Planning Department, January, 1990, p.70.

The above mentioned table states that the total outlay during the Seventh plan was Rs. 23797 lakhs, of which Rs. 1900 lakhs was for Backward Areas, representing 7.98 percent of the total outlay. The total actual expenditure was Rs. 2109 lakhs of which Rs. 260 lakhs was for backward areas indicating 12.33 percent of total actual expenditure. In 1988-89 total
actual expenditure came down from Rs. 2109 lakhs to Rs. 904 lakhs and the share of backward area also decline from Rs.260 lakhs to Rs.37 lakhs accounting a declining rate of 57.13 percent and 85.37 percent respectively.

The total outlay was Rs. 1250 lakhs of which Rs. 150 lakhs was for backward areas in the year of 1989-90. The total anticipated outlay was Rs. 1177 lakhs, of which Rs.127 lakhs was for backward areas during the same period. The total proposed outlay in the year 1990-91 was Rs. 1155 lakhs of which Rs. 85 lakhs was for backward areas.

OUTLAY AND EXPENDITURE OF UTTAR PRADESH STATE INDUSTRIAL DEVELOPMENT CORPORATION (UPSIDCO) FOR BACKWARD AREA DEVELOPMENT:

The forthcoming table gives an outlay, expenditure provided by the Uttar Pradesh State Industrial Development Corporation during the Seventh Plan and also separate outlays for each year from 1985 to 1988.

Table No.14 it can be observed that the total outlay during the Seventh Plan was Rs. 3505 lakhs of which Rs.2665 lakhs was for land subsidy in backward districts accounting 76.03 percent of the total outlay. The total actual expenditure was Rs.656 lakhs of which Rs. 310 lakhs was for land subsidy for backward districts in the year 1985-86 indicating 47.26 percent of total
### TABLE No.14

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Sector Equity</td>
<td>500</td>
<td>146</td>
<td>190</td>
<td>190</td>
<td>100</td>
</tr>
<tr>
<td>Underwriting &amp; Equity participation</td>
<td>300</td>
<td>200</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Land Subsidy (Backward districts)</td>
<td>2665</td>
<td>310</td>
<td>170</td>
<td>170</td>
<td>220</td>
</tr>
<tr>
<td>HMT Expansion</td>
<td>40</td>
<td>--</td>
<td>30</td>
<td>30</td>
<td>--</td>
</tr>
</tbody>
</table>

**Total**                                      | 3505              | 656                    | 390                    | 390                           | 570                    |

**Source:** Draft Seventh Five Year Plan, Planning and Research Division, Directorate of Industries, Uttar Pradesh, Kanpur, January, 1985, pp. 122.123.
actual expenditure. In 1986-87 the total approved outlay was Rs. 390 lakhs of which Rs. 170 lakhs was for land subsidy in backward areas, representing 43.59 percent of the total approved outlay. The total anticipated expenditure in the year 1986-87 was Rs. 390 lakhs of which Rs. 170 lakhs was for the land subsidy in backward areas. In 1987-88, the total proposed outlay was 570 lakhs, of which 220 lakhs was meant for land subsidy in backward areas.

OUTLAY AND EXPENDITURE OF OTHER INSTITUTIONS:

The other Institutions approved outlay, proposed outlay, actual expenditure and anticipated expenditure during the Seventh Plan in different years in Uttar Pradesh can be seen in the next table.

Table No.15 indicates that the agreed outlay during the seventh Plan was 3088 lakhs of which Rs. 200 lakhs was subsidy for backward areas, indicating 6.48 percent of the total agreed outlay. The total actual expenditure was Rs. 1188 lakhs out which Rs. 75 lakhs was for subsidy for backward area in the year 1985-86 which is 6.31 percent of the total actual expenditure. The total approved outlay, anticipated expenditure and proposed outlay was Rs. 1124 lakhs, 1124 lakhs and 1145 lakhs of which Rs. 35 lakhs, 35 lakhs and 45 lakhs subsidy was for backward area.
## TABLE NO. 15

OTHERS INSTITUTIONS' OUTLAY AND EXPENDITURE

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Name of the schemes/projects</th>
<th>VII Plan agreed outlay</th>
<th>Actual expend. outlay</th>
<th>Approved outlay</th>
<th>Anticipated expend. outlay</th>
<th>Proposed outlay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition</td>
<td>200</td>
<td>3</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Establishment of industries in C/P</td>
<td>2163</td>
<td>150</td>
<td>120</td>
<td>120</td>
<td>300</td>
</tr>
<tr>
<td>Zero industries Districts</td>
<td>757</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>750</td>
</tr>
<tr>
<td>Subsidy on Generating set</td>
<td>500</td>
<td>200</td>
<td>114</td>
<td>114</td>
<td>--</td>
</tr>
<tr>
<td>Staff heavy Industry section</td>
<td>25</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>--</td>
</tr>
<tr>
<td>Subsidy for backward area unit</td>
<td>200</td>
<td>75</td>
<td>35</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>3088</td>
<td>1188</td>
<td>1124</td>
<td>1124</td>
<td>1145</td>
</tr>
</tbody>
</table>


In 1986-87 and 1987-88 respectively, which accounted to 3.11%, 3.11%, 3.93% of the total.

From the foregoing analysis, it can be concluded that other financial institutions could not play a vital role in the promotion of Backward Areas.
ANNUAL PLAN 1990-91 AND 1991-92:

The total expenditure for the annual plan 1990-91 was Rs. 4515 lakhs out of which Rs. 1006 lakhs was for land subsidy in Backward Areas and Rs. 1943 lakhs was for No Industry district. The approved outlay and total expenditure during the plan 1991-92 was as follows:

TABLE NO. 16

ANNUAL PLAN OUTLAY AND EXPENDITURE IN BACKWARD AREAS OF UTTAR PRADESH

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Head of development</th>
<th>Approved outlay 1991-92</th>
<th>Expenditure 1991-92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Area Programme</td>
<td>4950</td>
<td>3414</td>
</tr>
<tr>
<td>Backward Area</td>
<td>3850</td>
<td>2734</td>
</tr>
<tr>
<td>Others</td>
<td>1100</td>
<td>680</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9900</strong></td>
<td><strong>6828</strong></td>
</tr>
</tbody>
</table>


The above noted table reveals that approved outlay for 1991-92 was Rs. 9900 lakhs of which Rs. 3850 lakhs was for Backward Areas, which is 38.89 percent. The total expenditure during the same period
was Rs. 6828 lakhs out of which Rs. 2734 lakhs was for Backward areas, registering a share of 40.04 percent of the total expenditure. Thus, we can say that a huge amount was alloted for backward areas during the Annual Plan period - 1991-92.

EIGHT FIVE YEAR PLAN (1992-97):

The Eight Five Year Plan commenced from April 1, 1992, with the following objectives:

1. To achieve an average annual growth rate of 6 percent in the state against the targeted growth rate of 5.5 percent for the country.

2. To bring down a significant reduction in population below poverty line by the end of the plan.

3. To create new jobs for about 50 lakhs persons and to bring down a significant reduction in severely underemployed person in agriculture.

MAJOR OBJECTIVES OF EIGHT PLAN:

The major objectives of state's Eight Plan were as follows:

(1) to raise income of rural poor;

(2) to improve quality of life in rural areas;

(3) to ensure that reasonable share in public facilities is available to poor people;

(4) to minimize productivity in agriculture along with diversification and mixed in small and marginal holdings and in areas of low productivity,
(5) to bring down population growth to 1.8 percent per annum, *
(6) to achieve a faster growth in manufacturing sector and promotion of industries which have larger potentialities of employment and ancilliatization;
(7) to consolidate gains and to improve efficiency and productivity of past investment and of the existing assets;
(8) to promote faster development of Backward Areas in order to reduce intra-state disparities in levels of development;
(9) to undertake special measures for the overall economic and social development of the weaker sections of the society, particularly of schedule castes/schedule tribes, and of women and children;
(10) to strengthen panchayati raj institutions in rural areas and local self-governing institutions in urban and to make them effective media for the formulation and implementation of development schemes.

1. Eight Plan and annual plan, planning Department Uttar Pradesh, Lucknow, pp.138-139.
### TABLE NO.17

**EIGHT PLAN OUTLAY AND EXPENDITURE IN UTTAR PRADESH**

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Okhla Industrial D. Authority (NOIDA)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Kumayun Garhwal Vikas Nigam</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>50</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Land Subsidy for backward district</td>
<td>1100</td>
<td>125</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Central/Public sector project</td>
<td>10</td>
<td>50</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>No Industry distt.</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Industrial potentiality studies</td>
<td>5</td>
<td>50</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1165</strong></td>
<td><strong>235</strong></td>
<td><strong>125</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

OUTLAY AND EXPENDITURE DURING THE EIGHTH PLAN

The table No. 17 shows that the total expenditure upto the end of 1990-91 was Rs. 4515 lakhs of which Rs. 1006 and Rs. 1943 lakhs were for the land subsidy to the backward districts and no industry districts.

The total outlay for the Eight Plan was Rs. 1165 lakhs of which Rs. 1100 lakhs was for land subsidy in Backward districts. In 1992-93, total approved outlay was Rs. 235 lakhs of which Rs. 125 lakhs was for the backward districts, representing a share of 53.19 percent of the total outlay. The anticipated expenditure and proposed outlay was 10 lakhs in each as subsidy for Backward Areas in the years 1992-93 and 1993-94 respectively.

By taking the above noted facts into consideration it can be summed up that land subsidy for Backward Areas got the highest attention in the Eight Five Year Plan.

BACKWARD AREAS OUTLAYS AND EXPENDITURE:

The next table shows the approved outlay, expenditure and anticipated expenditure during the Eight plan in Uttar Pradesh,
### TABLE NO. 18

EIGHT PLAN OUTLAY AND EXPENDITURE IN BACKWARD AREAS OF UTTAR PRADESH

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Area programme</td>
<td>5800</td>
<td>5932</td>
<td>5600</td>
</tr>
<tr>
<td>Backward areas</td>
<td>5000</td>
<td>5132</td>
<td>5000</td>
</tr>
<tr>
<td>Others</td>
<td>800</td>
<td>800</td>
<td>600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11600</strong></td>
<td><strong>11864</strong></td>
<td><strong>11200</strong></td>
</tr>
</tbody>
</table>


The above mentioned table reveals that in 1992-93 the total approved outlay and total outlay were Rs. 11600 lakhs and Rs. 11200 lakhs of which Rs. 5000 lakhs and Rs. 5000 lakhs were for Backward Areas representing 44.24 percent and 44.64 percent of the total.

The total anticipated expenditure was 11864 lakhs of which Rs. 5132 lakhs was for Backward Areas. The total approved outlay was Rs. 58000 lakhs of which Rs.25000 lakhs was for backward Areas registering 43.10 percent of the total during the Eight Five Year Plan.
**Ninth Five Year Plan (1997-2001):**

The first novelty of the Ninth Plan is that the planning commission has decided to give more freedom to the state governments in formulating their plans. The Planning Commission would scrutinize them in detail and then extract a promise of additional resource mobilization from the states before approving the plan size. The Planning Commission indicates the gross and net plan assistance available to each state and leaves the final size of the plan to be determined by the state government depending upon its capacity to raise additional revenue.¹

The Centre Ninth Five Year Plan priorities has given to the development process in agriculture, living standard of the poor, infrastructure, social sector, regional disparity and fiscal deficits. But the state of Uttar Pradesh has not made a fair provision for the needs of backward area development.

**Conclusion:**

From the above discussion it can be concluded that the First, Second and Third Five Year Plans did not outline any specific programme for the development of

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industrially backward areas. During the Fourth Five Year Plan the total outlay was ₹. 6477.50 lakhs of which ₹. 2000 lakhs was allocated for hill and border areas, ₹. 450 lakhs was allocated as an additional outlay for backward areas. During the Fifth Five year plan the Pandey Committee had declared Uttar Pradesh as industrially backward and 39 district out of 56 were declared industrially backward. (The 15% capital subsidy was produced on the fixed assets of the units located in the six districts of Uttar Pradesh, viz. Basti, Ballia, Almorah, Faizabad, Jhansi and Rae-Bareilly.

A National Committee for the development of backward areas (NCDBA) was appointed under the chairmanship of Mr. B. Sivaraman during the sixth Five year plan. It was constituted to examine and identify backward areas and, to review the working of existing schemes introduced for the regional industrial disparities. In plains total length of roads to be constructed was 10785 Kilo meters. Of which 735 kilometers was in backward areas. The amount to be spent on the roads in plains was ₹. 18665 lakhs, of which ₹. 1250 lakhs was for backward areas. In hill areas total length of roads to be constructed was 3536 kilo meters of which 1500 kms. was in backward areas. The amount to be spent on the construction
was \( \text{Rs. } 8865 \) lakhs out of which \( \text{Rs. } 3750 \) lakhs was to be spent in backward areas.

The total outlay during the Seventh Five Year Plan was \( \text{Rs. } 23797 \) lakhs, of which \( \text{Rs. } 1900 \) lakhs was for backward areas, representing 7.98 percent of the total outlay. The total actual expenditure was \( \text{Rs. } 2109 \) lakhs of which \( \text{Rs. } 260 \) lakhs was for backward areas, indicating 12.33 percent of the total actual expenditure. The total outlay during the Seventh Five Year Plan was \( \text{Rs. } 3505 \) lakhs of which \( \text{Rs. } 2665 \) lakhs was for the land subsidy in backward districts. Which is 76.03 percent of the total outlay. Some other institutions agreed outlay during the seventh plan was 3088 lakhs of which \( \text{Rs. } 200 \) lakhs was subsidy for backward areas, indicating \( \text{Rs. } 6.48 \) percent of the total agreed outlay.

An approved outlay for 1991-92 was \( \text{Rs. } 9900 \) lakhs of which \( \text{Rs. } 3850 \) lakhs was for backward areas, indicating a share of 38.89 percent. The total expenditure during the same period was \( \text{Rs. } 6828 \) lakhs of which \( \text{Rs. } 2734 \) lakhs was for backward areas, registering a share of 40.44 percent of the total expenditure.

The total outlay for the Eight Five Years Plan was \( \text{Rs. } 1165 \) lakhs of which \( \text{Rs. } 1100 \) lakhs was for land subsidy
in backward districts. In 1992-93 total outlay was Rs. 235 lakhs of which Rs. 125 lakhs was for backward districts, representing a share of 53.19 percent of the total outlay. The anticipated expenditure and proposed outlay was 10 lakhs in each as subsidy for backward areas in the years 1992-93 ad 1993-94 respectively.

The Ninth Five year plan has given the priorities to the development process in agriculture, standard of the living of the poor people, infrastructure, social sector, regional disparity and fiscal deficits. But the state of Uttar Pradesh has not made a fair provision for the need of backward area development.

After discussing the role of government in the development of backward area in India and Uttar Pradesh during the plan periods, it was also necessary to study the role of Financial Institutions in the development of backward areas in India and Uttar Pradesh.
CHAPTER IV
CHAPTER - IV

FINANCIAL INSTITUTION'S ASSISTANCE TO BACKWARD AREAS

IN INDIA AND UTTAR PRADESH

Backward Area development in a country largely/upon the assistance of various financial institutions which provide financial assistance to industrially backward areas in the country. In India like other countries, the big industrialists can always raise for their industrial schemes. They are in a position to command the capital market and their issues are easily subscribed by the underwriters as by the people. Sometimes, persons who have sound schemes find it very difficult to obtain finance. Investment trusts and issuing houses which are very prominent in the west for financing industries are almost rare in India. So Governments decided after independence to set up financial institutions to cater to the needs of the industrialists.¹

The following are important financial institutions which finance to the industries in a large extent. The All Financial Institutions (AFIs) includes, IDBI, IFCI, ICICI, SIDBI, IRBI, SCICI, RCTC, TDICI, TFCI, LIC, UTI, GIC, SFC and STDC. The All India Financial Institutions (AIFIS) consists the IDBI, IFCI, ICICI, SIDBI, IRBI, SCICI, RCTC, TDICI, TFCI, LIC, UTI and GIC. The All India Development

Bank relates, IDBI, IFCI, ICICI, SIDBI, IRBI and SICICI. The specialised Financial Institutions consist, RCTC, TDICI and TfCI. The investment institutions includes the LIC, UTI and GIC. The state level institutions, are SFCs and SIDCs.

ASSISTANCE SANCTIONED TO BACKWARD AREAS BY ALL FINANCIAL INSTITUTIONS (AFIs)

The table NO. 1 shows the assistance sanctioned to backward areas and non-backward areas by all financial institutions during the period 1976-77 to 1995-96.

It indicates that the sanctioned assistance to backward areas by All Financial Institutions has increased form Rs. 460 crores in 1976-77 to 20455.8 crores in 1995-96, registering an overall rise of 4446.7 percent. The assistance sanctioned to non-backward areas has gone up from Rs.489.2 crores in 1976-77 to Rs. 33981.6 crores in 1995-96, accounting an increase of 6949.0 percent. The total sanctioned assistance in both the areas shows a tremendous increase which was Rs. 949.2 crores in 1976-77 and rose to Rs. 54437 crores in 1995-96.

This shows that in terms of figures, there has been a remarkable increase in the assistance sanctioned to backward areas in all the years. In terms of percentage, the share of assistance to the total assistance declined during the years. It was the highest in 1977-78 i.e.49.8 percent and the lowest was recorded in 1993-94 (i.e. 22.6 percent)
Table No. 1
Assistance Sanctioned by AFI\* to Backward Areas
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1&amp;3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>460.0</td>
<td>489.2</td>
<td>949.2</td>
<td>48.4</td>
<td>51.5</td>
</tr>
<tr>
<td>1977-78</td>
<td>576.2</td>
<td>580.8</td>
<td>1157.0</td>
<td>49.8</td>
<td>50.2</td>
</tr>
<tr>
<td>1978-79</td>
<td>500.2</td>
<td>827.5</td>
<td>1327.7</td>
<td>37.6</td>
<td>62.3</td>
</tr>
<tr>
<td>1979-80</td>
<td>806.3</td>
<td>1096.3</td>
<td>1902.7</td>
<td>42.3</td>
<td>57.7</td>
</tr>
<tr>
<td>1980-81</td>
<td>951.5</td>
<td>1354.2</td>
<td>2305.7</td>
<td>41.2</td>
<td>58.7</td>
</tr>
<tr>
<td>1981-82</td>
<td>1169.7</td>
<td>1610.4</td>
<td>2780.1</td>
<td>42.0</td>
<td>57.9</td>
</tr>
<tr>
<td>1982-83</td>
<td>1190.7</td>
<td>1990.6</td>
<td>3181.3</td>
<td>37.4</td>
<td>62.6</td>
</tr>
<tr>
<td>1983-84</td>
<td>1720.1</td>
<td>2274.4</td>
<td>3994.5</td>
<td>43.0</td>
<td>56.9</td>
</tr>
<tr>
<td>1984-85</td>
<td>2560.3</td>
<td>2793.1</td>
<td>5353.4</td>
<td>47.8</td>
<td>52.2</td>
</tr>
<tr>
<td>1985-86</td>
<td>2702.6</td>
<td>3706.5</td>
<td>6409.1</td>
<td>42.2</td>
<td>57.7</td>
</tr>
<tr>
<td>1986-87</td>
<td>3219.4</td>
<td>4592.3</td>
<td>7811.7</td>
<td>41.2</td>
<td>58.8</td>
</tr>
<tr>
<td>1987-88</td>
<td>3308.1</td>
<td>5521.5</td>
<td>8829.6</td>
<td>37.4</td>
<td>62.5</td>
</tr>
<tr>
<td>1988-89</td>
<td>5166.7</td>
<td>8394.2</td>
<td>13560.9</td>
<td>38.0</td>
<td>61.9</td>
</tr>
<tr>
<td>1989-90</td>
<td>5151.6</td>
<td>9447.3</td>
<td>14598.9</td>
<td>35.2</td>
<td>64.7</td>
</tr>
<tr>
<td>1990-91</td>
<td>6560.2</td>
<td>11821.7</td>
<td>18381.9</td>
<td>49.9</td>
<td>50.0</td>
</tr>
<tr>
<td>1991-92</td>
<td>6658.2</td>
<td>16169.7</td>
<td>22827.9</td>
<td>29.1</td>
<td>70.8</td>
</tr>
<tr>
<td>1992-93</td>
<td>7713.7</td>
<td>22812.2</td>
<td>30525.9</td>
<td>25.2</td>
<td>74.7</td>
</tr>
<tr>
<td>1993-94</td>
<td>9314.3</td>
<td>31827.1</td>
<td>41141.4</td>
<td>22.6</td>
<td>77.4</td>
</tr>
<tr>
<td>1994-95</td>
<td>15380.6</td>
<td>32048.4</td>
<td>47429.0</td>
<td>32.4</td>
<td>67.6</td>
</tr>
<tr>
<td>1995-96</td>
<td>20455.8</td>
<td>33981.6</td>
<td>54437.4</td>
<td>37.5</td>
<td>63.5</td>
</tr>
</tbody>
</table>

Total 95566.2       19333.9    288905.2  32.0  68.0


*AFI includes: IDBI, IFCI, ICICI, SIDBI, IRBI, SCICI, RCTC, TDICI, TFCI, LIC, UTI, GIC, SFC AND SIDC.
whereas the share of non-backward areas in the total assistance increased continuously over the years. Reverse to backward areas it was the highest (77.4%) in 1993-94 and the lowest was reported in 1977-78 (50.2%).

From the foregoing analysis it can be concluded that the share of backward areas in total assistance has been very satisfactory throughout the period under study, if compared with the share of non-backward area's assistance in the total assistance.

**ASSISTANCE DISBURSEMENT TO BACKWARD AND NON-BACKWARD AREAS BY ALL FINANCIAL INSTITUTION (AFIs)**

The assistance disbursement by all financial institutions to backward and non-backward areas during the period 1976-77 to 1994-95 is presented in the Table No. 2.

The Table shows that the actual disbursement of assistance to backward areas and non-backward areas was 588.6 crores in 1976-77 which rose to Rs. 25930.0 crores in 1994-95, indicating an increase of 4305.3 percent, which is about 4.4 fold increase in just two decades. In backward areas the disbursement was Rs. 239.3 crores in 1976-77 which increased to Rs. 8396 crores in 1994-95 showing an overall rise of 3408.6 percent. In the Non-backward areas it disbursement was Rs. 349.3 crores in 1976-77 which rose to Rs. 17534.0 crores in 1994-95, accounting an increase of 4919.7 percent.
<table>
<thead>
<tr>
<th>Year</th>
<th>Backward area</th>
<th>Non-Backward area</th>
<th>Total</th>
<th>Backward area share to total % 1&amp;3</th>
<th>Non-backward area share to total % 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
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<td>349.3</td>
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<td>699.5</td>
<td>44.5</td>
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<tr>
<td>1978-79</td>
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<td>477.9</td>
<td>925.8</td>
<td>48.3</td>
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<tr>
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<td>751.7</td>
<td>1225.4</td>
<td>38.6</td>
<td>61.3</td>
</tr>
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<td>1980-81</td>
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<td>1596.6</td>
<td>39.3</td>
<td>60.7</td>
</tr>
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<td>1214.8</td>
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<td>45.5</td>
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<td>2856.4</td>
<td>41.8</td>
<td>58.2</td>
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<tr>
<td>1984-85</td>
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<td>2008.7</td>
<td>3399.5</td>
<td>40.9</td>
<td>59.1</td>
</tr>
<tr>
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<td>40.9</td>
<td>59.1</td>
</tr>
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<td>3242.9</td>
<td>5398.7</td>
<td>39.9</td>
<td>60.1</td>
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<td>3992.5</td>
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</tr>
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<td>9311.0</td>
<td>37.0</td>
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</tr>
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<td>17823.0</td>
<td>24135.0</td>
<td>26.1</td>
<td>73.9</td>
</tr>
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<td>1994-95</td>
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<td>67.7</td>
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<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total 49872.0 101989.7 151861.7 32.8 67.2

In terms of figures, there was a remarkable increase in the assistance disbursement in the whole period of nineteen years, but in terms of percentage, the share of assistance disbursement to the total assistance declined during the same years. It was the highest in 1976-77 (i.e. 48.6 percent) and the lowest was recorded in 1992-93 (i.e. 24.5 percent), whereas the share of non-backward areas in the total assistance moved up continuously over the years. It was the highest 75.5 percent in 1992-93 and the lowest was reported in 1976-77 (i.e. 51.3 percent). A close look at the table shows that the overall performance of All Financial Institutions towards backward areas has been very satisfactory during the period under review.

ALL INDIA FINANCIAL INSTITUTIONS (AIFIS)

The All India Financial Institutions (AIFIs) comprises five All India Development Banks (AIDBs) viz;
(1) Industrial Development Bank of India (IDBI)
(2) Industrial Finance Corporation of India (IFCI)
(3) Industrial Credit & Investment Corporation of India (ICICI),
(4) Small Industrial Development Bank of India (SIDBI),
(5) Industrial Reconstruction Bank of India (IRBI),

Four specialized financial institutions (SFIs) viz;
(1) Risk capital and Technology Financial Corporation Ltd. (RCTC)
Three Investment Institutions namely,
(1) Life Insurance Corporation (LIC)
(2) Unit Trust of India (UTI)
(3) General Insurance Corporation (GIC)

ACTION OF ALL INDIA FINANCIAL INSTITUTION

The AIFIs have performed the following activities upto 31st March, 1995.

(1) The cumulative financial assistance sanctioned by (AIFI) since its inception from 1979 upto the end of March 1995 aggregate to Rs. 249375.2 crores, while disbursement amounted to Rs. 164162.5 crores (2) extended sectorwise cumulative assistance to the end of March 1995 in the following order private sector Rs. 195469.3 crores, public sectors Rs. 31508.8 crores, joint sector Rs. 10819.9 crores and cooperative sector Rs. 3309.9 crores. (3) The cumulative financial assistance sanctioned to different states is as follows: Maharashtra Rs. 54990.4 crores, Gujarat Rs. 35264.9 crores, Tamil Nadu Rs. 20078.6 crores, Uttar Pradesh Rs. 16752.1 crores, and Andhra Pradesh Rs. 15199.4 crores.
ASSISTANCE SANCTIONED TO BACKWARD AREAS BY AIFI

The Table No. 3 gives an idea of assistance sanctioned to backward and non-backward areas and their contribution to total assistance by All India Financial Institutions.

The assistance sanctioned to backward areas by All India Financial Institutions. It has risen from Rs. 739.6 crores in 1979-80 to Rs. 19032.3 crores in 1995-96 showing an overall rise of 25775.2 percent. The assistance sanctioned to non-backward areas has increased from Rs. 1021.5 crores in 1979-80 to Rs. 31607.9 crores in 1995-96, accounting an increase of 3095.6 percent. Likewise total assistance sanctioned in both areas has increased from 1761.1 crores to Rs. 50640.2 crores during the period under review.

It is evident from the table that in terms of figures there was a remarkable rise in the assistance sanctioned from 1979-80 to 1995-96, but in terms of percentage, the share of assistance sanctioned to the total assistance declined during the same years. It was the highest in 1984-85 (i.e. 45.8 percent) and the lowest was recorded in 1993-94 (i.e. 22 percent), whereas, the share of non-backward areas in the total assistance increased continuously over the years. It was maximum 78 percent in 1993-94 and minimum was recorded in 1984-85 (i.e. 54.2
<table>
<thead>
<tr>
<th>Year</th>
<th>Backward area</th>
<th>Non-backward area</th>
<th>Total</th>
<th>Percentage Backward area</th>
<th>Percentage Non-Backward area</th>
</tr>
</thead>
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<td>58.0</td>
</tr>
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</tr>
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<td>2428.7</td>
<td>42.1</td>
<td>57.9</td>
</tr>
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<td>2637.8</td>
<td>4866.7</td>
<td>45.8</td>
<td>54.2</td>
</tr>
<tr>
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</tr>
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<td>15365.6</td>
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<td>29.2</td>
<td>70.7</td>
</tr>
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</tr>
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<td>68.0</td>
</tr>
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<td>31607.9</td>
<td>50640.2</td>
<td>37.5</td>
<td>62.5</td>
</tr>
</tbody>
</table>

**Total**: 74486.9 | 194292.2 | 268778.9 | 27.7 | 72.3

*Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.*
The above noted analysis can be summed up by saying that the percentage share of backward areas in total assistance had been satisfactory as compared with non-backward areas.

The table No. 4 presents an analytical statistics with regard to disbursement to backward areas by All India Financial Institutions during the period of 1979-95. The table reveals that the increasing trend in disbursement to backward areas over the same period of time, registered a rise of approximately 1587.6 percent. If compared with the previous year i.e. 1993-94 the increase worked out to the tune of 23.3 percent. The highest individual share of backward areas in the total assistance accounted for 43.5 percent in 1982-83, followed by 42.4 percent in 1991-92, 40.2 percent in 1983-84 and 40.1 percent in 1981-82. It is surprising to note that sanctioned share in table No. 4 was 43.1% followed by 29.2%, 41.7% and 42.1% percent during the same period. The assistance disbursement to non-backward areas has risen from Rs. 701.2 crores in 1979-80 to Rs. 13422.0 crores in 1994-95, registering a growth rate of 184.1 percent. The highest share of non-backward
<table>
<thead>
<tr>
<th>Year</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1 &amp; 3</th>
<th>Percentage 2 &amp; 3</th>
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</thead>
<tbody>
<tr>
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<td>1118.0</td>
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</tr>
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</tr>
<tr>
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<td>1078.9</td>
<td>1801.9</td>
<td>40.1</td>
<td>59.9</td>
</tr>
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<td>56.5</td>
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<td>10660.0</td>
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<td>30.8</td>
<td>69.2</td>
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<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>43883.0</td>
<td>77310.6</td>
<td>121194.5</td>
<td>36.2</td>
<td>63.8</td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.
areas in the total assistance accounted for 69.2 percent in 1994-95.

In terms of figures, there was a tremendous rise in the assistance disbursement in all the years, but in terms of percentage, the share of assistance disbursement to the total assistance decreased during the same years where as the share of non-backward areas in the total assistance increased continuously over the years. The growth rate in disbursement for backward areas is less than the growth rate of total disbursement of non-backward areas. Thus, it can be concluded that the percentage share of backward areas in total assistance has been satisfactory throughout the periods under review, if compared with the non-backward areas' share so one can say that All India Financial Institutions played a significant role in the development of industries in backward areas.

INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

The Industrial Development Bank of India (IDBI) was established on July 1, 1964 under an Act of Parliament as the principal financial institution for industrial finance in the country, as a wholly owned subsidiary of Reserve Bank of India (RBI). The Bank was completely taken over by the Government in 1976. It provides assistance to medium and large scale industries, by way of various facilities, such
as direct finance, refinance of industrial loans and bills finance.¹

IDBI extends resource support to All India and State level financial institutions and other financial intermediaries in the form of loans and investment. The IFCI and UTI are the subsidiaries and the small industries development Banks of India (SIDBI) is a wholly owned subsidiary of IDBI.²

Objectives of IDBI:

The major objectives of IDBI are as follows:

a) To serve as the apex institution for term finance for industry,

b) To coordinate the working of institutions engaged in financing, promoting or developing industries,

c) To assist in the development of financial institution,

d) To plan, promote and develop industries to fill gaps in the industrial structure of the country,

e) To promote technical and administrative assistance for promotion or expansion of industry,

f) To undertake market and investment research and surveys as also technical and economic studies in connection with development of industry.³

² Ibid., 1993-94, p. 46.
ASSISTANCE SANCTIONED TO BACKWARD AREAS BY INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

The forthcoming table reveals the assistance sanctioned by Industrial Development Bank of India to Backward and Non-backward Areas during the period 1979-80 to 1995-96.

The table indicates that the assistance sanctioned to backward areas increased from Rs. 563.6 crores in 1979-80 to Rs. 6981.3 crores in 1995-96 which is 12 times increase in just sixteen years, registering 1239.9 percent growth rate. On the non-backward areas side, it has risen from Rs. 625.4 crores in 1979-80 to Rs. 12381.1 crores in 1995-96, recording 1982.5 percent increasing rate. The total assistance sanctioned in 1995-96 moved up to Rs. 19369.2 crores from Rs. 1198.1 crores in 1979-80 accounting a 1534.1 percent growth rate.

In terms of figures, there was tremendous growth in the assistance sanctioned in all the years under study. But in terms of percentage, the share of backward areas to the total assistance has come down during the same years. It was highest in 1986-87 (i.e. 57.8 percent) and lowest was recorded in 1993-94 (i.e. 26.4 percent) whereas the share of
Table No. 5

Break-up of Assistance Sanctioned by IDBI to Backward Areas

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1 &amp; 3</th>
<th>Percentage 2 &amp; 3</th>
</tr>
</thead>
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<td>53.0</td>
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<td>42.6</td>
<td>57.4</td>
</tr>
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<td>7010.9</td>
<td>31.6</td>
<td>68.4</td>
</tr>
<tr>
<td>1992-93</td>
<td>2862.3</td>
<td>6177.4</td>
<td>9039.6</td>
<td>31.6</td>
<td>68.4</td>
</tr>
<tr>
<td>1993-94</td>
<td>3403.0</td>
<td>9508.1</td>
<td>12911.1</td>
<td>26.4</td>
<td>73.6</td>
</tr>
<tr>
<td>1994-95</td>
<td>6752.1</td>
<td>12936.6</td>
<td>19688.7</td>
<td>34.3</td>
<td>65.7</td>
</tr>
<tr>
<td>1995-96</td>
<td>6981.3</td>
<td>12388.1</td>
<td>19369.2</td>
<td>22.1</td>
<td>77.9</td>
</tr>
<tr>
<td>Total</td>
<td>71162.2</td>
<td>72139.5</td>
<td>14330.1</td>
<td>35.6</td>
<td>64.4</td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.
non-backward areas in the total assistance has a remarkable increase continuously over the same years. It was maximum 73.6 percent in 1993-94 and minimum 12.2% was recorded in 1986-87. From the above analysis it can be said that the percentage share of backward areas in the total assistance has been approximately 36 percent when compared with non-backward areas. So, one can say that the percentage share of non-backward areas has been more satisfactory than backward areas.

INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI)

The Industrial Finance Corporation of India (IFCI) was the first development bank which came into existence in July 1948 under the IFCI Acts 1948, for the purpose of providing medium and long term financial assistance to industrial units in the corporate sector and industrial cooperatives. Besides providing project finance, IFCI's functions include merchant banking, financial services like equipment leasing, equipment procurement, buyers' and suppliers, finance to leasing and hire purchase concerns etc. and industrialization through a range of promotional activities.¹

The authorised share capital of IFCI was Rs. 10 crores, now it is Rs. 20 crores in 1995, fifty percent of the

share capital of the IFCI is held by the IDBI (formerly these shares were held by RBI and Central Government) and the rest 50% is held by commercial and cooperative banks.¹

The IFCI has been authorised under section 23 of the IFCI Act to carry on the following business:

Functions of IFCI:

The following are the major functions of IFCI:

1. To guarantee loans raised by industrial enterprises;
2. To grant loans and advances to, or subscribe to the debentures of industrial units, repayable within a period not exceeding 25 years;
3. To extend guarantee in respect of differed payments by importers;
4. To subscribe directly to the stock or shares of any industrial concern;
5. To underwrite the issues of stocks, shares bonds or debentures of industrial concern;
6. Guaranteeing loans traded in the public market by the industrial undertaking or raised from schedule banks or state cooperative banks;
7. Guaranteeing loans raised from any banks or financial institutions in and outside India;
8. Acting as the agent of central government and IDBI in respect of loans sanctioned by them to industrial concern;

9. To undertake merchant banking operations;
10. Providing technical and administrative assistance to any industrial concern for the promotion, management, expansion of any industry; and
11. To undertake research and surveys for evaluating or dealing with marketing or investment.

ASSISTANCE SANCTIONED TO BACKWARD AREAS BY INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI)

The forthcoming table indicates the picture of assistance sanctioned by IFCI to backward and non-backward areas and their contribution to total assistance during the period of 1979-80 to 1995-96. The table indicates that the assistance sanctioned to backward areas has increased from Rs. 61.2 crores in 1979-80 to Rs. 5722.2 crores in 1995-96, which is a 93 times increase in just sixteen years, registering a growth rate of 9380.0 percent. In the non-backward area's it has risen from Rs. 76.6 crores in 1979-80 to Rs. 4578.1 crores in 1995-96, registering an increase of 5945 percent. The total assistance sanctioned was Rs. 10300.3 crores in 1995-96 from

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Table No. 6
Performance of Assistance Sanctioned by IFCI to Backward Areas

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
<th>Total</th>
<th>Percentage 1 &amp; 3</th>
<th>Percentage 2 &amp; 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979-80</td>
<td>61.2</td>
<td>76.6</td>
<td>137.8</td>
<td>44.4</td>
<td>55.6</td>
</tr>
<tr>
<td>1980-81</td>
<td>103.8</td>
<td>107.8</td>
<td>211.6</td>
<td>49.0</td>
<td>51.0</td>
</tr>
<tr>
<td>1981-82</td>
<td>119.3</td>
<td>98.8</td>
<td>218.1</td>
<td>54.6</td>
<td>45.4</td>
</tr>
<tr>
<td>1982-83</td>
<td>114.9</td>
<td>115.3</td>
<td>230.2</td>
<td>49.9</td>
<td>50.1</td>
</tr>
<tr>
<td>1983-84</td>
<td>208.0</td>
<td>122.0</td>
<td>330.0</td>
<td>63.0</td>
<td>37.0</td>
</tr>
<tr>
<td>1984-85</td>
<td>251.6</td>
<td>166.4</td>
<td>418.0</td>
<td>60.1</td>
<td>39.9</td>
</tr>
<tr>
<td>1985-86</td>
<td>294.2</td>
<td>205.0</td>
<td>499.2</td>
<td>58.9</td>
<td>41.1</td>
</tr>
<tr>
<td>1986-87</td>
<td>410.0</td>
<td>388.0</td>
<td>798.0</td>
<td>51.3</td>
<td>48.7</td>
</tr>
<tr>
<td>1987-88</td>
<td>493.9</td>
<td>525.0</td>
<td>1018.9</td>
<td>48.4</td>
<td>51.6</td>
</tr>
<tr>
<td>1988-89</td>
<td>940.7</td>
<td>951.3</td>
<td>1892.0</td>
<td>49.7</td>
<td>50.3</td>
</tr>
<tr>
<td>1989-90</td>
<td>1012.4</td>
<td>1282.5</td>
<td>2294.9</td>
<td>44.1</td>
<td>55.9</td>
</tr>
<tr>
<td>1990-91</td>
<td>1406.8</td>
<td>1558.3</td>
<td>2965.1</td>
<td>47.4</td>
<td>52.6</td>
</tr>
<tr>
<td>1991-92</td>
<td>1397.2</td>
<td>1472.0</td>
<td>2868.2</td>
<td>48.6</td>
<td>51.6</td>
</tr>
<tr>
<td>1992-93</td>
<td>1070.8</td>
<td>1421.2</td>
<td>2492.0</td>
<td>42.9</td>
<td>57.1</td>
</tr>
<tr>
<td>1993-94</td>
<td>1839.1</td>
<td>2141.6</td>
<td>3980.7</td>
<td>46.2</td>
<td>53.8</td>
</tr>
<tr>
<td>1994-95</td>
<td>2594.8</td>
<td>3124.6</td>
<td>5719.4</td>
<td>45.3</td>
<td>54.7</td>
</tr>
<tr>
<td>1995-96</td>
<td>5722.2</td>
<td>4578.1</td>
<td>10300.3</td>
<td>55.5</td>
<td>44.5</td>
</tr>
</tbody>
</table>

Total 18040.9 18334.5 36375.4 49.5 50.5

Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.
Rs. 137.8 crores in 1979-80, registering 7518.2 percent growth rate.

In terms of figures, there was a tremendous increase in the assistance sanctioned during all the years under study. But in terms of percentage, the share of backward areas to the total assistance had a remarkable increase during the same year. It was the highest in 1983-84 (i.e. 63 percent) and the lowest was recorded in 1992-93 (i.e. 42.9 percent) whereas the share of non-backward areas in the total assistance has declined continuously over the same years. It was the maximum 57.1 percent in 1992-93 and the minimum recorded as 37 percent in 1992-93 and the minimum was recorded as 37 percent in 1983-84. From the above analysis it can be said that the percentage share of backward areas in the total assistance has been approximately 50 percent when compared with the non-backward areas. So one can say that IFCI played a vital role in the promotion of industries in backward areas.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA (ICICI)

ICICI was established on the recommendation of the International Bank for Reconstruction and Development (IBRD or World Bank). A team visited India in 1954 and it was incorporated on 5th January, 1955 under the Indian companies act, 1913 with support from the Government of India and

active involvement of the World Bank with the authorised capital of Rs. 25 crores and paid up capital of Rs. 22.5 crores.\(^1\) The main aim of ICICI is to stimulate the promotion of new industries, to assist expansion and modernisation of existing ones and to furnish technical and managerial aid so as to increase production and employment opportunities.

The ICICI was set up as a company/institution of Technology Development and Information Company of India Limited (TDICI) in 1988 with a view to provide technological information and finances, and technology - intensive development activities including commercial R&D schemes.\(^2\)

Objectives of ICICI :

The objectives of the ICICI are as follows :

1. To encourage and promote the participation of foreign capital, both internal and external, in industrial undertaking.

2. To ensure rapid expansion of the investment markets and to promote private ownership of industrial investments.

3. To assist in the expansion, modernisation and creation of private enterprises.\(^3\)

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The corporation provides long term and medium term loans in rupees and foreign currencies in various forms:

(a) By in the form of loans or equity participation;
(b) Sponsor and underwriting the new issue of shares and debentures;
(c) provide guarantee for loans from other private investment sources;
(d) contribution to preference shares and debentures;
(e) make funds available for reinvestment by revolving investment as rapidly as possible; and
(f) provides consultancy services in the form of managerial and technical advice to the industrial concern in the private sector.¹

THE ASSISTANCE SANCTIONED TO BACKWARD AREAS BY INDUSTRIAL CREDIT INVESTMENT CORPORATION OF INDIA (ICICI)

The magnitude of ICICI's assistance sanctioned to backward and non-backward areas in India can be seen from the data, provided in Table No. 7. It can be noted that from 1970 to 1986, all the seventeen years total sanctions amounted to Rs. 59946.4 crores, out of which sanction to

industries in backward areas was to the tune of Rs. 20622.3 crores. Therefore, the share of percentage of backward areas was 34.8 percent, while the share percentage of non-backward areas was 65.2 percent, which is more than the share of backward area.

The assistance sanctioned by ICICI to backward areas has risen from Rs. 76.8 crores in 1979-80 to Rs. 5033.8 crores in 1995-96, registering an overall 6536 percent growth rate. The highest share of backward areas assistance to total assistance was 57.9 percent in 1985-86, followed by 55.2 percent in 1988-89, 54.5 percent in 1983-84 and 53.7 percent in 1984-85. The lowest share percent was recorded in 1994-95 (i.e. 27.7 percent) whereas the assistance sanctioned to non-backward areas has risen from Rs. 127.5 crores in 1979-80 to Rs. 10180.7 crores in 1995-96, accounting an overall 8266.1 percent. The highest share of non-backward areas assistance to total assistance was 72.3 percent in 1994-95, the lowest share percent was recorded in 1985-86 (i.e. 42.1 percent). In terms of figures, there was a remarkable rise in the assistance sanctioned in all the years but in terms of percentage, the share of assistance sanctioned to the total assistance sanctioned declined during the same years, but the share percentage of non-backward areas in the total assistance increased continuously over the years. From the foregoing analysis, it can be inferred that the percentage share of non-backward areas had been more satisfactory than backward areas.
Table No. 7
Progress of Assistance Sanctioned by ICICI to Backward Areas
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
<th>Total</th>
<th>Percentage 1 &amp; 3</th>
<th>Percentage 2 &amp; 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979-80</td>
<td>76.8</td>
<td>127.5</td>
<td>204.3</td>
<td>37.5</td>
<td>62.5</td>
</tr>
<tr>
<td>1980-81</td>
<td>116.1</td>
<td>198.3</td>
<td>314.4</td>
<td>36.9</td>
<td>63.1</td>
</tr>
<tr>
<td>1981-82</td>
<td>123.6</td>
<td>183.8</td>
<td>307.4</td>
<td>40.2</td>
<td>59.8</td>
</tr>
<tr>
<td>1982-83</td>
<td>142.5</td>
<td>186.7</td>
<td>329.2</td>
<td>43.2</td>
<td>56.8</td>
</tr>
<tr>
<td>1983-84</td>
<td>224.3</td>
<td>187.0</td>
<td>411.3</td>
<td>54.5</td>
<td>45.5</td>
</tr>
<tr>
<td>1984-85</td>
<td>276.0</td>
<td>237.5</td>
<td>513.5</td>
<td>53.7</td>
<td>46.3</td>
</tr>
<tr>
<td>1985-86</td>
<td>321.4</td>
<td>233.0</td>
<td>554.4</td>
<td>57.9</td>
<td>42.1</td>
</tr>
<tr>
<td>1986-87</td>
<td>480.4</td>
<td>398.6</td>
<td>879.0</td>
<td>54.6</td>
<td>45.4</td>
</tr>
<tr>
<td>1987-88</td>
<td>476.2</td>
<td>518.4</td>
<td>994.6</td>
<td>47.8</td>
<td>52.2</td>
</tr>
<tr>
<td>1988-89</td>
<td>881.9</td>
<td>714.1</td>
<td>1596.0</td>
<td>55.2</td>
<td>44.7</td>
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<tr>
<td>1989-90</td>
<td>842.4</td>
<td>1206.1</td>
<td>2048.5</td>
<td>41.1</td>
<td>58.9</td>
</tr>
<tr>
<td>1990-91</td>
<td>1270.3</td>
<td>1562.4</td>
<td>2832.7</td>
<td>44.8</td>
<td>55.1</td>
</tr>
<tr>
<td>1991-92</td>
<td>1631.9</td>
<td>2463.0</td>
<td>4094.9</td>
<td>39.8</td>
<td>60.2</td>
</tr>
<tr>
<td>1992-93</td>
<td>2025.3</td>
<td>3857.4</td>
<td>5882.7</td>
<td>34.4</td>
<td>65.5</td>
</tr>
<tr>
<td>1993-94</td>
<td>2513.6</td>
<td>6190.2</td>
<td>8703.8</td>
<td>28.8</td>
<td>71.2</td>
</tr>
<tr>
<td>1994-95</td>
<td>4185.8</td>
<td>10879.6</td>
<td>15065.4</td>
<td>27.7</td>
<td>72.3</td>
</tr>
<tr>
<td>1995-96</td>
<td>5033.8</td>
<td>10180.7</td>
<td>15214.3</td>
<td>33.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Total</td>
<td>20622.3</td>
<td>39324.3</td>
<td>59946.4</td>
<td>34.8</td>
<td>65.2</td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.
Industrial Reconstruction Bank of India (IRBI) came into existence on March 20, 1985, under the IRBI Act, 1984, as a result of reconstitution of the erstwhile Industrial Reconstruction Corporation of India Limited; as the principal credit and reconstruction agency for industrial revival by undertaking modernisation, reorganisation, rationalisation of industry and to coordinate similar work of the other institutions engaged therein and to assist industrial undertakings IRBI's authorised capital of Rs. 200 crores and the paid up capital of Rs. 50 crores.\(^1\)

IRBI provides loans and advances to industrial undertakings and acts as an agent of central and state governments, RBI, SBI, Commercial Banks, Cooperative Banks, Public Financial Institution and State Financial Corporations.

Functions of IRBI:

The IRBI laid down the following functions:

1. to provide financial assistance to the sick industrial concerns;
2. to provide managerial and technical assistance to the sick industrial concerns;
3. to secure assistance of other financial institutions and government agencies for the revival and revitalisation of the sick industrial concerns;

\(^1\) Report on Development Banking in India, IDBI, Bombay, 1994-95, p. 52.
(4) to provide Merchant Banking services for amalgamation, merger, reconstruction etc;
(5) to provide consultancy service to the banks in the matter of sick units;
(6) to undertake leasing business.¹

THE ASSISTANCE SANCTIONED TO BACKWARD AREAS BY INDUSTRIAL RECONSTRUCTION BANK OF INDIA (IRBI)

The table No. 8 indicates the IRBI's sanction to backward areas in 1981-82 was Rs. 13.3 crores which rose to Rs. 216.8 crores in 1995-96, showing an overall rise of 1630.8 percent, which is about 16 fold increase just in the period of sixteen years. In non-backward areas the assistance sanctioned was Rs. 33.6 crores in 1981-82 which has gone up to Rs. 680.4 crores in 1995-96, registering a rise of 2023.0 percent. The total assistance sanction moved up to Rs. 897.3 crores in 1995-96 from a small amount of Rs. 46.9 crores in 1981-82, showing a overall increase of 1908.5 percent.

In terms of figures there was a remarkable increase in the assistance sanctioned in all the years, but in terms of percentage, the share of assistance sanction to the total

Table No. 8

Assistance Sanctioned by IFBI to Backward Areas

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas</th>
<th>Non-Backward Areas</th>
<th>Total</th>
<th>Percentage of Backward Area</th>
<th>Percentage of non-Backward Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>13.3</td>
<td>33.6</td>
<td>46.9</td>
<td>28.3</td>
<td>71.6</td>
</tr>
<tr>
<td>1982-83</td>
<td>12.5</td>
<td>45.4</td>
<td>57.9</td>
<td>21.6</td>
<td>78.4</td>
</tr>
<tr>
<td>1983-84</td>
<td>15.7</td>
<td>51.0</td>
<td>66.7</td>
<td>23.5</td>
<td>76.4</td>
</tr>
<tr>
<td>1984-85</td>
<td>28.6</td>
<td>77.3</td>
<td>105.9</td>
<td>27.0</td>
<td>72.9</td>
</tr>
<tr>
<td>1985-86</td>
<td>16.0</td>
<td>56.8</td>
<td>72.8</td>
<td>21.9</td>
<td>78.0</td>
</tr>
<tr>
<td>1986-87</td>
<td>48.1</td>
<td>99.6</td>
<td>147.7</td>
<td>32.5</td>
<td>67.4</td>
</tr>
<tr>
<td>1987-88</td>
<td>57.0</td>
<td>123.3</td>
<td>180.3</td>
<td>31.6</td>
<td>68.4</td>
</tr>
<tr>
<td>1988-89</td>
<td>72.1</td>
<td>123.7</td>
<td>205.8</td>
<td>39.8</td>
<td>60.1</td>
</tr>
<tr>
<td>1989-90</td>
<td>44.4</td>
<td>98.2</td>
<td>142.6</td>
<td>31.1</td>
<td>68.8</td>
</tr>
<tr>
<td>1990-91</td>
<td>65.8</td>
<td>149.7</td>
<td>215.5</td>
<td>30.5</td>
<td>69.4</td>
</tr>
<tr>
<td>1991-92</td>
<td>63.5</td>
<td>214.2</td>
<td>277.7</td>
<td>32.9</td>
<td>67.1</td>
</tr>
<tr>
<td>1992-93</td>
<td>94.1</td>
<td>200.2</td>
<td>294.3</td>
<td>31.9</td>
<td>68.0</td>
</tr>
<tr>
<td>1993-94</td>
<td>50.1</td>
<td>375.1</td>
<td>425.8</td>
<td>11.7</td>
<td>88.3</td>
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<td>1994-95</td>
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<td>587.6</td>
<td>777.9</td>
<td>24.4</td>
<td>75.6</td>
</tr>
<tr>
<td>1995-96</td>
<td>216.8</td>
<td>680.4</td>
<td>897.3</td>
<td>24.1</td>
<td>75.9</td>
</tr>
</tbody>
</table>

Total 998.3 2916.9 3915.1 25.8 74.2

assistance declined during the years. It was the highest in 1988-89 i.e. 39.8 percent and the lowest in 1993-94, i.e. 11.7 percent whereas the share of nonbackward areas in the total assistance increased continuously over the years. It was the maximum i.e. 88.3 percent in 1993-94 and the minimum in 1988-89 (60.1%).

From this analysis, it can be concluded that the share of backward area's in the total assistance has not been satisfactory throughout the period under study, when compared with the share percentage to non-backward areas in the total assistance.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

The Small Industries Development Bank of India is a wholly-owned subsidiary of IDBI. It was set up on April 2, 1990 by an act of parliament as the principal financial institution with the aims for promotion, financing and development of industry in tiny and small scale sectors and to coordinate the functions of institutions engaged in similar activities. It comprises refinancing of term loans granted by SFCs, SIDCs/bank and other eligible financial institutions, discounting and rediscounting short term trade bills.

SIDBI also provides assistance for development of marketing infrastructure creating new marketing channels for the industrial units and direct assistance for development
of industrial areas. It provides equity for special groups like new promoters, women and ex-servicemen under National Equity Fund (NEF) Mahila Udyam Nidhi (MUN) and Self Employment Scheme for Ex-Servicemen (SEMFEX).

**SIDBI'S ASSISTANCE SANCTIONED TO BACKWARD AREAS**

The following table indicates the assistance sanction by SIDBI to backward and non-backward areas during the period 1990-1996.

**Table No. 9**

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward areas</th>
<th>Non-Backward areas</th>
<th>Total</th>
<th>Percentage 1&amp;3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>896.6</td>
<td>1395.6</td>
<td>2292.2</td>
<td>39.1</td>
<td>60.9</td>
</tr>
<tr>
<td>1991-92</td>
<td>1027.0</td>
<td>1787.2</td>
<td>2814.2</td>
<td>36.5</td>
<td>63.5</td>
</tr>
<tr>
<td>1992-93</td>
<td>823.9</td>
<td>1956.6</td>
<td>2780.5</td>
<td>29.6</td>
<td>70.4</td>
</tr>
<tr>
<td>1993-94</td>
<td>737.7</td>
<td>2149.3</td>
<td>2887.0</td>
<td>25.5</td>
<td>74.5</td>
</tr>
<tr>
<td>1994-95</td>
<td>656.6</td>
<td>2955.1</td>
<td>3611.7</td>
<td>17.9</td>
<td>82.1</td>
</tr>
<tr>
<td>1995-96</td>
<td>1078.3</td>
<td>3780.6</td>
<td>4858.9</td>
<td>22.1</td>
<td>77.9</td>
</tr>
</tbody>
</table>

Total  5220.4          14064.4              19284.5| 27.7           | 70.3           |

Source: Report on Development Banking in India, IDBI, Bombay, various issues from 1990-96.

Table No. 9 furnishes information regarding assistance sanctioned by SIDBI to backward areas during 1990.
to 1996. It is evident from the table that the total amount of assistance sanctioned to backward areas in 1994-95 aggregated to Rs. 656.6 crores recording a decline of 36.5 per cent over the base year i.e. 1990-91, while compared with the previous year (1993-94) assistance sanctioned comes to about 12 percent. In the non-backward areas the total amount of assistance sanctioned in 1995-96 aggregated to Rs. 3780.6 crores recording a growth of 270.9 percent over the base year, i.e., 1990-91, while compared with the previous year (1994-95) assistance sanctioned stands at about 39 percent.

In terms of figures, there was a decrease in the assistance sanctioned to backward areas and in non-backward areas there was a tremendous increase in all the years. But in terms of percentage, the share of assistance sanctioned to the total has also declined in backward areas and a remarkable rise has taken place in non-backward areas, it was the highest in 1990-91, i.e. 39 percent and the minimum in 1994-95 i.e. 17.9 percent whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the highest i.e., 82.1 percent in 1994-95 and the lowest in 1990-91 (i.e.60.9 percent).

From the above discussion, it can be summed up that the percentage share of backward areas in the total assistance has not been satisfactory throughout the period
under review, if compared with the share percentage to non-backward areas in the total assistance.

UNIT TRUST OF INDIA

Unit Trust of India (UTI) was established in February 1964 in terms of UTI Act 1963, by the Government of India, as a subsidiary of the RBI. The main objective was to mobilise the saving of low and middle income groups and invests in wide range of securities. The initial capital of UTI was Rs. 5 crores, which was subscribed by RBI (Rs. 2.5 crores) LIC (Rs. 75 lakhs) SBI (Rs. 75 lakhs) and schedule banks and other financial institution (Rs. 1 crore). It consists of a chairman and nine trustee.  

Objectives of UTI:

UTI has to attain the following objectives:

1. to stimulate and pool the savings of the middle and low income groups;
2. to enable them to share the benefits and prosperity of rapidly growing industrialisation in the country;
3. by selling units of the trust among as many investors as possible in different parts of the country;
4. by investing the sale proceeds of the units and also the initial capital fund of Rs.5 crores in industrial and corporate securities; and

(5) by paying dividends to those who have bought the units of the trust.¹

Different Schemes of UTI:

To attract investment by public, UTI introduced three new close-ended schemes, viz. growing income unit scheme, 1989 and two series of monthly income unit scheme with extra bonus plus growth (Misg-11, 1988 and Misg-12, 1989). The UTI also launched the second offshore fund viz. India Growth Fund in August 1988. The fund which was on top in the USA, Canada, the U.K. and Japan, provided an opportunity to non-resident Indians to participate in Indian Capital Market UTI launched Venture Capital Fund (VCF) with the association of ICICI.²

THE ASSISTANCE SANCTIONED TO BACKWARD AREAS BY UNIT TRUST OF INDIA (UTI)

The achievements of assistance sanctioned by Unit Trust of India to backward areas and non-backward areas can be seen from the Table No. 10.

Table No. 10 presents an analytical statistics with regard to assistance sanctioned to backward areas by Unit Trust of India during 1979-95. It reveals that the total assistance sanctioned has risen from Rs. 127.5 crores in

² Report on Development Banking in India, IDBI, Bombay, 1988-89, p. 36.
Table No. 10

Assistance Sanctioned by UTI to Backward Areas

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
<th>Total</th>
<th>Percentage 1 &amp; 3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>15.1</td>
<td>112.4</td>
<td>127.5</td>
<td>11.84</td>
<td>88.16</td>
</tr>
<tr>
<td>1983-84</td>
<td>19.7</td>
<td>146.1</td>
<td>165.8</td>
<td>11.88</td>
<td>88.12</td>
</tr>
<tr>
<td>1984-85</td>
<td>24.4</td>
<td>332.9</td>
<td>357.3</td>
<td>6.82</td>
<td>93.18</td>
</tr>
<tr>
<td>1985-86</td>
<td>37.1</td>
<td>659.5</td>
<td>796.6</td>
<td>5.32</td>
<td>94.68</td>
</tr>
<tr>
<td>1986-87</td>
<td>65.9</td>
<td>399.1</td>
<td>465.0</td>
<td>14.17</td>
<td>85.93</td>
</tr>
<tr>
<td>1987-88</td>
<td>33.9</td>
<td>990.9</td>
<td>1024.8</td>
<td>3.30</td>
<td>96.69</td>
</tr>
<tr>
<td>1988-89</td>
<td>209.4</td>
<td>1763.7</td>
<td>1973.1</td>
<td>10.61</td>
<td>89.39</td>
</tr>
<tr>
<td>1989-90</td>
<td>147.7</td>
<td>1348.9</td>
<td>1496.6</td>
<td>9.86</td>
<td>90.14</td>
</tr>
<tr>
<td>1990-91</td>
<td>52.4</td>
<td>778.9</td>
<td>830.2</td>
<td>6.4</td>
<td>93.6</td>
</tr>
<tr>
<td>1991-92</td>
<td>82.9</td>
<td>1933.9</td>
<td>2016.8</td>
<td>4.1</td>
<td>95.9</td>
</tr>
<tr>
<td>1992-93</td>
<td>155.5</td>
<td>5416.7</td>
<td>5572.2</td>
<td>2.8</td>
<td>97.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>69.0</td>
<td>5408.4</td>
<td>5477.4</td>
<td>1</td>
<td>98.7</td>
</tr>
<tr>
<td>1994-95</td>
<td>93.2</td>
<td>5438.0</td>
<td>5531.2</td>
<td>1.7</td>
<td>98.3</td>
</tr>
<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total 1006.2 24728.3 25734.5 3.9 96.1

1982-83 to Rs. 5531.2 crores in 1994-95, recording 4238.1 percent growth rate, while assistance sanctioned to backward areas increased to Rs. 93.2 crores in 1994-95 from Rs. 15.1 crore in 1982-83 constituting 517.2 percent growth rate. In the non-backward areas the growth of total assistance sanctioned is more than the growth rate of backward areas.

In terms of figures, there was a remarkable increase in the assistance sanctioned to backward and non-backward areas in all the years. But in terms of percentage, the share of assistance sanctioned to total assistance to backward areas declined and in non-backward areas there was a tremendous rise during the years. It was the highest in 1986-87, i.e., 14.17 percent and the lowest was recorded in 1993-94, i.e.,1.3 percent, whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the highest 98.7 percent in 1993-94 and the lowest was in 1986-87 (i.e. 85.8 percent). Thus, it can be said that the percentage share of backward areas in the total assistance has not been satisfactory throughout the years under study. One can say that UTI paid poor attention to the assistance sanctioned to backward areas.

GENERAL INSURANCE CORPORATION OF INDIA (GICI)

General Insurance Corporation of India (GICI) was established in 1973. GIC and its four subsidiaries i.e.,
National Insurance Company Ltd., New India Assurance Company Limited, Oriented Fire and General Insurance Company Limited and United India Insurance Company Limited, operates a number of schemes to cater the diverse needs of various sections of society including factory workers, retail traders, transport operators, small artisans, farmers landless labourers etc. GIC collects large amount of funds from the general public to provide insurance cover but they use part of their funds to give long term loans to the corporate sectors.

Activities of GIC:

During 22 years of its inception GIC met the growing needs of industries in corporate sectors and capital market. The cumulative financial assistance sanctioned by GIC upto 31st March 1994 aggregated to Rs. 3748.7 crores against which disbursement amount was Rs. 2509.9 crores. Some important industries which have received financial assistance from GIC and its subsidiaries are, Machinery, basis metal, textiles, chemical and chemical products etc. From the foregoing discussion it can be summed up that GIC and its subsidiaries play a vital role for the promotion of industries and corporate sectors in the country.
THE ASSISTANCE SANCTIONED TO BACKWARD AREAS BY GENERAL INSURANCE CORPORATION OF INDIA (GIC)

The following table indicates the assistance sanctioned by General Insurance Corporation of India to backward areas and non-backward areas and their contribution to total assistance.

Table No. 11

Assistance sanctioned by GIC to Backward Areas

(Rs. in crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1&amp;3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>1.4</td>
<td>91.3</td>
<td>92.7</td>
<td>1.5</td>
<td>98.5</td>
</tr>
<tr>
<td>1983-84</td>
<td>10.5</td>
<td>98.0</td>
<td>108.5</td>
<td>9.7</td>
<td>90.3</td>
</tr>
<tr>
<td>1984-85</td>
<td>11.5</td>
<td>132.7</td>
<td>144.1</td>
<td>8.6</td>
<td>91.4</td>
</tr>
<tr>
<td>1985-86</td>
<td>8.8</td>
<td>144.2</td>
<td>153.0</td>
<td>5.8</td>
<td>94.2</td>
</tr>
<tr>
<td>1986-87</td>
<td>7.5</td>
<td>145.8</td>
<td>153.3</td>
<td>4.9</td>
<td>95.1</td>
</tr>
<tr>
<td>1987-88</td>
<td>0.2</td>
<td>98.1</td>
<td>98.3</td>
<td>0.2</td>
<td>99.8</td>
</tr>
<tr>
<td>1988-89</td>
<td>2.2</td>
<td>120.4</td>
<td>122.6</td>
<td>1.8</td>
<td>98.2</td>
</tr>
<tr>
<td>1989-90</td>
<td>6.2</td>
<td>205.0</td>
<td>211.2</td>
<td>2.9</td>
<td>97.1</td>
</tr>
<tr>
<td>1990-91</td>
<td>8.8</td>
<td>137.6</td>
<td>146.4</td>
<td>6.1</td>
<td>93.9</td>
</tr>
<tr>
<td>1991-92</td>
<td>3.1</td>
<td>238.7</td>
<td>241.8</td>
<td>1.3</td>
<td>98.7</td>
</tr>
<tr>
<td>1992-93</td>
<td>6.8</td>
<td>438.3</td>
<td>445.1</td>
<td>1.6</td>
<td>98.4</td>
</tr>
<tr>
<td>1993-94</td>
<td>2.9</td>
<td>380.6</td>
<td>383.5</td>
<td>0.8</td>
<td>99.2</td>
</tr>
<tr>
<td>1994-95</td>
<td>4.5</td>
<td>426.7</td>
<td>431.2</td>
<td>1.1</td>
<td>98.9</td>
</tr>
<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>74.3</td>
<td>2657.4</td>
<td>2731.7</td>
<td>2.7</td>
<td>97.3</td>
</tr>
</tbody>
</table>

Source: Report on development banking in India, IDBI, Bombay, various issues from 1982-96.
The assistance sanctioned by GIC to backward areas can be studied from the facts and figures set out in Table No. 11 during 1982-83 to 1995-96. It is evident from the table that the total amount of assistance sanctioned has increased from Rs. 92.7 crores in 1982-83 to Rs. 431.2 crores in 1994-95 constituting a rise of 365 percent. To backward areas the total amount of assistance sanctioned in 1994-95 aggregated to Rs. 4.5 crores, recording 221.4 percent growth rate over the base year i.e. 1982-83, when compared with the previous year, the increase of assistance sanctioned comes to about 44.8 percent. While in the non-backward areas, the total assistance sanction has risen to Rs. 426.7 crores in 1994-95 recording a growth rate of 367.3 percent over the base year, i.e., 1982-83 at comparing with the previous year, i.e. 1993-94 the rise in assistance sanctioned comes to about 10.79 percent.

In terms of figures, there was a meagre rise in the assistance sanctioned to backward areas and in non-backward areas there was a remarkable increase in all the years. But in terms of percentage, the share of assistance sanctioned to the total has declined in backward areas while a tremendous increase has taken place in non-backward areas. It was the highest in 1983-84 (i.e., 9.7 percent) and the lowest in 1993-94 (i.e. 0.8 percent), whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the maximum i.e., 99.2
percent in 1993-94 and the lowest was recorded in 1983-84 (i.e., 90.3 percent). Keeping in view the above noted facts, it can be concluded that the share of percentage of backward areas in the total assistance has not been satisfactory throughout the years, if compared with the share percentage of non-backward areas in the total assistance as GIC did not give more attention to the development of industries in backward areas.

STATE FINANCIAL CORPORATIONS (SFCs)

State Financial Corporation (SFC) has been set up under the State Financial Corporation Act, 1951 and it was made applicable to all the states except Jammu and Kashmir. All the states have set up SFCs with the object to help small, medium and cottage size industrial undertakings which are organised on proprietary, partnership basis or as companies on cooperative societies. The minimum authorised capital of the corporation is Rs. 50 lakhs and maximum Rs. 5 crores. It consists of a Board of Directors, a Managing Director and an Executive Committee.

There are 18 SFCs, 17 of which were set up under the SFCs Act. Tamil Nadu Industrial Investment Corporation Limited was set up under the companies act as Madras Industrial Investment Corporation in 1949.¹

¹ Report on development banking in India, IDBI, Bombay, 1994-95, p. 5.
Functions of SFCs:

The main functions of SFCs are as follows:

(1) granting loan for acquisition of fixed assets like land, building and plant and machinery;
(2) providing loans for working capital;
(3) subscribing to debentures of industrial undertaking repayable within 20 years,
(4) guaranteeing loans raised by industries which are repayable within 20 years; and
(5) underseiting the stock shares and debentures which have to be disposed of within seven years.\(^1\)

THE ASSISTANCE SANCTIONED TO BACKWARD AREAS BY STATE FINANCIAL CORPORATION (SFCs)

The forthcoming table shows the performance of assistance sanctioned by State Financial Corporation to backward areas during the period 1976-77 to 1994-95.

The table presents an analytical statistics with regard to sanctions to backward areas by SFCs during the period of 1976-77 to 1995-96. This table reveals that the growth trend in assistance sanctioned to backward areas registered a rise of approximately 1532.6 percent. As compared with the previous year i.e., 1994-95, the increase worked out to the order of 36.9 percent. On the non-backward

\(^1\) Khairoowala, Z.U.; "Role of financial bodies in capital market", Industry and Economic, February, 1982, p.35.
Table No. 12

Break-up of Assistance Sanctioned by SFCs to Backward Areas

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
<th>Total</th>
<th>Percentage of 1 &amp; 3</th>
<th>Percentage of 2 &amp; 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>77.0</td>
<td>86.3</td>
<td>163.3</td>
<td>47.2</td>
<td>52.8</td>
</tr>
<tr>
<td>1977-78</td>
<td>92.6</td>
<td>73.4</td>
<td>166.0</td>
<td>55.8</td>
<td>44.2</td>
</tr>
<tr>
<td>1978-79</td>
<td>113.5</td>
<td>87.1</td>
<td>200.6</td>
<td>56.6</td>
<td>43.4</td>
</tr>
<tr>
<td>1979-80</td>
<td>139.0</td>
<td>124.7</td>
<td>263.7</td>
<td>52.7</td>
<td>47.3</td>
</tr>
<tr>
<td>1980-81</td>
<td>192.4</td>
<td>184.8</td>
<td>377.2</td>
<td>51.0</td>
<td>49.0</td>
</tr>
<tr>
<td>1981-82</td>
<td>232.6</td>
<td>277.0</td>
<td>509.6</td>
<td>45.6</td>
<td>54.3</td>
</tr>
<tr>
<td>1982-83</td>
<td>278.7</td>
<td>332.9</td>
<td>611.6</td>
<td>45.5</td>
<td>54.5</td>
</tr>
<tr>
<td>1983-84</td>
<td>306.4</td>
<td>336.5</td>
<td>642.9</td>
<td>47.7</td>
<td>52.3</td>
</tr>
<tr>
<td>1984-85</td>
<td>404.4</td>
<td>334.4</td>
<td>738.8</td>
<td>54.7</td>
<td>45.2</td>
</tr>
<tr>
<td>1985-86</td>
<td>564.9</td>
<td>444.2</td>
<td>1009.1</td>
<td>55.9</td>
<td>44.0</td>
</tr>
<tr>
<td>1986-87</td>
<td>683.3</td>
<td>523.0</td>
<td>1206.3</td>
<td>56.6</td>
<td>43.3</td>
</tr>
<tr>
<td>1987-88</td>
<td>674.0</td>
<td>610.0</td>
<td>1284.7</td>
<td>52.4</td>
<td>47.6</td>
</tr>
<tr>
<td>1988-89</td>
<td>712.8</td>
<td>691.9</td>
<td>1404.7</td>
<td>50.8</td>
<td>49.2</td>
</tr>
<tr>
<td>1989-90</td>
<td>754.4</td>
<td>786.2</td>
<td>1540.6</td>
<td>49.1</td>
<td>50.9</td>
</tr>
<tr>
<td>1990-91</td>
<td>881.8</td>
<td>996.2</td>
<td>1878.0</td>
<td>47.1</td>
<td>52.2</td>
</tr>
<tr>
<td>1991-92</td>
<td>950.6</td>
<td>1227.5</td>
<td>2178.1</td>
<td>43.6</td>
<td>56.3</td>
</tr>
<tr>
<td>1992-93</td>
<td>854.2</td>
<td>1171.2</td>
<td>2025.4</td>
<td>42.2</td>
<td>57.8</td>
</tr>
<tr>
<td>1993-94</td>
<td>727.0</td>
<td>1182.4</td>
<td>1909.4</td>
<td>38.0</td>
<td>62.0</td>
</tr>
<tr>
<td>1994-95</td>
<td>1100.0</td>
<td>1660.2</td>
<td>2760.2</td>
<td>39.8</td>
<td>60.2</td>
</tr>
<tr>
<td>1995-96</td>
<td>1508.5</td>
<td>2411.0</td>
<td>3919.5</td>
<td>38.4</td>
<td>61.6</td>
</tr>
</tbody>
</table>

Total 11248.5 13541.2 24789.7 45.6 52.4

areas side the growth trend in assistance sanctioned in 1995-96 aggregated to Rs. 2411.0 crores, recording 2356.3 percent increase over the base year, i.e. 1976-77, while compared with the previous year, the increase of assistance sanctioned comes to about 38.79 percent.

In terms of figures, there was a remarkable increase in the assistance sanctioned to backward and non-backward areas in all years. But in terms of percentage, the share of assistance sanctioned to the total assistance to backward areas has declined while the non-backward areas recorded a rise during the same years. The highest individual share of backward areas to the total assistance amounted to 56.7 percent in 1979-80 followed by 56.6 percent in 1986-87, 55.9 percent in 1985-86 and 55.8 percent in 1977-78 and the lowest share was 38 percent in 1993-94. Whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the highest 62 percent in 1993-94 and the lowest was recorded in 1986-87, i.e. 43.3 percent.

The overall total growth was Rs. 20870.2 crores of which Rs. 9740 crores was for backward areas, recording 46.6 percent and 53.4 percent in non-backward areas. It is learnt that share percentage of backward areas in the total assistance has been satisfactory throughout the years if compared with the share percentage to non-backward areas in
the total assistance. It is on account of as SFCs give more attention towards the development of industries in backward areas.

STATE INDUSTRIAL DEVELOPMENT CORPORATION (SIDC)

The State Industrial Development Corporation (SIDC), a wholly owned undertakings by the state governments, was set up under the companies act, 1956 in the sixties and early seventies to act as a catalytic agent for industrial development in their respective states by promoting and developing medium and large scale industries. There are 26 SIDCs in states and Union Territories in India. Nine of them also function as SFCs to provide assistance to small scale industries as well as act as promotional agencies. These twin function SIDCs are in Arunachal Pradesh, Goa, Manipur, Meghalaya, Mizoram, Nagaland, Pondicherry, Sikkim and Tripura. Seven SIDCs are also involved in infrastructure development and other extension services for small sector.

Major functions of SIDCs are as follows:

(1) providing risk capital to entrepreneurs by way of equity participation and seed capital assistance;
(2) grant of financial assistance to industrial units by way of loans;
(3) administering incentives, schemes of central/state governments;
(4) promotional activities such as identification of project ideas, industrial potential survey, preparation of feasibility reports, selection and training of entrepreneurs; and
(5) developing industrial areas/estates by infrastructural facilities.¹

DEVELOPMENT STATE INDUSTRIAL/CORPORATION (SIDCs) ASSISTANCE SANCTIONED TO BACKWARD AREAS

The assistance sanctioned to backward and non-backward areas by State Industrial Development Corporation (SIDCs) can be studied from the facts and figures set out in table No. 13. The table indicates that the sanctioned assistance to backward areas in 1979-80 was Rs. 99.1 crores which rose to Rs. 584.5 crores in 1995-96, registering an overall rise of 713.0 percent which is about 6-fold increase, just in a period of sixteen years. In non-backward areas the assistance sanctioned was Rs. 58.5 crores in 1979-80 which has gone up to Rs. 1181.6 crores in 1995-96, constituting a rise of 2018.8 percent. The total assistance sanctioned rose to Rs. 1894.6 crores in 1995-96 from a small

Table No. 13
Achievements of Assistance Sanctioned by SIDCs to Backward Areas
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
<th>Total</th>
<th>Percentate 1 &amp; 3</th>
<th>Percentage 2 &amp; 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979-80</td>
<td>99.1</td>
<td>58.5</td>
<td>157.6</td>
<td>62.9</td>
<td>37.1</td>
</tr>
<tr>
<td>1980-81</td>
<td>123.6</td>
<td>96.0</td>
<td>219.6</td>
<td>56.3</td>
<td>43.7</td>
</tr>
<tr>
<td>1981-82</td>
<td>156.8</td>
<td>124.9</td>
<td>281.7</td>
<td>55.6</td>
<td>44.3</td>
</tr>
<tr>
<td>1982-83</td>
<td>169.8</td>
<td>126.8</td>
<td>296.6</td>
<td>57.2</td>
<td>42.7</td>
</tr>
<tr>
<td>1983-84</td>
<td>226.7</td>
<td>132.5</td>
<td>359.2</td>
<td>63.2</td>
<td>36.8</td>
</tr>
<tr>
<td>1984-85</td>
<td>317.4</td>
<td>155.6</td>
<td>473.0</td>
<td>67.2</td>
<td>32.8</td>
</tr>
<tr>
<td>1985-86</td>
<td>357.2</td>
<td>169.8</td>
<td>527.0</td>
<td>67.8</td>
<td>32.2</td>
</tr>
<tr>
<td>1986-87</td>
<td>362.0</td>
<td>208.3</td>
<td>570.3</td>
<td>63.4</td>
<td>36.5</td>
</tr>
<tr>
<td>1987-88</td>
<td>411.2</td>
<td>208.2</td>
<td>619.4</td>
<td>66.4</td>
<td>33.6</td>
</tr>
<tr>
<td>1988-89</td>
<td>438.9</td>
<td>303.4</td>
<td>742.3</td>
<td>59.2</td>
<td>40.8</td>
</tr>
<tr>
<td>1989-90</td>
<td>375.3</td>
<td>315.0</td>
<td>690.3</td>
<td>54.4</td>
<td>45.6</td>
</tr>
<tr>
<td>1990-91</td>
<td>424.2</td>
<td>390.8</td>
<td>815.0</td>
<td>52.1</td>
<td>47.9</td>
</tr>
<tr>
<td>1991-92</td>
<td>487.7</td>
<td>525.9</td>
<td>1013.6</td>
<td>48.2</td>
<td>51.8</td>
</tr>
<tr>
<td>1992-93</td>
<td>448.6</td>
<td>610.2</td>
<td>1058.8</td>
<td>42.4</td>
<td>57.6</td>
</tr>
<tr>
<td>1993-94</td>
<td>364.0</td>
<td>572.2</td>
<td>936.2</td>
<td>38.8</td>
<td>61.2</td>
</tr>
<tr>
<td>1994-95</td>
<td>584.5</td>
<td>926.8</td>
<td>1511.3</td>
<td>38.6</td>
<td>61.4</td>
</tr>
<tr>
<td>1995-96</td>
<td>713.0</td>
<td>1181.6</td>
<td>1894.6</td>
<td>37.6</td>
<td>62.4</td>
</tr>
</tbody>
</table>

Total 6060.0 6096.5 12156.5 49.9 50.1

Source: Report on Development Banking in India, IDBI, Bombay, Various Issues from 1979-96.
amount of Rs. 157.6 crores in 1979-80, showing an overall increase of 1206.2%.

In terms of figures there was a remarkable increase in the assistance sanctioned in all the years, but in terms of percentage, the share of assistance sanctioned to the total assistance declined during the years. It was the highest in 1985-86, i.e., 67.8 percent and the lowest in 1994-95, i.e., 38.6 percent whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the maximum, i.e., 61.4 percent in 1994-95 and the minimum was recorded in 1985-86 (i.e., 32.2 percent).

From the above discussed points, it can be concluded that the share of backward areas in the total assistance has been rising throughout the years under study, when compared with the share percentage to non-backward areas in the total assistance. The share of backward areas in total assistance is more than 50 percent. Thus, we can conclude that SIDCs have been playing significant role in the promotion of industries in backward areas.

TOURISM FINANCE CORPORATION OF INDIA LIMITED (TFCI)

Tourism Finance Corporation of India Limited (TFCI) came into existence in 1989 under the Companies Act, 1956 promoted by IFCI together with all India Financial Institution and leading commercial banks to cater to the needs of tourism industry. TFCI provides financial
assistance for the development of tourism and related activities, facilities and services such as hotels, restaurants, holiday resorts, amusement parks and complexes for entertainment, education and sports, safari parks, ropeways, cultural centres, convention halls, transport, travel and tour operating agencies. Financial assistance provided by TFCI is in the form of rupee loans, direct subscription to shares/debentures, suppliers, credit, equipment leasing and equipment procurement.

ASSISTANCE SANCTIONED TO BACKWARD AREAS BY TOURISM FINANCE CORPORATION OF INDIA LTD. (TFCI)

The following table gives an idea of assistance sanctioned to backward and non-backward areas and their contribution to total assistance by Tourism Finance Corporation of India Limited during the period from 1989-90 to 1994-95.

Table No. 14
Performance of Assistance by TFCI to Backward areas
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1&amp;3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>9.8</td>
<td>43.0</td>
<td>52.8</td>
<td>18.5</td>
<td>81.4</td>
</tr>
<tr>
<td>1990-91</td>
<td>11.4</td>
<td>73.6</td>
<td>85.0</td>
<td>13.4</td>
<td>86.5</td>
</tr>
<tr>
<td>1991-92</td>
<td>13.0</td>
<td>90.6</td>
<td>103.5</td>
<td>12.5</td>
<td>87.4</td>
</tr>
<tr>
<td>1992-93</td>
<td>5.9</td>
<td>119.1</td>
<td>125.0</td>
<td>4.0</td>
<td>95.2</td>
</tr>
<tr>
<td>1993-94</td>
<td>19.6</td>
<td>139.5</td>
<td>159.1</td>
<td>12.3</td>
<td>87.7</td>
</tr>
<tr>
<td>1994-95</td>
<td>24.3</td>
<td>190.5</td>
<td>214.8</td>
<td>11.4</td>
<td>88.6</td>
</tr>
<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1996-97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>62.8</td>
<td>655.2</td>
<td>718.0</td>
<td>8.7</td>
<td>91.3</td>
</tr>
</tbody>
</table>

Table No. 14 furnishes information regarding assistance sanctioned by TFCs to backward areas during 1989 to 1995. It is evident from the table that the total amount of assistance sanctioned to backward areas in 1994-95 aggregated to Rs. 24.3 crores recording an increase of 147.9 percent over the base year i.e., 1989-90, while compared with the previous year 1993-94, the assistance sanctioned comes to about 23.9 percent. In the non-backward areas, the total amount of assistance sanctioned in 1994-95 aggregated to Rs. 190.5 crores recording a growth of 343 percent over the base year i.e. 1989-90 while compared with previous year (1993-94) assistance sanctioned comes to about 36.5 percent.

In terms of figures, there was an increase in the assistance sanctioned to backward areas and in non-backward areas there was a remarkable increase in all the years. But in terms of percentage, the share of assistance sanctioned to the total has declined in backward areas, and there has been a tremendous rise in non-backward areas, it was the highest in 1989-90, i.e., 18.5 percent and the lowest in 1992-93 i.e. 4.7 percent. Whereas the share of non-backward areas in the total assistance increased over the years, it was the maximum 95.2 percent in 1992-93 and the minimum was recorded in 1989-90 (i.e., 81.4 percent).

On the basis of above discussion, it can be summed up that the percentage share of backward areas in the total assistance has not been satisfactory throughout the period
under study. Can say that Tourism Finance Corporation of India Limited (TFCs) did not play a significant role in the development of industries in backward areas of India.

RISK CAPITAL AND TECHNOLOGY FINANCE CORPORATION LTD. (RCTC)

The Risk Capital and Technology Finance Corporation Ltd. (RCTC) was set up in January, 1988 on reconstitution of the Risk Capital Foundation (RCF), which was promoted by IFCI in 1975 to cater to the risk capital needs of the first generation entrepreneurs. RCTC provides both risk capital and venture capital assistance technology. Finance is provided for projects envisaging advancement, promotion, transfer and commercialisation of new technologies. RCTC provides assistance in the form of conventional loans and interest free conditional loans on profit and risk sharing basis with the project promoters. RCTC also subscribes to the equity of projects with suitable buy back arrangements with the promoters.

The enlarged fund is expected to be committed by 1997-98 for investment in innovation ventures in sunrise sectors such as biotechnology, information technology, telecommunications, special materials etc., RCTC proposes to take up merchant banking and leasing activities. The government in the union budget 1995-96 extended certain concessions to venture capital funds/companies by providing them exemption from income tax on dividend income and long
term capital gains tax from investments made by way of equity shares in unlisted companies.

**RCTC' ASSISTANCE SANCTION'S TO BACKWARD AREAS**

The following table presents the picture of assistance sanctioned by RCTC to backward and non-backward areas and their contribution to the total assistance during the period 1987 to 1995.

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward areas</th>
<th>Non-backward areas</th>
<th>Total</th>
<th>Percentage 1&amp;3</th>
<th>Percentage 2&amp;3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>2.6</td>
<td>1.1</td>
<td>3.7</td>
<td>72.3</td>
<td>29.7</td>
</tr>
<tr>
<td>1988-89</td>
<td>4.5</td>
<td>2.1</td>
<td>6.6</td>
<td>68.2</td>
<td>31.8</td>
</tr>
<tr>
<td>1989-90</td>
<td>3.5</td>
<td>5.3</td>
<td>8.8</td>
<td>39.8</td>
<td>60.2</td>
</tr>
<tr>
<td>1990-91</td>
<td>2.4</td>
<td>9.0</td>
<td>11.4</td>
<td>21.1</td>
<td>78.9</td>
</tr>
<tr>
<td>1991-92</td>
<td>3.1</td>
<td>10.2</td>
<td>13.3</td>
<td>23.4</td>
<td>76.6</td>
</tr>
<tr>
<td>1992-93</td>
<td>3.6</td>
<td>7.5</td>
<td>11.1</td>
<td>32.4</td>
<td>67.6</td>
</tr>
<tr>
<td>1993-94</td>
<td>2.0</td>
<td>5.4</td>
<td>7.4</td>
<td>27.1</td>
<td>72.9</td>
</tr>
<tr>
<td>1994-95</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1995-96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1996-97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>21.7</td>
<td>40.6</td>
<td>62.3</td>
<td>34.8</td>
<td>65.2</td>
</tr>
</tbody>
</table>

Table No. 15 presents analytical statistics with regard to assistance sanctioned to backward areas by RCTC during 1987-88 to 1993-94. It reveals that the total assistance sanctioned has risen from Rs. 3.7 crores in 1987-88 to Rs. 7.4 crores in 1993-94, recording a growth of 100%, while assistance sanctioned to the backward areas decreased to Rs. 2.0 crores in 1993-94 from Rs. 2.6 crores in 1987-88, accounting to 30 percent decline rate. In the non-backward areas, the growth rate of total assistance sanctioned is more than the growth rate of backward areas.

In terms of figures, there was a decline in the assistance sanctioned to backward areas while in non-backward areas, there was a rise in all the years. But in terms of percentage the share of assistance sanctioned to the total assistance in backward areas has declined and in non-backward areas there was a remarkable increase during the years. It was the highest in 1987-88, i.e., 72.3 percent and the lowest was recorded in 1990-91, i.e., 21.1 percent whereas the share of non-backward areas in the total assistance increased continuously over the years. It was the maximum 78.9 percent in 1990-91 and the minimum was recorded 29.7 percent in 1987-88. Thus, it can be said that the percentage share of backward areas in total assistance has not been satisfactory throughout the years under review, if compared with the share percentage to non-backward areas in the total assistance.
CONCLUSION:

On the basis of above discussion, it can be concluded that the Financial Institutions i.e. Industrial Reconstruction Bank of India (IRBI), Small Industries Development Bank of India (SIDBI) Unit Trust of India (UTI), General Insurance Corporation of India (GICI), Tourism finance Corporation of India (TFCI) did not outline any specific programme for development of backward areas in the country. But financial institutions such as, IDBI, IFCI, ICICI, SFCs, SIDCs and LIC has given a special treatment to backward areas. As given evident from the fact that the sanctioned assistance to backward areas by All Financial Institutions has increased from Rs. 460 crores in 1976-77 to Rs. 20455.6 crores in 1995-96, registering an overall rise of 4446.6 percent. The assistance disbursement was Rs. 239.3 crores in 1976-77, which increased to Rs. 8396 crores in 1995-96 showing an overall rise of 3408.6 percent.

All India Financial Institution's assistance sanctions to backward areas has risen from Rs. 739.6 crores in 1979-80 to Rs. 19032.3 crores in 1995-96, showing an overall rise of 2577.5 percent. The increasing trend in disbursement to backward areas, registered a rise of 1587.6 percent. As compared with the previous year i.e. 1993-94 the increase worked out to the tune of 23.3 percent.

Industrial Development Bank of India's (IDBI)
assistance sanctions to backward areas increased from Rs. 563.6 crores in 1979-80 to Rs. 6981.1 crores in 1995-96, which is 107 times increase in just sixteen years, registering an overall growth of 1239.9 percent. In the backward areas side, it has risen from Rs. 625.4 crores in 1979-80 to Rs. 12388.1 crores in 1995-96 recording an increase of 1198.5 percent.

IFCI's total assistance sanctions was Rs. 10300.4 crores in 1995-96 which rose from 137.8 crores in 1979-80, registering an overall growth of 7518.5 percent. The assistance sanctioned to backward areas has increased from Rs. 61.2 crores in 1979-80 to Rs. 5722.8 crores in 1995-96 which is about 42 times increase in just sixteen years, and recording an overall rise of 4135.8 percent. In non-backward areas assistance disbursement has risen from Rs. 76.6 crores in 1979-80 to Rs. 4578.6 crores in 1995-96, registering an overall increase of 3979 percent. From 1979 to 1996 the sanctions amounted to Rs. 36375 crores, out of which sanctions to industries in backward areas was to the tune of Rs. 18040.5 crores. Therefore, the share percentage of backward areas was 34.8 percent, while the share percentage of non-backward areas was 50 percent which is more than the share of backward areas.

The IRBI's sanctions to backward areas in 1981-82 was Rs. 13.3 crores which rose to Rs. 216.8 crores in 1995-96, showing an overall rise of 1630.8
percent which is about 16 fold increase just in the period of sixteen years. In non-backward areas, the assistance sanctions was Rs. 33.6 crores in 1981-82 which has gone up to Rs. 680.4 crores in 1995-96, registering a rise of 2023.8%. The total assistance sanctions moved up to Rs. 897.9 crores in 1995-96 from a small amount of Rs. 46.9 crores in 1981-82, showing overall increase of 1908.6 percent.

SIDBI's assistance sanctions to backward areas, in 1994-95 aggregated to Rs. 656.6 crores, recording a decline of 36.5 percent over the period 1990-91. While compared with the previous year (1993-94) assistance sanctions comes to about 12 percent. In non-backward areas the total amount of assistance sanctions in 1995-96 aggregated to Rs. 3780.1 crores recording a growth of 270.9 percent over the year i.e. 1990-91, if compared with the previous year (1994-95) the assistance sanctions stands at about 39 percent.

Unit Trust of India's (UTI) total assistance sanctions has risen from Rs. 127.5 crores in 1982-83 to Rs. 5531.2 crores in 1994-95, recording an increase of 4238.1 percent. While assistance sanctions to backward areas increased to Rs. 93.2 crores in 1994-95 from Rs. 15.1 crores in 1982-83 constituting 517.2 percent growth rate. In the non-backward areas the total assistance sanctions is
more than the backward areas.

General Insurance Corporation's total amount of assistance sanctions has increased from Rs. 92.7 crores in 1982-83 to Rs. 431.2 crores in 1994-95, constituting a rise of 365 percent. To backward areas the total amount of assistance sanctions in 1994-95 aggregated to Rs. 4.5 crores recording 221.4 percent growth rate over the base year i.e. 1982-83. In the non-backward areas the total assistance sanctions has risen to Rs. 426.7 crores in 1994-95, recording a growth rate of 367.3 percent over the base year i.e. 1982-83.

State Financial Corporation's assistance sanctions to backward areas in 1995-96 aggregated to Rs. 15085 crores registering a rise of approximately 1628.5 percent over the base year i.e. 1976-77. In the non-backward areas the growth in assistance sanctions in 1995-96 aggregated to Rs. 2411.0 crores, recording 2314.6 percent increase over the base year i.e. 1976-77.

State Industrial Development Corporation's (SIDCs) total assistance sanctions rose to Rs. 1894.6 crores in 1995-96 from a small amount of Rs. 157.6 crores in 1979-80, showing an overall increase of 1031.9 percent. The assistance sanctions in backward areas in 1979-80 was Rs. 99.1 crores which rose to Rs. 713.5 crores in 1995-96, registering an overall rise of 686.5 percent which is about six
fold increase, just in a period of sixteen years, while in non-backward areas the assistance sanctions was Rs. 58.5 crores in 1979-80 has gone up to Rs. 1181.6 crores in 1995-96, constituting a rise of 2018.8 percent.

Tourism Finance Corporation of India's assistance sanctions to backward areas in 1994-95 aggregated to Rs. 24.3 crores, recording an increase of 147.9 percent over the base year i.e. 1989-90. In the the non-backward areas, the amount of assistance sanctions in 1994-95 aggregated to Rs. 190.5 crores, recording a growth of 343 percent over the base year i.e. 1989-90.

RCTC's total assistance sanctions has risen from Rs. 3.7 crores in 1987-88 to Rs. 7.4 crores in 1993-94, recording a growth of 100%, while assistance sanctions to backward areas decreased to Rs. 2.0 crores in 1993-94 from Rs. 2.6 crores in 1987-88, accounting to 30 percent decline rate. In the non-backward areas the growth rate of total assistance sanctions is more than the growth rate of backward areas.

In the foregoing pages role of financial institutions in the development of backward areas and non-backward areas in India has been discussed. In the forthcoming pages role of financial institutions in the development of backward and non-backward areas in Uttar Pradesh has been studied.
Financial Institution's assistance for the development of Backward Areas in Uttar Pradesh

Financial institutions are a ladder of Economics and industrial development of a country. Industrial development in a country depends largely on the supply of finance by various financial institutions, organisations and agencies. In Uttar Pradesh like other states, the industrialists can always raise money for various industrial schemes. The government of India introduced some subsidy scheme for the industrial development in backward areas in August 1971. Under this scheme the financial assistance was offered by the central/state government for new industrial units to be set up in the specified backward districts and for the existing industrial units for undertaking substantial expansion, modernization etc. 1

Sanctions and Disbursement by All Financial Institutions

The following table indicates that the assistance sanctioned to backward areas in Uttar Pradesh by all financial institutions has increased from Rs. 64 crores in 1980-81 to Rs. 1654 crores in 1995-96, which is about twenty five fold increase.

TABLE NO. 16
AFI'S - Assistance sanctions and disbursement to Backward and non-backward Areas in Uttar Pradesh.
(Rs. in crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-Backward Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanc.</td>
<td>Disb.</td>
</tr>
<tr>
<td>1980-81</td>
<td>64</td>
<td>44</td>
</tr>
<tr>
<td>1981-82</td>
<td>82</td>
<td>71</td>
</tr>
<tr>
<td>1982-83</td>
<td>88</td>
<td>81</td>
</tr>
<tr>
<td>1983-84</td>
<td>151</td>
<td>109</td>
</tr>
<tr>
<td>1984-85</td>
<td>587</td>
<td>129</td>
</tr>
<tr>
<td>1985-86</td>
<td>474</td>
<td>280</td>
</tr>
<tr>
<td>1986-87</td>
<td>549</td>
<td>377</td>
</tr>
<tr>
<td>1987-88</td>
<td>418</td>
<td>465</td>
</tr>
<tr>
<td>1988-89</td>
<td>941</td>
<td>446</td>
</tr>
<tr>
<td>1989-90</td>
<td>563</td>
<td>424</td>
</tr>
<tr>
<td>1990-91</td>
<td>633</td>
<td>401</td>
</tr>
<tr>
<td>1991-92</td>
<td>498</td>
<td>525</td>
</tr>
<tr>
<td>1992-93</td>
<td>880</td>
<td>518</td>
</tr>
<tr>
<td>1993-94</td>
<td>1170</td>
<td>645</td>
</tr>
<tr>
<td>1994-95</td>
<td>963</td>
<td>1016</td>
</tr>
<tr>
<td>1995-96</td>
<td>1654</td>
<td>1128</td>
</tr>
<tr>
<td>Total</td>
<td>9715</td>
<td>6679</td>
</tr>
</tbody>
</table>

Simultaneously, the disbursement to backward areas rose from Rs. 44 crores in 1980-81 to Rs. 1128 crores in 1995-96 indicating about twenty five fold increase, (2209 percent).

In the case of non-backward areas the assistance sanctioned had been Rs. 105 crores, in 1980-81 which rose to Rs. 3371 crores in 1995-96, registering an overall increase, (31.5 percent) just in fifteen years. The assistance disbursement rose from Rs. 78 crores in 1980-81 to Rs. 2422 crore in 1995-96 which showing an overall rise of, (306.1 percent). In term of percentage the highest disbursement was in 1980-81 (87 percent) followed by 1987-88 (80 percent), 1981-82 (76 percent).

Sanctions and Disbursement by All India Financial Institutions to Backward Areas

It can be noted from the table No. 17 that the assistance sanctions has increased from Rs. 50 crores in 1980-81 to Rs. 1407 crores in 1995-96, recording a growth rate of 2714 percent. The disbursement in backward areas rose from Rs. 38 crores in 1980-81 to Rs. 993 crores in 1995-96 registering an overall rise of 2513.7 percent.

The assistance sanctioned to non-backward areas went up from Rs. 75 crores in 1980-81 to Rs. 3076
TABLE NO. 17
AIFI’s Assistance sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-Backward Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanctions</td>
<td>Disbursement</td>
</tr>
<tr>
<td>1980-81</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>1981-82</td>
<td>71</td>
<td>62</td>
</tr>
<tr>
<td>1982-83</td>
<td>85</td>
<td>71</td>
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<tr>
<td>1983-84</td>
<td>127</td>
<td>44</td>
</tr>
<tr>
<td>1984-85</td>
<td>528</td>
<td>99</td>
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<tr>
<td>1985-86</td>
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<td>223</td>
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<tr>
<td>1986-87</td>
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<td>325</td>
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<tr>
<td>1987-88</td>
<td>410</td>
<td>433</td>
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<tr>
<td>1988-89</td>
<td>945</td>
<td>415</td>
</tr>
<tr>
<td>1989-90</td>
<td>416</td>
<td>337</td>
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<tr>
<td>1990-91</td>
<td>556</td>
<td>368</td>
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<tr>
<td>1991-92</td>
<td>421</td>
<td>470</td>
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<tr>
<td>1992-93</td>
<td>802</td>
<td>453</td>
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<tr>
<td>1993-94</td>
<td>1163</td>
<td>619</td>
</tr>
<tr>
<td>1994-95</td>
<td>770</td>
<td>899</td>
</tr>
<tr>
<td>1995-96</td>
<td>1407</td>
<td>993</td>
</tr>
<tr>
<td>Total</td>
<td>8677</td>
<td>5849</td>
</tr>
</tbody>
</table>

crores in 1995-96, accounting a growth rate of 4001%.

The disbursement to non-backward areas rose from Rs. 70 crores in 1980-81 to Rs. 1396 crores in 1995-96 registering an overall rise of 1894 Percent.

The difference in sanctions and disbursement during the period 1991-92 and 1994-95, had been higher i.e. 106 percent, 112 percent and 117 percent respectively. In 1984-85, 1983-84 and 1988-89, the disbursement claimed a share of more than fifty percent of total assistance sanctioned to backward areas. However, it can be said that there had been a steady growth in the disbursement of financial assistance for the development of backward areas in Uttar Pradesh.

Sanctions and disbursement by IDBI to Backward Areas

The data set out in table No.18 indicates that by the end of 1996, Industrial Development Bank of India's total assistance sanctions to backward areas amount was Rs. 3705 crores of which Rs. 2725 crores has been disbursed i.e., (73.6 percent) to the backward areas. It is pertinent to note that the share of disbursement to assistance sanctioned has been spectacular during the years i.e., 113 percent and 180 in 1987-88, 147 Percent in 1981-82 and 180
TABLE NO. 18

IDBI’S Assistance sanctions and Disbursement to backward Areas and Non-backward Areas in Uttar Pradesh.

(Rs. in crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-Backward Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sanctions</td>
<td>Disbursement</td>
</tr>
<tr>
<td>1985-86</td>
<td>206</td>
<td>126</td>
</tr>
<tr>
<td>1986-87</td>
<td>305</td>
<td>215</td>
</tr>
<tr>
<td>1987-88</td>
<td>263</td>
<td>298</td>
</tr>
<tr>
<td>1988-89</td>
<td>246</td>
<td>264</td>
</tr>
<tr>
<td>1989-90</td>
<td>254</td>
<td>199</td>
</tr>
<tr>
<td>1990-91</td>
<td>231</td>
<td>152</td>
</tr>
<tr>
<td>1991-92</td>
<td>139</td>
<td>204</td>
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<td>1992-93</td>
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<td>226</td>
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<tr>
<td>1993-94</td>
<td>514</td>
<td>309</td>
</tr>
<tr>
<td>1994-95</td>
<td>209</td>
<td>379</td>
</tr>
<tr>
<td>1995-96</td>
<td>730</td>
<td>353</td>
</tr>
</tbody>
</table>

Total 3705 2725 73 4727 2604 55

It can also be noted from the table that IDBI sanctions a total of Rs. 4727 crores of which Rs. 2604 crores assistance was disbursed i.e. (55.8 percent) to the non-backward areas.

From the foregoing analysis it can be concluded that the share of disbursement assistance to assistance sanctioned to backward areas was more than the assistance disbursement to assistance sanctioned to non-backward areas.

Assistance Sanctions and Disbursement by IFCI to backward areas

The magnitude of IFCI assistance to backward and non-backward areas in Uttar Pradesh can be seen from the data presented in the table No. 19. It can be noted from the table that the total amount sanctioned by IFCI was Rs. 4162 crores and disbursement was Rs. 3046 crores. Where as the sanctions and disbursement to industries in backward areas were Rs. 1637 crores and Rs. 1215 crores respectively. The share of backward areas in sanctions and disbursement was 39.3 percent and 39.8 percent accordingly, and the share of non-backward areas was 60.7 percent sanctioned and 60.2 percent disbursement respectively.
TABLE NO. 19

IFCI's Assistance Sanctions and Disbursement to Backward and Non-backward Areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanc-</td>
<td>Disb-</td>
</tr>
<tr>
<td></td>
<td>ctions</td>
<td>urs-</td>
</tr>
<tr>
<td>1980-81</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>1981-82</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>1983-84</td>
<td>29</td>
<td>17</td>
</tr>
<tr>
<td>1984-85</td>
<td>30</td>
<td>16</td>
</tr>
<tr>
<td>1985-86</td>
<td>68</td>
<td>63</td>
</tr>
<tr>
<td>1986-87</td>
<td>88</td>
<td>43</td>
</tr>
<tr>
<td>1987-88</td>
<td>57</td>
<td>48</td>
</tr>
<tr>
<td>1988-89</td>
<td>197</td>
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<td>1990-91</td>
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<td>1991-92</td>
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<td>1992-93</td>
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<td>1993-94</td>
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<tr>
<td>1994-95</td>
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<td>260</td>
</tr>
<tr>
<td>1995-96</td>
<td>308</td>
<td>284</td>
</tr>
<tr>
<td>Total</td>
<td>1637</td>
<td>1215</td>
</tr>
</tbody>
</table>

Thus, it can be observed that the assistance sanctioned to backward areas has increased during the nine years followed by some decreased, whereas the assistance disbursement in backward areas has sometime decreased and sometime increased in all the years, but on a close scrutiny it has been revealed that percentage wise in backward and non-backward areas these have haphazard position.

From the foregoing discussion, it can be concluded that industrial Finance Corporation of India played a significant role in the development of industrially backward districts of Uttar Pradesh.

**Assistance sanctions and Disbursement by ICICI to Backward Areas**

Table No. 20 shows the yearwise distribution of financial assistance sanctioned by ICICI to industries in backward areas. In the years 1993-94, 1994-95, 1988-89,1992-93, 1990-91 and 1995-96 were the major beneficary years of ICICI's backward areas assistance sanctioned.

These six years together received Rs. 1473 crores out of which Rs. 1997.4 crores was for backward areas. Therefore these six years received 7.02 poercent of total backward areas assistance, the
**TABLE NO. 20**

ICICI’S Assistance Sanctions and Disbursement to Backward and non-Backward areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Backward Areas Sanctions</th>
<th>Backward Areas Disbursement</th>
<th>%Age Sanctions</th>
<th>Non-Backward Areas Sanctions</th>
<th>Non-Backward Areas Disbursement</th>
<th>%Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>4.2</td>
<td>3.0</td>
<td>71</td>
<td>10.8</td>
<td>18</td>
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<tr>
<td>1981-82</td>
<td>7.2</td>
<td>5.8</td>
<td>81</td>
<td>5.8</td>
<td>11.2</td>
<td>193</td>
</tr>
<tr>
<td>1982-83</td>
<td>7.0</td>
<td>4.8</td>
<td>69</td>
<td>11</td>
<td>4.2</td>
<td>38</td>
</tr>
<tr>
<td>1983-84</td>
<td>15</td>
<td>5.3</td>
<td>35</td>
<td>9</td>
<td>6.7</td>
<td>74</td>
</tr>
<tr>
<td>1984-85</td>
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<td>13</td>
<td>62</td>
<td>19</td>
<td>13</td>
<td>68</td>
</tr>
<tr>
<td>1985-86</td>
<td>76</td>
<td>27</td>
<td>36</td>
<td>09</td>
<td>11</td>
<td>122</td>
</tr>
<tr>
<td>1986-87</td>
<td>122</td>
<td>47</td>
<td>39</td>
<td>26</td>
<td>19</td>
<td>73</td>
</tr>
<tr>
<td>1987-88</td>
<td>77</td>
<td>70</td>
<td>91</td>
<td>27</td>
<td>23</td>
<td>85</td>
</tr>
<tr>
<td>1988-89</td>
<td>205</td>
<td>61</td>
<td>30</td>
<td>41</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>1989-90</td>
<td>98</td>
<td>68</td>
<td>69</td>
<td>42</td>
<td>11</td>
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<tr>
<td>1990-91</td>
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<tr>
<td>1991-92</td>
<td>97</td>
<td>95</td>
<td>98</td>
<td>55</td>
<td>48</td>
<td>87</td>
</tr>
<tr>
<td>1992-93</td>
<td>198</td>
<td>75</td>
<td>38</td>
<td>154</td>
<td>59</td>
<td>38</td>
</tr>
<tr>
<td>1993-94</td>
<td>341</td>
<td>185</td>
<td>54</td>
<td>351</td>
<td>104</td>
<td>30</td>
</tr>
<tr>
<td>1994-95</td>
<td>292</td>
<td>227</td>
<td>78</td>
<td>357</td>
<td>20</td>
<td>06</td>
</tr>
<tr>
<td>1995-96</td>
<td>306</td>
<td>297</td>
<td>97</td>
<td>748</td>
<td>142</td>
<td>18</td>
</tr>
</tbody>
</table>

Total 1997.4 1250.9 62 2627.6 715.1 27

**Source:** Report on Development Banking in India, IDBI, Bombay, various Issue from 1980-96.
individual share being 17.1%, 14.6%, 10.2%, 10.1%, 6.5%, 15.2% respectively. While in disbursement assistance to the backward areas during these six years together received Rs. 912 crores out of Rs. 1250.9 crores of the total backward areas disbursement. Therefore these six years received 72.96 percent of total backward areas disbursement, the individual share being 14.8%, 18%, 4.1%, 6.0%, 5.0%, 23.8% respectively.

It can also be noted that assistance sanctioned to Uttar Pradesh by ICICI has gone up from Rs. 10.8 crores in 1980-81 to Rs. 748 crores in 1995-96, while it has increase 68 times in just sixteen years. The assistance disbursement to non-backward areas increased to Rs. 142 crores in 1995-96 from Rs. 18 crores in 1980-81, which shows an eight fold increase over the years.

This leads to a conclusion that ICICI has disbursed an handsome amount of assistance fore the development of industries in backward areas of Uttar Pradesh.

**Assistance Sanctions and Disbursement by IRBI to Backward Areas**

Table No.21 gives a picture of assistance sanctioned and disbursement to the backward and non-
TABLE NO. 21

IRBI's Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-backward Areas</th>
</tr>
</thead>
</table>
|        | Sancti- | Disbur- | Sancti- | Disbur-
|        | oned    | sement  | oned    | sement  |
|        | in %age |         | in %age |         |
| 1984-85 | 04     | 03       | 75      | 06      | 01      | 17 |
| 1985-86 | 04     | 03       | 75      | 06      | 02      | 33 |
| 1986-87 | 08     | 03       | 37      | 07      | 05      | 71 |
| 1987-88 | 04     | 04       | 100     | 10      | 10      | 62 |
| 1988-89 | 06     | 03       | 50      | 10      | 10      | 100 |
| 1989-90 | 06     | 04       | 67      | 03      | 06      | 200 |
| 1990-91 | 04     | 05       | 75      | 14      | 09      | 64 |
| 1991-92 | 14     | 06       | 43      | 16      | 10      | 63 |
| 1992-93 | 14     | 12       | 86      | 03      | 05      | 33 |
| 1993-94 | 10     | 07       | 70      | 25      | 05      | 20 |
| 1994-95 | 08     | 05       | 60      | 33      | 31      | 106 |
| 1995-96 | 08     | 08       | 100     | 44      | 11      | 25 |

Total 90 63 70 183 105 57

Source: Report on Development Banking in India, IDBI, Bombay, various issues from 1984-96.
backward areas in Uttar Pradesh. The assistance sanctioned has gone up from Rs. 4 crores in 1984-85 to Rs. 8 crores in 1995-96 representing an overall rise of 100 percent. The assistance disbursement in backward areas moved up from Rs. 3 crores in 1984-85 to Rs. 8 crores in 1994-95 registering an overall increase of 176 percent.

The assistance sanctioned to non-backward areas increased from Rs. 6 crores in 1984-85 to Rs. 44 crores in 1995-96 accounting a growth rate of 630 percent. The assistance disbursement to non-backward areas increased to Rs. 31 crores in 1994-95 from Rs. 1 crores in 1984-85 registering an overall rise of 3100 percent. In 1987-88, 1995-96, 1992-93 and 1990-91 the share of disbursement assistance to assistance sanctioned has been 100%, 100%, 86% and 75% respectively. However, it can be said that there has been a steady growth of disbursement of loan for the promotion of industries in the backward areas of Uttar Pradesh.

**Assistance Sanctions and Disbursement by SIDBI to backward areas**

SIDBI's assistance sanctioned and disbursement to backward and non-backward areas can be studied from the facts and figures set out in table No. 22. This table indicates that the assistance sanctioned
TABLE NO. 22

SIDBI'S Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.

(Rs. in crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Sanctions</th>
<th>Disbursement</th>
<th>Actual disbursement</th>
<th>Sanctions</th>
<th>Disbursement</th>
<th>Actual disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>in %age</td>
<td></td>
<td></td>
<td>in %age</td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>83</td>
<td>79</td>
<td>95</td>
<td>107</td>
<td>77</td>
<td>72</td>
</tr>
<tr>
<td>1991-92</td>
<td>97</td>
<td>96</td>
<td>99</td>
<td>113</td>
<td>41</td>
<td>36</td>
</tr>
<tr>
<td>1992-93</td>
<td>77</td>
<td>46</td>
<td>64</td>
<td>150</td>
<td>98</td>
<td>65</td>
</tr>
<tr>
<td>1993-94</td>
<td>48</td>
<td>46</td>
<td>94</td>
<td>104</td>
<td>115</td>
<td>89</td>
</tr>
<tr>
<td>1994-95</td>
<td>47</td>
<td>27</td>
<td>57</td>
<td>177</td>
<td>146</td>
<td>82</td>
</tr>
<tr>
<td>1995-96</td>
<td>55</td>
<td>50</td>
<td>90</td>
<td>295</td>
<td>277</td>
<td>93</td>
</tr>
<tr>
<td>Total</td>
<td>407</td>
<td>344</td>
<td>84</td>
<td>946</td>
<td>754</td>
<td>79</td>
</tr>
</tbody>
</table>

Source :- Report on development Banking in India, IDBI, Bombay, various issues from 1989-96.
to backward areas a declined to Rs. 55 crores in 1995-96 from Rs.83 crores in 1990-91. The assistance disbursement has also declined from Rs.79 croses in 1990-91, to Rs. 50 crores in 1995-96.

In the case of non-backward areas the assistance sanctioned shows a growth rate of 39.5 percent in 1995-96 over 1990-91 as against the growth rate of 47.3 percent in assistance disbursement during the same period. In terms of percentage the highest disbursement was 99 percent in 1991-92 followed by 95 percent 1990-91 in the backward areas. Thus it can be said that the assistance sanctioned and disbursement to backward Areas is declining from base years to current years. It will noted be wrong to say that SIDBI's could not play a significant role in the growth and development of industries in backward areas of Uttar Pradesh.

Sanctions and Disbursement by LIC to backward areas

The assistance sanctions and disbursement by Life Insurance Corporation (LICs) during 1986-96 can be studied from table No. 23. The table reveals that during 1993-94 assistance sanctioned to backward areas amounted to Rs. 4 crores registered a growth rate of 3900 percent over 1986-87. The disbursement to backward areas during the same period accounted
TABLE NO. 23
LIC’s Assistance Sanctions and Disbursement to Backward and Non-Backward areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th></th>
<th>Non-Backward Areas</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanctions</td>
<td>Disbursement</td>
<td>Actual Disbursement in %age</td>
<td>Sanctions</td>
</tr>
<tr>
<td>1986-87</td>
<td>0.1</td>
<td>9.0</td>
<td>8900</td>
<td>8.9</td>
</tr>
<tr>
<td>1987-88</td>
<td>6.7</td>
<td>9.5</td>
<td>142</td>
<td>2.3</td>
</tr>
<tr>
<td>1988-89</td>
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<td>2.5</td>
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<td>1990-91</td>
<td>0.3</td>
<td>1.5</td>
<td>600</td>
<td>10.7</td>
</tr>
<tr>
<td>1991-92</td>
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<td>1.0</td>
<td>100</td>
<td>31.0</td>
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<td>1992-93</td>
<td>1.2</td>
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<td>00</td>
<td>23.8</td>
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<tr>
<td>1993-94</td>
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<td>1994-95</td>
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<td>---</td>
</tr>
<tr>
<td>1995-96</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Total</td>
<td>15.1</td>
<td>25.5</td>
<td>169</td>
<td>231.9</td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay various Issues from 1986-96.
for about 800 percent, that is, from Rs. 9 crores in 1986-87 to Rs. 1 crores in 1991-92.

In the case of share of non backward areas in total sanctions and disbursement, it is striking to note that the trends are encouraging in the growth rate. The assistance sanctioned rose from Rs. 8-9 crores in 1986-87 to Rs. 122 crores in 1993-94, indicating an overall rise of 1270 percent. The assistance disbursement has been risen from Rs. 14 crores in 1986-87 to Rs. 23 crores in 1993-94, accounting 39.1 percent growth rate.

From the foregoing analysis it can be concluded that over the period of time, LIC’s paid a little attention to growth and development of backward areas.

Sanctions and Disbursement by UTI to backward areas

The table No. 24 shows the assistance sanctioned to backward areas in Uttar Pradesh by UTI’s. It rose from Rs. 0.2 crores in 1993-94, which is fifteen times higher in the period of fourteen years. The assistance disbursement to backward areas has gone up from Rs. 0.4 crores in 1981-82 to Rs. 1.6 crores in 1993-94, which shows a four fold increase during the period under study.
TABLE NO. 24

UTI’s Assistance Sanctions and Disbursement to Backward and Non-Backward areas in Uttar Pradesh.

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Non-Backward Areas</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sanctions</td>
<td>Disbursement</td>
<td>in %age</td>
<td>Sanctions</td>
<td>Disbursement</td>
<td>in %age</td>
<td></td>
<td></td>
<td></td>
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<td>--------------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1980-81</td>
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<td>--</td>
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<td>.2</td>
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<td></td>
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</tr>
<tr>
<td>1981-82</td>
<td>.04</td>
<td>0.4</td>
<td>900</td>
<td>.07</td>
<td>.8</td>
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<tr>
<td>1982-83</td>
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<td>--</td>
<td>--</td>
<td>1.6</td>
<td>.09</td>
<td>6</td>
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<tr>
<td>1983-84</td>
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<td>.04</td>
<td>100</td>
<td>5.6</td>
<td>.26</td>
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<td>1987-88</td>
<td>5.3</td>
<td>5</td>
<td>96</td>
<td>129.7</td>
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<td>31</td>
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</tr>
<tr>
<td>1988-89</td>
<td>7.3</td>
<td>10</td>
<td>137</td>
<td>188</td>
<td>130</td>
<td>69</td>
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<td>1989-90</td>
<td>75</td>
<td>13</td>
<td>17</td>
<td>97.5</td>
<td>52</td>
<td>53</td>
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<td>1990-91</td>
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<td>80.7</td>
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<td>128</td>
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<td>1993-94</td>
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<td>.47</td>
<td>143</td>
<td>14.41</td>
<td>10</td>
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<tr>
<td>1994-95</td>
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</tr>
<tr>
<td>1995-96</td>
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<td>--</td>
<td>--</td>
<td></td>
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</tr>
<tr>
<td>Total</td>
<td>129.34</td>
<td>52.14</td>
<td>40</td>
<td>935.17</td>
<td>576.17</td>
<td>62</td>
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</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, various issues from 1980-96.
The assistance sanctioned to non backward areas in Uttar Pradesh by UTI’s has risen from Rs. 0.07 crores in 1981-82 to Rs. 143 crores in 1993-94. The assistance disbursement to non backward areas was Rs. 14.4 crores in 1993-94 which rose from Rs. 2 crores in 1980-81, which shows seventy two times increased in the period of fourteen years.

From the foregoing discussion it can be summed up that unit trust of India did not play a significant role in the development of Industries of backward areas in Uttar Pradesh.

Assistance Sanctions and Disbursement by GIC to backward areas

Table No. 25 provides statistical information regarding assistance sanctioned and disbursement to areas and non backward areas in Uttar Pradesh by GIC’s during the period 1982 to 1989-90. Table shows that in 1982-83 the sanction amount was Rs. 30 crores but there was no disbursement in the respective years. There were lot of fluctuation in the sanction and disbursement of loan in the backward areas.

Thus, one can say that GIC’s did not pay more attention development in backward areas in Uttar Pradesh. It is also observed that the assistance
### TABLE NO. 25

GIC's Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th></th>
<th>Backward Areas</th>
<th></th>
<th>Non-Backward Areas</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Sanc-</td>
<td>Actual Disbu-</td>
<td>Sanctioned</td>
<td>Disbursement %age</td>
</tr>
<tr>
<td></td>
<td>tioned</td>
<td>tioned</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td>30</td>
<td>--</td>
<td>420</td>
<td>45</td>
</tr>
<tr>
<td>1983-84</td>
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<td>1984-85</td>
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<td>162</td>
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</tr>
<tr>
<td>1985-86</td>
<td>225</td>
<td>95</td>
<td>32</td>
<td>1293.7</td>
</tr>
<tr>
<td>1986-87</td>
<td>36</td>
<td>250</td>
<td>1694</td>
<td>237</td>
</tr>
<tr>
<td>1987-88</td>
<td>120</td>
<td>120</td>
<td>100</td>
<td>25.4</td>
</tr>
<tr>
<td>1988-89</td>
<td>122</td>
<td>100</td>
<td>82</td>
<td>926</td>
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<tr>
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<td>1</td>
<td>3.3</td>
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<td>10</td>
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<td>1990-91</td>
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<td>--</td>
<td>7</td>
</tr>
<tr>
<td>1991-92</td>
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<td>18</td>
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<td>1992-93</td>
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<td>--</td>
<td>11</td>
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<tr>
<td>1993-94</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>73</td>
</tr>
<tr>
<td>1994-95</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>1995-96</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>571.25</strong></td>
<td><strong>755.3</strong></td>
<td><strong>68</strong></td>
<td><strong>5676.7</strong></td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, various Issues from 1982-96.
sanctioned and disbursement to backward areas were some times increased and some times decreased in all the eight years. Whereas the assistance sanctioned and disbursement to non-backward areas were in the same position as in backward areas.

**Assistance Sanctions and Disbursement by SFC to backward areas**

Table No. 26 furnishes facts and figures regarding the assistance sanctioned and disbursement by SFC's for the backward and non-backward areas during 1980 to 1996. It is pertinent to note that there has been a rise of about 1012 percent in the assistance sanctioned to backward areas in 1995-96 over 1980-81 as against the rise of 1178 percent in assistance disbursement. When compared with the previous year i.e., 1994-95, the assistance sanctioned by SFC's to backward areas registered a growth rate of about 61 percent in 1994-95 as against a growth rate of about 88 percent in the disbursement during the same period. Analysis of share in the total sanctions and disbursement reveals there has been fluctuating trend in backward areas during the period under review.

In the non backward areas the assistance sanctioned in 1995-96 about 578 percent as against 636 percent in assistance disbursement over 1980-81.
### TABLE NO. 26

SFC’s Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th></th>
<th></th>
<th></th>
<th>Non-Backward Areas</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanc-tions</td>
<td>Disburse-ment</td>
<td>%age</td>
<td>Sanc-tions</td>
<td>Disburse-ment</td>
<td>%age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980-81</td>
<td>24</td>
<td>14</td>
<td>58</td>
<td>17</td>
<td>11</td>
<td>65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td>27</td>
<td>16</td>
<td>59</td>
<td>29</td>
<td>16</td>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td>22</td>
<td>16</td>
<td>73</td>
<td>31</td>
<td>22</td>
<td>81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983-84</td>
<td>28</td>
<td>19</td>
<td>68</td>
<td>34</td>
<td>27</td>
<td>79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td>63</td>
<td>35</td>
<td>56</td>
<td>29</td>
<td>19</td>
<td>76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985-86</td>
<td>111</td>
<td>54</td>
<td>49</td>
<td>41</td>
<td>24</td>
<td>59</td>
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<tr>
<td>1986-87</td>
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<td>51</td>
<td>54</td>
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<td>62</td>
<td>77</td>
<td>94</td>
<td>59</td>
<td>63</td>
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</tr>
<tr>
<td>1988-89</td>
<td>112</td>
<td>95</td>
<td>85</td>
<td>67</td>
<td>48</td>
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<td>95</td>
<td>93</td>
<td>78</td>
<td>58</td>
<td>74</td>
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</tr>
<tr>
<td>1990-91</td>
<td>97</td>
<td>63</td>
<td>58</td>
<td>97</td>
<td>59</td>
<td>61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>109</td>
<td>72</td>
<td>66</td>
<td>110</td>
<td>74</td>
<td>67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992-93</td>
<td>74</td>
<td>68</td>
<td>92</td>
<td>85</td>
<td>60</td>
<td>71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td>23</td>
<td>33</td>
<td>57</td>
<td>20</td>
<td>42</td>
<td>210</td>
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<tr>
<td>1994-95</td>
<td>165</td>
<td>95</td>
<td>58</td>
<td>323</td>
<td>81</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>267</td>
<td>179</td>
<td>67</td>
<td>323</td>
<td>211</td>
<td>65</td>
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</tr>
<tr>
<td>Total</td>
<td>1436</td>
<td>983</td>
<td>68</td>
<td>1267</td>
<td>842</td>
<td>66</td>
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<td></td>
</tr>
</tbody>
</table>

Source: Report on Development Banking in India, IDBI, Bombay, various issues from 1980-96.
From the above analysis it can be concluded that SFC’s played a vital role in the development of industries in backward areas in Uttar Pradesh.

SIDC’s assistance sanctions and disbursement to backward areas

Table No. 27 reveals that in all the sixteen years together total sanctions amounted to Rs. 1746 crores and disbursement to 991 crores, out of which sanctions and disbursement to industries in backward areas were Rs. 914 crores and Rs. 586 crores. The share of backward areas in sanctions and disbursement was 52.3 percent and 59.9 percent respectively.

The assistance sanctioned and disbursement in non-backward areas amounted Rs. 832 crores and Rs. 413 crores and the share of percentage of both in non-backward areas have been in hapazard position. This leads to a conclusion SIDC has played an active Role in the development of backward areas.

Assistance Sanctions and Disbursement by TFCI to backward areas

The magnitude of tourism finance corporation of India’s assistance to backward and non backward areas in Uttar Pradesh can be seen from the table No. 28. The total sanctions from 1989 to 1994 was to the tune
**TABLE NO. 27**

SIDC's Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Sanc-</th>
<th>Disbur-</th>
<th>Sanc-</th>
<th>Disbur-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>tioned</td>
<td>ment</td>
<td>tioned</td>
<td>ment</td>
</tr>
<tr>
<td></td>
<td>%age</td>
<td></td>
<td>%age</td>
<td></td>
</tr>
<tr>
<td>1980-81</td>
<td>9</td>
<td>5</td>
<td>56</td>
<td>05</td>
</tr>
<tr>
<td>1981-82</td>
<td>7</td>
<td>6</td>
<td>86</td>
<td>08</td>
</tr>
<tr>
<td>1982-83</td>
<td>7</td>
<td>9</td>
<td>71</td>
<td>10</td>
</tr>
<tr>
<td>1983-84</td>
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<td>75</td>
<td>07</td>
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<tr>
<td>1984-85</td>
<td>32</td>
<td>17</td>
<td>53</td>
<td>15</td>
</tr>
<tr>
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<td>33</td>
</tr>
<tr>
<td>1987-88</td>
<td>67</td>
<td>27</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>1988-89</td>
<td>80</td>
<td>44</td>
<td>55</td>
<td>50</td>
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<td>1990-91</td>
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<td>1991-92</td>
<td>85</td>
<td>60</td>
<td>71</td>
<td>82</td>
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<td>1992-93</td>
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</tr>
<tr>
<td>1994-95</td>
<td>92</td>
<td>66</td>
<td>72</td>
<td>170</td>
</tr>
<tr>
<td>1995-96</td>
<td>66</td>
<td>21</td>
<td>31</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>914</td>
<td>586</td>
<td>64</td>
<td>832</td>
</tr>
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</table>

TABLE NO. 28
TFCI's Assistance Sanctions and Disbursement to Backward and Non-Backward Areas in Uttar Pradesh.

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Backward Areas</th>
<th>Non-Backward Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>disbursement</td>
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</tr>
<tr>
<td></td>
<td>Sanc-</td>
<td>Sanc-</td>
</tr>
<tr>
<td></td>
<td>Disburse-</td>
<td>Disburse-</td>
</tr>
<tr>
<td></td>
<td>tions</td>
<td>%age</td>
</tr>
<tr>
<td></td>
<td>Disburse-</td>
<td>%age</td>
</tr>
<tr>
<td></td>
<td>ment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>%age</td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>1.1</td>
<td>00</td>
</tr>
<tr>
<td>1991-92</td>
<td>2.4</td>
<td>1.2</td>
</tr>
<tr>
<td>1992-93</td>
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<td>1995-96</td>
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<tr>
<td>1996-97</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

of Rs. 208.8 crores of which Rs. 4.4 crores (2.11%) was allotted for backward areas. The disbursement to backward areas was Rs. 5.6 crores - accounting 21.3 percent of the total.

In non-backward areas the sanctions and disbursement amounted to Rs. 204.4 crores and Rs. 21.2 crores respectively. The share of backward areas in the total sanctions was 97.9 percent and in disbursement the share was 78.7 percent. Thus, it can be said TFCI’s did not give proper attention to the development of Industries in back-ward areas in Uttar Pradesh.

**Assistance Sanctions and Disbursement by RCTC to backward areas**

Table No. 29 point out that assistance sanctioned to backward areas in Uttar Pradesh by RCTC’s has risen from Rs. 2 crores in 1989-90 to 1 crores in 1992-93 which is a five folds increase in the period of four years. The assistance disbursement to backward areas has gone up from a meager amount of Rs. 0.1 crores in 1990-91 to Rs. 0.3 crores in 1993.94, which shows a three fold increase during the period of four years.

The assistance sanctioned to non-backward areas in Uttar Pradesh by RCTC’s has increase slightly from
TABLE NO. 29
RCTC’s Assistance sanctions and Disbursement to Backward and Non-backward Areas in Uttar Pradesh.
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Sanc-</th>
<th>Disburse-</th>
<th>Actual Sanc-</th>
<th>Disburse-</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>tions</td>
<td>ment</td>
<td>disburse-</td>
<td>tions</td>
<td>disburse-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>%age</td>
<td>ment %age</td>
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<td>%age</td>
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<tr>
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<td>0.2</td>
<td>--</td>
<td>--</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>1990-91</td>
<td>0.2</td>
<td>0.1</td>
<td>50</td>
<td>1.1</td>
<td>0.6</td>
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<td>1991-92</td>
<td>--</td>
<td>0.2</td>
<td>--</td>
<td>2.3</td>
<td>1.1</td>
</tr>
<tr>
<td>1992-93</td>
<td>1.0</td>
<td>0.6</td>
<td>54</td>
<td>3.3</td>
<td>2.7</td>
</tr>
<tr>
<td>1993-94</td>
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<td>0.3</td>
<td>100</td>
<td>1.6</td>
<td>1.9</td>
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<tr>
<td>1995-96</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>1.4</td>
<td>1.2</td>
<td>90</td>
<td>8.4</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Rs. 1 crore in 1989-90 to Rs. 1.6 crores in 1993-94, which is sixteen times increased just in five years. The assistance disbursement to non-backward areas Rs. 1.9 crores in 1993-94, from Rs. .6 crore was in 1989-90, which shows three fold increase in the period of five years.

Thus, it can be concluded that RCTCs could not play a vital role in the development of backward areas in Uttar Pradesh.

CONCLUSION:

From the foregoing analysis, it can be concluded that the All Financial Institutions (AFI), All India Financial Institutions (AIFI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit Investment Corporation of India (ICICI), Industrial Reconstruction Bank of India (IRBI), Small Industries Development Bank of India (SIDBI), State Financial Corporation (SFC), State Industrial Development Corporation (SIDC) played a vital role in the development of backward areas in Uttar Pradesh.

The All Financial Institution's assistance to backward areas has increased from Rs. 64 crores in
1980-81 Rs. 1654 crores in 1995-96 showing an overall rise of 1404 percent. Simultaneously, the disbursement rose from Rs. 44 crores in 1980-81 to Rs. 1128 crores in 1995-96 indicating an overall increase of 2209 percent.

The All India Financial Institution's assistance sanctions to backward areas was Rs. 50 crores in 1980-81 which rose to Rs. 1407 crores in 1995-96, accounting an increase of 2714 percent, similarly the disbursement of assistance to backward areas moved up from Rs. 38 crores in 1980-81 to Rs. 993 crores in 1995-96, recording a growth rate of 2265.7 percent.

Industrial Finance Corporation's assistance sanctions and disbursement to backward areas, was Rs. 7 crores and Rs. 4 crores in 1980-81, which went up to Rs. 308 crores and Rs. 284 crores in 1995-96, indicating a rise of 3541% and 8513% respectively.

ICICI's assistance sanctions to backward areas has gone up from Rs. 4.2 crores in 1980-81 to Rs. 306 crores in 1995-96, it has increased 70 times just in sixteen years. The assistance disbursement increased to Rs. 297 crores in 1995-96 from Rs. 3 crores in 1980-81, which shows 75 fold increase in
the period of sixteen years.

IRBI's total assistance sanctions in backward areas has risen from Rs. 4 crores in 1984-85 to Rs. 8 crores in 1995-96 recording a growth rate of 100 percent. While the assistance disbursement in backward areas moved up from Rs. 3 crores in 1984-85 to Rs. 8 crores in 1995-96 registering 100 percent growth rate.

SIDBI's assistance sanctions to backward areas registered a declining trend of 39.4 percent in 1995-96 over 1990-91. The share assistance has also declined by approximately 45.8% during the period understudy, i.e. from Rs. 79 crores in 1990-91 to Rs. 50 crores in 1995-96.

Life Insurance Corporation's (LIC) assistance sanctions to backward areas amounted Rs. 4 crores registering a growth rate of 3900 percent over 1986-87. While the declining trend, registered in assistance disbursement to backward areas during the same period, accounted for about 800 percent declined, that is from Rs. 9 crores in 1986-87 to Rs. 1 crores in 1991-92.
State Financial Corporation's (SFCs) assistance sanctions rose about 587 percent in 1995-96 over 1980-81 as against the rise of 829 percent in assistance disbursement during the same period. In all the fifteen years from 1980-81 to 1995-96 together total sanctions amounted to Rs. 1621 crores and disbursement Rs. 914 crores out of which sanctions and disbursement to industries in backward areas were Rs. 848 crores and Rs. 565 crores. The share of backward areas in sanctions and disbursement was 52.3 percent and 61.8 percent respectively.

The other institution i.e. Unit Trust of India (UTI), General Insurance Corporation (GIC), Tourism Finance Corporation of India (TFCI) and Risk Capital & Technology Corporation Ltd. (RCTC) not play any significant role in the promotion of industries in backward areas of Uttar Pradesh.

In the foregoing pages the role of financial institution in the development of backward areas in India and Uttar Pradesh have been discussed. In this context to make the study more meaningful and result oriented the succeeding chapter has been devoted to examine the growth of industrial development in backward district in Uttar Pradesh.
CHAPTER V
CHAPTER V

INDUSTRIAL DEVELOPMENT OF BACKWARD AREAS IN UTTAR PRADESH - AN ANALYTICAL REVIEW

The industrialisation of backward areas is one among the many tools available for balanced regional development, and policies have to be carefully and selectively formulated and implemented. The strategy of industrial development has been a matter of debate for quite sometime. There has been a feeling that while the incentive scheme have brought about some significant changes in the location of industries, the overall results have fallen short of the expectations.¹

The industrial development in backward areas, which includes parts of central and eastern Uttar pradesh, forms a major part of the policies implemented by the state government. Investment have been planned in major as well as other sectors in these areas. However additional measures are required to help these areas catch up with the developed region in the state as a much wider gape exists between the two encouragement is being given to the private sector to join hands with the government to develop these areas. Some private houses have already been roped in for the purpose.²

CONCEPT OF INDUSTRIAL DEVELOPMENT:

Hunker H.L. differentiated the term i.e. Economic Development and Industrial Development, as Economic development is a generic term which embraces all forms of economic activity that to serve to further development of a given potential or spatial unit, industrial development is more specific in its cannotation and use. ¹

Industrialisation has been defined as a process which accelerate economic growth; affects structural changes in the economy, particularly in respect of resource utilisation, income generation, occupational pattern, population distribution and induces social changes. This is in a vary process of deepening as well as widening of capital. A.H. Hansen² defines the deepening process as one, "where more capital is used per unit of output, while the widening process means that capital formation grows with the increase in out of final goods".

Pei.Kang³ defines, "industrialisation as a

process in which changes of a serious of strategical production functions are taking place. He analyses the concept of production function by referring to the history of past centuries. During this period strategical innovations have been brought into being and intensified process a process which is termed as industrialisation. Industrialisation is also termed as process in which the economic gains of industrial progress are continuously created and wholly or partly realised.

In the Marxist economic literature the term industrialisation is used to mean two things. In the narrow sense it is applied to establishing and developing the production of the means of production and in the broader sense it signifies the transfer of economy to industrial methods of production. These two meanings thus, refer to the initial and concluding stages of industrialisation.

From the above definitions it is clear that industrialisation is a process which increase national income and bring about structural changes in the economy. Changes in the occupational structure of the population causes rural - urban redistribution of population.

CONSEQUENCES OF INDUSTRIALISATION

A study of the consequences of Industrial Development is necessary to know the points of friction and adjust the speed or direction of investment and to take remedial measures to increase the effectiveness of the process in achieving its real object viz., raising the standard of living and increase the human welfare. Some of the consequences of Industrialisation may be summed as below:

1. **Structural Changes**:

   Industrialisation leads to an increase in number of persons engaged in secondary industry namely manufacturing and construction sector. The rate of growth of factory employment is related not only to the expansion of industrial output also to the establishment of new industries. The expansion of secondary industry results in relative increase in number of wage earners. The changing structure of the economy makes it difficult to synchronise the budget as a whole and capital expenditure in particular with the diversified pattern of private consumption. During the period of industrulisation there may be
time by between establishment of factories in urban areas and making investment in transport, housing, school, hospitals and sanitation. It may lead to deterioration in urban environment creation of slum conditions and consequent reduction in standard of living.¹

2. **Economic Growth**

Industrialisation increase the national income and standard of living of the people. This is mainly due to increased employment opportunities. Industrialisation is an efforts in which there is a hope of finding solutions to the problem of poverty, over population. As Gunner Myrdal² observes, "manufacturing industry represents, in a sense, a higher stage of production. In advanced countries, the development of manufacturing industry has been concomitant with these countries spectacular economic progress and rise in levels of living; many of its products are indeed symbolic of a high living standard. Industrialization, and the growth of that part of working population that is engaged in

industry is, therefore, means of rising national income per capita. In a country like India with a high ratio of population to natural resources, manufacturing industry represents the only hope of increasing the labour productivity and raising the level of living.

(3) **Generation of Employment**:

Industrial development of country or a state helps to solve the unemployment problem. Since India is primarily an agricultural country it is said that agricultural sector of the underdeveloped country is characterised by the existence of surplus labour. Industrial development opens up avenues for employing the surplus labour force. Rapid industrialisation is required for the state or a country having heavy population.

(4) **Higher Productivity**:

Industrialisation helps to increase the productivity of the economy. The higher productivity of the industrial sector enables payment of better wages to the industrial workers.
(5) **Agriculture Development**

There is a close interconnection between agriculture and the industry as the development of one promotes the development of the other. The National Commission on Agriculture\(^1\) observes that the interdependence is becoming stronger as the economy is developing. The application of science and technology in agriculture induces innovation in respect of industrial products which are used for agricultural production. Industrial sector assist the development of agricultural sector. For many of the inputs like fertilisers, diesel engines, pumpsets, pesticides etc., agriculture has to depend on industry.

(6) **Development of Foreign Trade**

With Industrialisation the nature of foreign of foreign trade of a country may also undergo a change. Industrial development leads to a change in the composition and direction of foreign trade. The share of manufacturer in the total export might also increase. Industrial development makes the balance of payment of the country favourable. The effect of industrialisation on balance of payment will depend

on the extent to which import substitution takes place and domestic demands are met out of domestic production, generation of employment surplus.

(7) Social Change:

Occupational distribution of population, improvement in communication and the educational levels might cause social changes.

FACTORS CONTRIBUTING TO INDUSTRIALISATION

Industrial development depends on a number of factors. Some of them are:

1. Entrepreneurship:

Entrepreneurship is one of the most important factor of industrialisation. Inspite of all the other factors available industrialisation is not possible without entrepreneurship. This is one of the main factors inhibiting industrial development.

2. Capital:

The manufacturing sector is very capital intensive and the heavy industries requires huge
capital investment. Availability or capital on easy term is essential for industrial development. domestic capital may be supplemented with foreign capital to speed up industrialisation.

3. **Labour**:

The supply of labour is important factor required for industrialisation. In India there is abundant labour supply but there is a scarcity of skilled labour.

4. **Infrastructure**:

The availability of good infrastructural facility is an important factor for rapid industrialisation. If the infrastructure is poor the Government will have to take necessary steps for its proper development. Infrastructural bottlenecks cripple even the existing industries.

5. **Agricultural Development**:

The Industrial Development of a country or state depends on the development of agricultural sector. Agriculture helps the industry not only by meeting some of its raw-material requirements but also by providing market for the industrial products. In a
country like India, where majority of population depends on agriculture, the industrial development depends to a greater extent on the increase in the income of the population.

6. Geographic Factors:

Climatic conditions also play a role in the industrial development. Some industries require particular weather conditions for their growth.

7. Market:

Industries cannot develop unless there is market for output. Industrial development depends on the extent of the market. The market need not be confined to domestic product.

8. Natural Resources:

Natural resources also play a dominant role in the industrial development. If a country or state is endowed with natural resources, it will be definitely better in respect of industrial development. The important natural resources for industrial development are:
(a) **Mineral Resources:**

A number of industries requires mineral and a country richly endowed with mineral resources has good industrial development.

(b) **Energy:**

The development of industry depends on the energy resources. The most important energy resources are coal, water petroleum and uranium. Power shortage has been a serious factor hampering the industrial development.

(c) **Forests:**

The forest resources are base for a number of industries. Forests forms about 23 percent of the land area of India. This is substantially lower than the norm that about one-third of the area should be covered by forests.

(d) **Water:**

Development of hydroelectric power depends on the water resources. Abundant supply of water is required for the development of industries like paper etc.
After discussing the concept of industrial development, consequences of industrial development, and factors contributing to industrial development in general, it has been a paramount importance to study the industrial development in the backward areas of Uttar Pradesh. The same has been discussed in the following pages.

Small Scale Industries Development in backward district of category 'A'

The small scale industries which have been established in backward areas specified in the eighth schedule to the income tax act and which produce or manufacture any article or things in backward areas are entitled to the benefit of deduction from gross total income to the extent of 20 percent of their profit and gains.¹ On June, 1997, the small scale industries include all industrial unit capital investment limits was raise from Rs. 35 lakhs to 1 crore.

The table No. 1 shows the number of units, investment and employment in small scale industries

Table No. 1

Number of Small Scale Industries, Investment, Subsidy on Investment, employment in backward district of Category 'A'

(Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment</th>
<th>Subsidies on Investment*</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banda</td>
<td>2292</td>
<td>13.36</td>
<td>2.8</td>
<td>6591</td>
</tr>
<tr>
<td>Fatehpur</td>
<td>2620</td>
<td>8.72</td>
<td>1.7</td>
<td>11256</td>
</tr>
<tr>
<td>Hamirpur</td>
<td>665</td>
<td>8.99</td>
<td>1.8</td>
<td>1980</td>
</tr>
<tr>
<td>Jalaun</td>
<td>1633</td>
<td>15.75</td>
<td>3.1</td>
<td>6974</td>
</tr>
<tr>
<td>Sultanpur</td>
<td>4664</td>
<td>24.76</td>
<td>5.0</td>
<td>17836</td>
</tr>
<tr>
<td>Kanpur Dehat</td>
<td>4673</td>
<td>27.79</td>
<td>5.0</td>
<td>25071</td>
</tr>
<tr>
<td>Almora</td>
<td>3480</td>
<td>5.34</td>
<td>1.1</td>
<td>12266</td>
</tr>
<tr>
<td>Chamoli</td>
<td>1962</td>
<td>8.69</td>
<td>1.7</td>
<td>4889</td>
</tr>
<tr>
<td>Pauri Garhwal</td>
<td>2001</td>
<td>10.45</td>
<td>2.1</td>
<td>6800</td>
</tr>
<tr>
<td>Tehri , ,</td>
<td>1895</td>
<td>13.56</td>
<td>2.7</td>
<td>6258</td>
</tr>
<tr>
<td>Uttar Kashi</td>
<td>1511</td>
<td>5.38</td>
<td>1.1</td>
<td>4614</td>
</tr>
<tr>
<td>Pithoragarh</td>
<td>1348</td>
<td>5.13</td>
<td>1.0</td>
<td>3505</td>
</tr>
<tr>
<td>Chhardun</td>
<td>1775</td>
<td>24.76</td>
<td>5.0</td>
<td>7096</td>
</tr>
<tr>
<td>Nainital</td>
<td>3284</td>
<td>41.38</td>
<td>8.3</td>
<td>11252</td>
</tr>
<tr>
<td>Jaunpur</td>
<td>3634</td>
<td>45.24</td>
<td>9.0</td>
<td>16129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37437</strong></td>
<td><strong>259.30</strong></td>
<td><strong>51.9</strong></td>
<td><strong>142517</strong></td>
</tr>
</tbody>
</table>

Source: District Profiles of Uttar Pradesh, Directorate of Industries, Planning and Research Division, Uttar Pradesh, 1995.

*Note: Calculated by author.
in category 'A' up to 1995. Kanpur Dehat has the highest number of industries, i.e. 4673, with a total investment of Rs. 27.79 crores and with an employment opportunity to 25091 persons. The Sultanpur District stands at the second place with 4664 industries and a total investment of Rs. 24.76 crores. It generated employment opportunity to 17836 persons. Jaunpur got the third rank with 3634 industries and a total investment of Rs. 45.24 crores providing an employment opportunity to 16129 persons. The other backward districts position is in following order, Almora (3480), Nainital (3284), Fatehpur (2620), Banda (2292) and Pauri Garwal (2001) units with a total investment of Rs. 5.34 crores, Rs 41.38 crores, Rs. 8.72 crores Rs. 13.36 crores and 10.45 crores, and an employment opportunity to 12260, 11252, 11256, 6591 and 6800 persons, respectively.

In terms of subsidies Jaunpur District is the highest receiver of capital investment subsidies i.e. Rs. 9 crores followed by Nanital Rs. 8.3 crores Kanpur Dehat Rs. 5.6 crores Dehradun Rs. 5 crores and Sultanpur Rs. 5 crores. From the above noted analysis it can be concluded that Kanpur Dehat and Sultanpur Districts had been on the top in terms of small scale industries, investment and subsidies.
Small Scale Industries development in Backward Areas of Category 'B'

The position of number of units, Investemt and employment in small scale Industries in Backward districts i.e. Ballia, Basti, Faizabad, Jhansi, Rae Bareli and Siddharthanagar of Category 'B' upto 1995 can be studied from the table No. 2. That in Ballia district there were 4588 units with an investment of Rs. 11.95 crores, providing employment to 16798 persons. In the Basti district, there were 3098 establishments with an investement of Rs. 40.96 crores, employing 12624 persons. In Faizabad districts the number of units was 3552 with a total investment of Rs. 34.14 crores and employment opportunity to 16252 persons. In Jhansi district there were 3705 units in which Rs. 19.37 crores were invested with an employment opportunity to 14065 persons. In the forthcoming district i.e., Rae-Bareli, the establishment of industries was high. There were 3553 units with a total investment of Rs. 18.22 crores and an employment opportunity to 10057 persons. There were only 1529 units in Siddharthanagar district, with an investment of Rs. 6.92 crores. providing employment to 6029 persons.

The table further reveals that Basti and
Table No. 2

Number of Units, Investment, Subsidies on investment and Employment in Small Scale Industries in backward District of Category 'B'

(Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment</th>
<th>Subsidies on Investment*</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballia</td>
<td>4588</td>
<td>11.95</td>
<td>1.8</td>
<td>16798</td>
</tr>
<tr>
<td>Basti</td>
<td>3098</td>
<td>40.96</td>
<td>6.1</td>
<td>12624</td>
</tr>
<tr>
<td>Faizabad</td>
<td>3552</td>
<td>34.14</td>
<td>5.1</td>
<td>16252</td>
</tr>
<tr>
<td>Jhansi</td>
<td>3705</td>
<td>19.33</td>
<td>2.9</td>
<td>14065</td>
</tr>
<tr>
<td>Rae-Bareli</td>
<td>3553</td>
<td>18.22</td>
<td>2.7</td>
<td>10057</td>
</tr>
<tr>
<td>Siddharth nagar</td>
<td>1529</td>
<td>6.92</td>
<td>1.0</td>
<td>6029</td>
</tr>
<tr>
<td>Total</td>
<td>20025</td>
<td>131.52</td>
<td>19.7</td>
<td>75825</td>
</tr>
</tbody>
</table>


*Note: Calculated by Author.
Faizabad districts have received highest subsidy of Rs. 6.1 crores and Rs. 5.1 crores. Thus, it can be observed that Ballia, Basti, Faizabad and Jhansi districts have been in the map in terms of units. But in the case of investment and subsidy Basti and Faizabad District were on the top.

**Small Scale Industries development in backward districts of Category 'C':**

The table No. 3 shows the progress and development of small scale industries in backward districts of category 'C'. The Bulandshahr district has the highest number of industries i.e. 10877, with a total investment of Rs. 60.48 crores and an employment opportunity to 51311 persons. The Farrukhabad District stands at the second place with 8207 industries and a total investment of Rs. 30.36 crores. It generated employment opportunity to 41004 persons. Moradabad got the third rank with 6088 industries and a total investment of Rs. 30.56 crores, provided employment opportunities 2886 persons. The other backward district position was the following order Mathura (5343), Shahjahanpur (4266), Barabanki (3979), Rampur (3818) and Etah (3739) units with a total investment of Rs. 54.92 crores, Rs. 23.02 crores, Rs. 53.08 crores Rs. 25.69 crores and Rs. 30.10 crores and employment opportunities for 24585, 17172, 12769, 13369 and 13450 persons respectively.
Table No. 3

Number of Units, Investment, Employment and subsidies on investment in Small Scale Industries in backward district of Category 'C' (Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment</th>
<th>Subsidies on Investment*</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azamgarh</td>
<td>2543</td>
<td>19.77</td>
<td>2.0</td>
<td>12372</td>
</tr>
<tr>
<td>Badaun</td>
<td>3652</td>
<td>10.45</td>
<td>1.0</td>
<td>10458</td>
</tr>
<tr>
<td>Behraich</td>
<td>2686</td>
<td>15.54</td>
<td>1.6</td>
<td>12294</td>
</tr>
<tr>
<td>Barabanki</td>
<td>3979</td>
<td>53.08</td>
<td>5.3</td>
<td>12769</td>
</tr>
<tr>
<td>Bulandshahr</td>
<td>10877</td>
<td>60.48</td>
<td>6.0</td>
<td>51311</td>
</tr>
<tr>
<td>Deoria</td>
<td>3411</td>
<td>23.70</td>
<td>2.4</td>
<td>15547</td>
</tr>
<tr>
<td>Etah</td>
<td>3739</td>
<td>30.10</td>
<td>3.0</td>
<td>13450</td>
</tr>
<tr>
<td>Etawah</td>
<td>3730</td>
<td>34.53</td>
<td>3.5</td>
<td>12522</td>
</tr>
<tr>
<td>Farrukhabad</td>
<td>8207</td>
<td>30.36</td>
<td>3.0</td>
<td>41004</td>
</tr>
<tr>
<td>Ghazipur</td>
<td>4144</td>
<td>22.01</td>
<td>2.2</td>
<td>15352</td>
</tr>
<tr>
<td>Gomda</td>
<td>3456</td>
<td>16.52</td>
<td>1.7</td>
<td>13213</td>
</tr>
<tr>
<td>Haroi</td>
<td>2125</td>
<td>5.54</td>
<td>0.6</td>
<td>5073</td>
</tr>
<tr>
<td>Mainpuri</td>
<td>1883</td>
<td>33.00</td>
<td>3.3</td>
<td>7895</td>
</tr>
<tr>
<td>Mathura</td>
<td>5343</td>
<td>54.92</td>
<td>5.4</td>
<td>24585</td>
</tr>
<tr>
<td>Mau</td>
<td>1715</td>
<td>6.7</td>
<td>0.7</td>
<td>5619</td>
</tr>
<tr>
<td>Moradabad</td>
<td>6088</td>
<td>30.56</td>
<td>3.1</td>
<td>28867</td>
</tr>
<tr>
<td>Pilibhit</td>
<td>2712</td>
<td>22.48</td>
<td>2.2</td>
<td>8463</td>
</tr>
<tr>
<td>Pratapgarh</td>
<td>2970</td>
<td>16.00</td>
<td>1.6</td>
<td>10211</td>
</tr>
<tr>
<td>Rampur</td>
<td>3818</td>
<td>25.69</td>
<td>2.6</td>
<td>13369</td>
</tr>
<tr>
<td>Shahjanpur</td>
<td>4266</td>
<td>23.02</td>
<td>2.3</td>
<td>17172</td>
</tr>
<tr>
<td>Sitapur</td>
<td>2649</td>
<td>14.71</td>
<td>1.4</td>
<td>11098</td>
</tr>
<tr>
<td>Unnao</td>
<td>1934</td>
<td>62.11</td>
<td>6.2</td>
<td>8588</td>
</tr>
<tr>
<td>Total</td>
<td>85927</td>
<td>605.27</td>
<td>60.5</td>
<td>351271</td>
</tr>
</tbody>
</table>


*Note: Calculated by Author.
In terms of subsidies Unnao District is the highest receiver of subsidy i.e. Rs. 6.2 crores followed by Bulandshahr Rs. 6 crores, Mathura Rs. 5.4 crores and Barabanki Rs. 5.3 crores. From the above noted analysis it can be concluded that Bulandshahr, Barabanki, Moradabad, Mathura and Shahjahanpur Districts had been the main backward districts who got all the facilities.

Large and Medium Scale Industries in Backward Areas:

The establishment of any large scale unit in any area particularly in the backward areas is bound to have some effect on the overall development of the areas. This may be in the form of opening up the area by bringing new facilities like transport, communication etc. It may also provide some employment to the local people at the construction and operational stages. While there will be general development like this, particular attention may also be given to the linkage effects—backward and forward that would be created in the industrial sectors by the large scale industrial units.¹

The location of large projects in backward areas instrument for providing the stimulus for people to embark upon the various types of economic activities through the linkage effects.²

1. Amitabha De, "Impact of large Units in Backward Areas", Yojana, July 31, 1992, p. 23.
2. Ibid, p. 23.
Large and Medium Scale Industries in Backward Districts of Category 'A'

The table No. 4 shows the number of units, investment and employment in large and medium scale industries in Backward district of category 'A' up to 1995.

It is discernible from the table that Nainital has the highest number of industries, i.e., 87, with a total investment of Rs. 612.12 crores, and an employment opportunity to 24512 persons till 1995. In the order of progress, Dehradun has the second place with 49 units with a total investment of Rs. 238.48 crores for the same period. It generated an employment opportunity for 14133 persons. Kanpur Dehat got the third place with 38 industries a total investment of Rs. 127.68 crores, and an employment opportunity for 6509 persons.

The other districts of this category shows the progress in the manner such as; Sultanpur (22), Fatehpur (21) and Jaunpur (17) units with a total investment of Rs. 899.11 crores, Rs. 101.40 crores and Rs. 66.40 crores, an employment opportunity to 6876, 4318, and 3205 persons respectively.

In terms of subsidies Sultanpur got the highest
Table No. 4

Number of Units, Investment, Investment on subsidies and Employment in large and Medium Scale Industries in backward Districts of Category 'A' (Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment on Investment</th>
<th>Subsidies on Investment</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banda</td>
<td>2</td>
<td>22.26</td>
<td>4.5</td>
<td>1224</td>
</tr>
<tr>
<td>Fatehpur</td>
<td>21</td>
<td>101.40</td>
<td>20.3</td>
<td>4318</td>
</tr>
<tr>
<td>Hamirpur</td>
<td>11</td>
<td>45.25</td>
<td>9.1</td>
<td>1443</td>
</tr>
<tr>
<td>Jalaun</td>
<td>10</td>
<td>33.34</td>
<td>6.7</td>
<td>1273</td>
</tr>
<tr>
<td>Sultanpur</td>
<td>22</td>
<td>899.11</td>
<td>179.8</td>
<td>6876</td>
</tr>
<tr>
<td>Kanpur Dehat</td>
<td>38</td>
<td>127.68</td>
<td>25.5</td>
<td>6509</td>
</tr>
<tr>
<td>Almora</td>
<td>3</td>
<td>9.28</td>
<td>1.9</td>
<td>338</td>
</tr>
<tr>
<td>Chamoli</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Fauri Garhwal</td>
<td>1.36</td>
<td>5.6</td>
<td>1107</td>
<td>221</td>
</tr>
<tr>
<td>Tehri</td>
<td>14</td>
<td>36.69</td>
<td>7.4</td>
<td>986</td>
</tr>
<tr>
<td>Uttar Kashi</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Pitnagaragh</td>
<td>3</td>
<td>6.60</td>
<td>1.3</td>
<td>213</td>
</tr>
<tr>
<td>Dehradun</td>
<td>49</td>
<td>238.48</td>
<td>47.7</td>
<td>14133</td>
</tr>
<tr>
<td>Nainital</td>
<td>87</td>
<td>612.12</td>
<td>122.4</td>
<td>24512</td>
</tr>
<tr>
<td>Jaunpur</td>
<td>17</td>
<td>66.40</td>
<td>13.2</td>
<td>3205</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>279</strong></td>
<td><strong>2227.04</strong></td>
<td><strong>445.4</strong></td>
<td><strong>66153</strong></td>
</tr>
</tbody>
</table>

Source: District Profiles of Uttar Pradesh, Directorate of Industries, Planning and Research Division, Uttar Pradesh, 1995.
*Note: Calculated by Author.
subsidies i.e. Rs. 179.8 crores, followed by Nainital Rs. 122.4 crores and Dehradun Rs. 47.7 crores. Thus, it can be summed up that Nainital, Dehradun, Kanpur Dehat and Sultanpur districts have receive the maximum benefits from the govt. by establishing large and medium scale industries in backward district of category 'A'.

**Large and Medium Scale Industries in Backward District of Category 'B'**

The table No. 5 shows the number of units, Investment and employment in large and medium scale industries in the Backward District i.e. Ballia, Basti, Faizabad, Jhansi, Rae Bareli & Siddharthnagar that, in Ballia districts, there were only 2 units with an investment of Rs. 14.86 crores, provided an employment to 1508 persons. In the Basti district, there were 14 establishments with an investment of Rs. 41.86 crores, generated employment opportunity to 6452 persons. In Faizabad district the number of units stood at 16 with a total investment of Rs. 50.68 crores and employment opportunity to 4316 persons. In Jhansi district there were 17 units in which Rs. 125.98 crores were invested with an employment opportunity to 14058 persons. In the forthcoming district i.e., Rae-Bareli, the establishment was very high. There were 27 units with
Table No. 5

Number of Units, Investment, subsidies on investment and Employment in large and Medium Scale Industries in backward Districts of Category 'B' (Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment</th>
<th>Subsidies on Investment*</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balia</td>
<td>2</td>
<td>14.86</td>
<td>2.2</td>
<td>1508</td>
</tr>
<tr>
<td>Basti</td>
<td>14</td>
<td>41.90</td>
<td>6.3</td>
<td>6452</td>
</tr>
<tr>
<td>Faizabad</td>
<td>16</td>
<td>50.68</td>
<td>7.6</td>
<td>4316</td>
</tr>
<tr>
<td>Jhansi</td>
<td>17</td>
<td>125.56</td>
<td>18.09</td>
<td>14065</td>
</tr>
<tr>
<td>Rae-Bareli</td>
<td>27</td>
<td>269.53</td>
<td>40.40</td>
<td>14704</td>
</tr>
<tr>
<td>Siddharthnagar</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>76</strong></td>
<td><strong>512.93</strong></td>
<td><strong>75.4</strong></td>
<td><strong>41038</strong></td>
</tr>
</tbody>
</table>


*Note: Calculated by Author.
a total investment of Rs. 269.53 crores with an employment opportunity to 14704 persons. There was no unit in Siddharthnagar districts.

The table further shows that Jhansi and Rae-bareli districts receive the highest subsidy being Rs. 18.9 crores respectively. From the foregoing analysis, it can be observed that Rae-Bareli, Jhansi and Faizabad district have received the maximum benefits by establishing there units in the backward areas of category 'B'.

Large and Medium scale Industries in Backward Districts of Category 'C'.

Table No.6 presents an analytical study of progress of large and medium scale industries in backward district of category 'C' that Bulandshahr has the highest number of industries i.e. 51, with a total investment of Rs. 277.77 crores and with an employment opportunity to 10206 persons. The Moradabad district stands at the second place with 32 industries and total investment of Rs. 36229 crores. It generated employment opportunity to 10765 persons. Unnao district got the third rank with 27 industries and a total investments of Rs. 53.17 crores, provided an employment opportunity to 4504 persons. The other
Table No. 6

Number of Units, Investment, subsidies on investment and Employment in large and Medium Scale Industries in backward districts of Category 'C'

(Rs. in Crores)

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Units</th>
<th>Investment</th>
<th>Subsidies on Investment*</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azamgarh</td>
<td>2</td>
<td>4.14</td>
<td>0.41</td>
<td>691</td>
</tr>
<tr>
<td>Badaun</td>
<td>7</td>
<td>19.01</td>
<td>1.90</td>
<td>1743</td>
</tr>
<tr>
<td>Behraich</td>
<td>3</td>
<td>12.20</td>
<td>1.22</td>
<td>1259</td>
</tr>
<tr>
<td>Barabanki</td>
<td>14</td>
<td>95.87</td>
<td>9.59</td>
<td>5125</td>
</tr>
<tr>
<td>Bulandshahr</td>
<td>51</td>
<td>277.77</td>
<td>27.78</td>
<td>10206</td>
</tr>
<tr>
<td>Decra</td>
<td>18</td>
<td>143.27</td>
<td>14.32</td>
<td>13619</td>
</tr>
<tr>
<td>Etah</td>
<td>7</td>
<td>14.70</td>
<td>1.47</td>
<td>1386</td>
</tr>
<tr>
<td>Etawah</td>
<td>3</td>
<td>12.00</td>
<td>1.20</td>
<td>1454</td>
</tr>
<tr>
<td>Farrukhabad</td>
<td>5</td>
<td>44.56</td>
<td>4.46</td>
<td>2457</td>
</tr>
<tr>
<td>Ghazipur</td>
<td>4</td>
<td>29.58</td>
<td>2.96</td>
<td>3050</td>
</tr>
<tr>
<td>Gonda</td>
<td>11</td>
<td>221.43</td>
<td>22.14</td>
<td>5690</td>
</tr>
<tr>
<td>Hardoi</td>
<td>6</td>
<td>30.76</td>
<td>3.08</td>
<td>3016</td>
</tr>
<tr>
<td>Mainpuri</td>
<td>3</td>
<td>5.47</td>
<td>0.54</td>
<td>393</td>
</tr>
<tr>
<td>Mathura</td>
<td>20</td>
<td>546.65</td>
<td>54.67</td>
<td>6185</td>
</tr>
<tr>
<td>Mau</td>
<td>3</td>
<td>31.22</td>
<td>3.12</td>
<td>4342</td>
</tr>
<tr>
<td>Moradabad</td>
<td>32</td>
<td>36.22</td>
<td>36.22</td>
<td>18766</td>
</tr>
<tr>
<td>Mhibhit</td>
<td>12</td>
<td>71.76</td>
<td>7.18</td>
<td>5332</td>
</tr>
<tr>
<td>Pratapgarh</td>
<td>01</td>
<td>18.45</td>
<td>1.89</td>
<td>1094</td>
</tr>
<tr>
<td>Rampur</td>
<td>16</td>
<td>13.63</td>
<td>13.63</td>
<td>9105</td>
</tr>
<tr>
<td>Shanpananpur</td>
<td>13</td>
<td>64.24</td>
<td>6.32</td>
<td>2954</td>
</tr>
<tr>
<td>Sitapur</td>
<td>15</td>
<td>64.16</td>
<td>6.41</td>
<td>7552</td>
</tr>
<tr>
<td>Unnao</td>
<td>27</td>
<td>52.17</td>
<td>5.31</td>
<td>4804</td>
</tr>
</tbody>
</table>

Total 273  225.84  225.84  171542


*Note: Calculated by Author.
backward districts position was in the following order, Mathura (20), Deoria (18) and Rampur (16) units, with a total investment of Rs. 546.63 crores, Rs. 143.27 crores and Rs. 136.30 crores provided an employment to 6185, 13619 and 9105 persons respectively.

In terms of subsidies, Mathura district is the highest receiver of capital investment subsidies i.e. Rs. 54.57 crores, followed by Moradabad Rs. 36.22 crores, Bulandshahr Rs. 27.78 crores and Gonda Rs. 22.14 crores.

From the above noted analysis, it can be concluded that Mathura, Moradabad and Bulandshahr districts had been on the top in the establishment of the enterprises.

Product wise establishment of industries in backward areas of Uttar Pradesh

The data set out in the table No. 7 showing that the highest number of industries in backward areas food product industries i.e. 7638 (24.25 percent) followed by repairing services 4458 units (14.15 percent), wood products 3191 units (10.13 percent), metal product 2516 units (7.99 percent), machinery part 1939 units (6.15 percent) and Hosiery Garments
### Table No. 7

Product wise establishment of industries of Uttar Pradesh.

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>No. of Units</th>
<th>Percent of Total</th>
<th>Industry Group</th>
<th>No. of Units</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Products</td>
<td>7638</td>
<td>24.25</td>
<td>Repairing Services</td>
<td>10007</td>
<td>22.09</td>
</tr>
<tr>
<td>Repairing Services</td>
<td>4458</td>
<td>14.15</td>
<td>Food Products</td>
<td>8998</td>
<td>19.86</td>
</tr>
<tr>
<td>Wood Products</td>
<td>3191</td>
<td>10.13</td>
<td>Hosiery and Garments</td>
<td>5978</td>
<td>13.19</td>
</tr>
<tr>
<td>Metal Products</td>
<td>2516</td>
<td>7.99</td>
<td>Wood Products</td>
<td>4706</td>
<td>10.39</td>
</tr>
<tr>
<td>Machinery &amp; Parts Elect</td>
<td>1939</td>
<td>6.15</td>
<td>Metal Products</td>
<td>3985</td>
<td>8.80</td>
</tr>
<tr>
<td>Hosiery &amp; Garments</td>
<td>1842</td>
<td>5.85</td>
<td>Machinery &amp; Parts Except Elect</td>
<td>1662</td>
<td>3.67</td>
</tr>
<tr>
<td>Paper Products &amp; Printing</td>
<td>1776</td>
<td>5.64</td>
<td>Chemical &amp; Chemical Products</td>
<td>1336</td>
<td>2.93</td>
</tr>
<tr>
<td>Non-Metallic Mineral Products</td>
<td>1714</td>
<td>5.44</td>
<td>Basic Metal Industries</td>
<td>1237</td>
<td>2.73</td>
</tr>
<tr>
<td>basic Metal Industries</td>
<td>1297</td>
<td>4.12</td>
<td>Leather &amp; Leather Products</td>
<td>1195</td>
<td>2.64</td>
</tr>
<tr>
<td>Chemical &amp; Chemical Products</td>
<td>1189</td>
<td>3.77</td>
<td>Non-Metallic Mineral Products</td>
<td>1149</td>
<td>2.54</td>
</tr>
<tr>
<td>Category</td>
<td>Units</td>
<td>Percentage</td>
<td>Description</td>
<td>Units</td>
<td>Percentage</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------</td>
<td>------------</td>
<td>--------------------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Leather &amp; Leather Products</td>
<td>973</td>
<td>3.09</td>
<td>Service not Else Classified</td>
<td>842</td>
<td>1.86</td>
</tr>
<tr>
<td>Transport Equipment &amp; Parts</td>
<td>375</td>
<td>1.19</td>
<td>Rubber &amp; Plastic Products</td>
<td>734</td>
<td>1.62</td>
</tr>
<tr>
<td>Electrical Mach. &amp; Apparatus</td>
<td>336</td>
<td>1.07</td>
<td>Electrical Mach. &amp; Apparatus</td>
<td>575</td>
<td>1.27</td>
</tr>
<tr>
<td>Miscellaneous Industries</td>
<td>312</td>
<td>0.99</td>
<td>Cotton Textiles</td>
<td>480</td>
<td>1.06</td>
</tr>
<tr>
<td>Storage &amp; Ware -Housing</td>
<td>302</td>
<td>0.96</td>
<td>Miscellaneous Industries</td>
<td>473</td>
<td>1.04</td>
</tr>
<tr>
<td>Bevarage, Tobacco &amp; Tobacco</td>
<td>232</td>
<td>0.74</td>
<td>Transport Equipments &amp; Parts</td>
<td>471</td>
<td>1.04</td>
</tr>
<tr>
<td>Services not else Classified</td>
<td>98</td>
<td>0.31</td>
<td>Wool, Silk &amp; Synth. Fibre Text</td>
<td>219</td>
<td>0.48</td>
</tr>
<tr>
<td>Other Services</td>
<td>76</td>
<td>0.24</td>
<td>Other Services</td>
<td>129</td>
<td>0.28</td>
</tr>
<tr>
<td>Cotton Textiles</td>
<td>71</td>
<td>0.23</td>
<td>Beverages, Tobacco &amp; Tobacco Pr.</td>
<td>86</td>
<td>0.19</td>
</tr>
<tr>
<td>Wool, Silk &amp; Synth, Fibre</td>
<td>23</td>
<td>0.07</td>
<td>Storage &amp; Ware-Housing</td>
<td>73</td>
<td>0.16</td>
</tr>
<tr>
<td>Jute, Hemp and Mesta Textiles</td>
<td>4</td>
<td>0.01</td>
<td>Jute, Hemp &amp; Mesta Textiles</td>
<td>23</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Total No. of Units : 31503 100% 45308 100%

Processed by NIC UP, State Unit, Lucknow, 1995.
From 1st April 1988 to 31st March 1995 position of industries was as, repairing services industries were on the top 10007 units (22.09 percent) followed by food product 8998 units (19.86 percent) Hoisery and Garments 5978 units (13.19 percent), wood products 4706 units (10.39 percent), metal products 3985 units (8.80 percent) and machinery parts 1662 units (8.67 percent) respectively.

Thus, it can be said, that food products, repairing services, hoisery and garments and wood product industries are the main industries which were established in backward areas of Uttar Pradesh.

Conclusion:

From the foregoing findings, it can be concluded in category ‘A’ districts, Kanpur Dehat has the highest number of industries, i.e. 4673, with a total investment of Rs. 27.99 crores and an employment opportunity to 25091 persons. In order of progress sultanpur stands at the second place, Jaunpur has the third rank. In category ‘B’ district Ballia districts, there were 4588 small scale units with an
investment of Rs. 11.95 crores, provided employment to 16798 persons. In the Basti district, there were 3098 establishments with an investments of Rs. 40.96 crores and employing 12624 persons. In category ‘C’ the Bulandshahr district has the highest number of industries i.e. 10877, with a total investment of Rs. 60.48 crores and employment opportunity to 51311 persons. The Farrukhabad district stands that second place with 8207 industries and a total investments of Rs. 30.36 crores. It generates employment opportunity to 41004 persons.

In regards to large and medium scale industries in category ‘A’.

Nanital has the highest number of industries i.e. 87, with a total investment of Rs. 612.12 crores and an employment opportunity to 24512 persons. In category ‘B’ districts Rae -Bareli district has the highest number of units. There were 27 units with a total investment of Rs. 269.53 crores with an employment opportunity to 14704 persons. There was no limits in Siddharthnagar. In category ‘C’ the Bulandshahr has the highest number of industries i.e. 51, with a total investment of 277.77 crores and with an employment opportunity 10206 persons. The Moradabad district stand at the second place with 32 industries and a total investments of Rs. The 362.29 crores. It generateds employment opportunites to 10765 persons.
The highest number of industries which were established in backward areas food products industries 76381 (24 percent) followed by repairing services 4458 units (14.15 percent), wood products 3191 units (10.13 percent) and metal products 2516 units (7.99 percent) upto 31st March 1988. From 1st April 1988 to 31st March 1995, position of industries was as; repairing services industries were on the top 10007 units (22.09 percent), followed by food products 8998 units (19.86 percent), hoisery and garments 5978 units 13.19 percent) and wood product 4706 units (10.39 percent).

After discussing the industrial development of Uttar Pradesh, it was felt necessary to study the socio and economic conditions of entrepreneurs in backward areas of Uttar Pradesh. Hence, the next chapter has been devoted to deal with the same.
CHAPTER VI
CHAPTER - VI

SOCIO-ECONOMIC PROBLEMS OF ENTREPRENEURS IN BACKWARD AREAS OF UTTAR PRADESH - A SURVEY ANALYSIS

The present chapter highlights the socio-economic problems entrepreneurs in backward areas of category 'A', (Kanpur Dehat), Category 'B' Jhansi and Category 'C', (Mathura).

India has 299 industrially backward districts of which 133 are in category 'A', 54 are in category 'B' and 112 are in category 'C' (See Appendix I). In Uttar Pradesh there are 43 backward districts of which 15 in category 'A', 5 in category 'B' and 23 in category 'C' (See Appendix II).

Kanpur Dehat (Category 'A' District)

The district of Cawnpore, properly spelled Kanpur or Kanhpur, occupies the north-western corner of the Allahabad division and it is one of the five districts of the division belongs to the tract known as the Lower Doab. In shape it is in irregular quadrilateral, the angles being situated north, east, south and west. The
greatest breath from north to south is about seventy, and the extreme length from east to west about sixty four miles. The extremities are marked by the parallels of 25°26' and 26°58' north latitude and 79°31' and 80°34' east longitude.¹

According to the survey or General of India the area of the district is 6,176 sq. km. it lies in the southwest centre of the State. In the east it touches districts Unnao and Fatehpur, in the north district Farrukhabad, Hardoi and Unnao in the west district, Jalaun and Etawah and in the south, district Jalaun, Hamirpur and Fatehpur. The district is flanked by rivers, Ganga and Yamuna².

According to the census of 1991 the total population of the Kanpur Dehat district is 2138317, the rural population is being 2016274 and urban population is 122043. Nearly 46.3 per cent of the total population resides in the urban area while the remaining 53.7 percent in the rural area³.

² Ibid. P. 256.
³ Ibid. 256.
Jhansi (Category 'B' District):

The district of Jhansi lies between 24°11' and 25°57' N. Lat. and 78°10' and 79°25' longitude in the extreme south western corner of Uttar Pradesh. It has an irregular boundary, the northern being contiguous with that of the district of Jalaun, the river Betwa flowing between the two districts for a considerable distance. On the east lies the district of Hamirpur and part of the State of Madhya Pradesh which also forms the southern, western and north-western boundaries of the district. The northern portion comprises the subdivision of Jhansi-Moth and Mau-Garautha and the southern that of Lalitpur-Mehroni. The maximum length of the district from north south is about 90 miles. The maximum breadth from west to east in the northern portion is 63 miles and in the southern portion it is 48 miles.¹

According to the survey of India the Area of the district was 3885 sq. miles (24,86,400 acres).² The

2. Ibid. p. 73.
district being second in area among the districts of the State. The population of the district, according to the census of 1991 is 142,969 of which 86,334 are rural and 56,635 are urban. The district stands thirty nine in the State in respect of population.¹

**Mathura (Category 'C' District):**

Muttar or as it is more correctly spelt Mathura is the north-western district of the Agra division, and lies between the parallels of 27°14' and 27°58' north latitude and 77°17' and 78°12' east longitude. It is bounded on the north-west by the Gurgaon district of the Punjab; on the north east and east by Aligarh, except for some eight miles where the borders of the Sadabad tehsil march with those of the Etah district; on the south by Agra; and on the west by Bharatpur.²

The district lies in the basin of the Yamuna, which flows through the centre of it and divided it into two tracts of somewhat dissimilar characteristics. In the

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rains, however which is the time of pilgrimage the landscape improves; and there are several places in the holy land that have a charm of their own.

The climate of Mathura is as a rule drier and hotter than that of most districts of the Doab, according to some registers, shows in average temperature of 60.4° for January and of 93.4° for June.

In addition to the purely native industries there is a number of enterprises of European origin or conducted on European lines. They are all connected with the cotton trade and some are of old standing. The centre of the industry is town of Kosi Kalan. Mathura is mentioned in ancient literature under the name "MADHURA", "the Sweet or lovely one", but the precise relationship between this name and Muttra is not clear.¹

According to the survey of India the district has an area of 3800 sq km and stands forty seventh in the State. Its area according to the district record is

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3769.5 sq. km. According to the census of 1991 the population of the district was 1931186 the rural population being 1475935 and urban 425251.¹

**Origin of Name of District:**

The district of Mathura has been named after the land quarters town which, according to oral and literary traditions, was called Madhyapuri or Madhura (the Seventy or lovely one). The name 'Mathura' is also very old and 'city of Churus'. In ancient times there was a vast forest where bees and honey (in sanskrit, 'Madhu') were found in abundance, so it was named Madhuban. There, after the city maduban was changed as Madhura or Mathura.²

**Year of Commencement of Business:**

Table No.1 shows the year of commencement of business in the backward areas. Out of 10 respondents 4 entrepreneurs (41%) have established their units during the period 1986-90. Another 4 (40%) started

---

their units during the period 1991-96 in category 'A' (Kanpur Dehat). In category 'B' (Jhansi), out of 10 respondents only 2 entrepreneurs (20%) commenced their units between 1981-85, 6 (60%) during the period 1986-93 and remaining 2 units (20%) were setup during 1991-96.

Table - 1

<table>
<thead>
<tr>
<th>Year of Commencement of Business</th>
<th>Kanpur Dehat 'A'</th>
<th>Jhansi 'B'</th>
<th>Mathura 'C'</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-85</td>
<td>02</td>
<td>02</td>
<td>-</td>
</tr>
<tr>
<td>1986-90</td>
<td>04</td>
<td>06</td>
<td>04</td>
</tr>
<tr>
<td>1991-96</td>
<td>04</td>
<td>02</td>
<td>06</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Questionnaire.

In Mathura District of category 'C' 4 unit (40%) were established during the period 1986-90 and 6 units (60%) were established from 1990 to 1996.

Thus, it can be said the majority of entrepreneur in all the three categories of districts have set up their units during two periods i.e., 1986-90 and 1991-96.
**Pattern of Ownership:**

Table No. 2 explains the pattern of ownership of the entrepreneurs in the backward areas. In category 'A' (Kanpur Dehat) out of 10 units surveyed 2 (20%) units were self-owned and 8 (80%) units were private limited companies. In category 'B' (Jhansi) 6 units (60%) were self-owned, 2 units (20%) were in partnership and the other 2 units (20%) have a nature of private limited companies. In category 'C' (Mathura) 2 units (20%) were self-owned, the other 2 units (20%) were in the form of partnership firm, another 2 units (20%) were in the form of private limited company and 4 units (40%) have a status of public limited company.

Thus, the survey reveals that the majority of 4 units (40%) belong to private limited companies, followed by sole proprietorship or self-owned units.

Independence provides an equality of opportunity in all spheres to the Indian women. The laws guaranteed their participation in political process opportunities in education and employment. But unfortunately the
developmental activities of Government have benefitted a small section of women. A large majority of women are still deprived of the development measures of the Government.

Table - 2

Pattern of Ownership

<table>
<thead>
<tr>
<th>Form of Organization</th>
<th>Kanpur Dehat</th>
<th>Jhansi</th>
<th>Mathura</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Self-owned</td>
<td>02 20</td>
<td>06 60</td>
<td>02 20</td>
</tr>
<tr>
<td>Partnership</td>
<td>-</td>
<td>02 20</td>
<td>02 20</td>
</tr>
<tr>
<td>Privat Ltd.</td>
<td>08 80</td>
<td>02 20</td>
<td>02 20</td>
</tr>
<tr>
<td>Public Ltd.</td>
<td>-</td>
<td>-</td>
<td>04 40</td>
</tr>
<tr>
<td>Cooperative</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>10 100</td>
<td>10 100</td>
<td>10 100</td>
</tr>
</tbody>
</table>

Source: Questionnaire.

Entrepreneur's Sex

A survey of 30 industrial units was conducted in the category 'A' of Backward districts (Kanpur Dehat), 'B' Jhansi, 'C' Mathura with a view to know the exact number of male and female entrepreneurs have established
their unit in the said districts. Table No. 3 shows the percentage of men and women entrepreneurs in the backward districts Kanpur Dehat, Jhansi and Mathura of category A, B & C respectively.

Table No. 3 indicates that out of 30 entrepreneurs of Industrial units 10 (33.3%) were from Jhansi, 10 (33.3%) were from Kanpur Dehat and 10 (33.3%) were from Mathura. All the 30 (100%) respondents were men. Thus, it can be said that all the districts were of category A, B & C were dominated by male entrepreneurs.

Table - 3
The Sex of Entrepreneurs

<table>
<thead>
<tr>
<th>Category</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Kanpur Dehat 'A'</td>
<td>10</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>Jhansi 'B'</td>
<td>10</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>Mathura 'C'</td>
<td>10</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Questionnaire.
**Immigatory Status of Entrepreneurs:**

Immigration of the entrepreneurs from the place to another is considered as an important sign of development. The researcher was interested in knowing the entrepreneurs decision who have shifted their enterprises from their region to backward districts of categories A, B & C. Out of 30 entrepreneurs none was found to be an immigrant from other regions to the backward districts of the above categories in Uttar Pradesh.

**Education of Entrepreneurs:**

The education has always been considered as an important asset of an individual in building his occupational career. Formal education helps in the acquisition of required knowledge for a job. It imparts knowledge about different occupational opportunities. That is why the level of formal education of the entrepreneurs has been studied.
Table - 4
Educational Level of Entrepreneur

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Kanpur Dehat A</th>
<th>Jhansi B</th>
<th>Mathura C</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Primary</td>
<td>-</td>
<td>-</td>
<td>02</td>
</tr>
<tr>
<td>Junior School</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSC/SSSC</td>
<td>-</td>
<td>-</td>
<td>02</td>
</tr>
<tr>
<td>Graduate</td>
<td>04</td>
<td>40</td>
<td>02</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>04</td>
<td>40</td>
<td>06</td>
</tr>
</tbody>
</table>

**Technical Qualifications**

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate in Engg.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>P.G. in Engg/ Other</td>
<td>02</td>
<td>20</td>
</tr>
<tr>
<td>Dip. in Engg.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Questionnaire.

Table No. 4 reveals that out of 10 entrepreneurs in Kanpur Dehat category 'A', 04 (40%) entrepreneurs were graduates, 04 (40%) entrepreneurs were postgraduate, 02 (20%) were postgraduate in Engineering or other technical qualifications. In Jhansi district of category 'B' out of 10 entrepreneurs 02 (20%) entrepreneurs had either Secondary School Certificate (SSC) or Senior Secondary School Certificate (SSSC), qualifications 02 (20%) were graduates either B.A.,
A majority of 06 (60%) entrepreneurs were qualified up to postgraduate either in Arts, Science or Commerce. In Mathura district of category 'C' a majority of 06 (60%) entrepreneurs were graduate, 02 (20%) entrepreneurs were post graduates and 02 (20%) entrepreneurs were held post graduation in Engineering or other technical qualifications.

From the above noted facts, it can be concluded that 12 (40%) of the entrepreneurs were graduate (B.A., B.Sc., or B.Com.) and 12 (40%) entrepreneur had post graduation in Arts, Science or Commerce in all the three districts viz., Kanpur Dehat, Jhansi and Mathura of Category 'A', 'B' and 'C' respectively.

**Entrepreneurs Product lines/Manufactured Product:**

Selection of an industry is not an easy task. The ultimate success of an entrepreneur depends on this judicious decision. The resourcefulness of an entrepreneur is put to test in such selection. Decision making in this regard requires the expertise of professional guidance because small industry is such
where it is impossible to locate a mistake that is committed once, since small entrepreneur can least afford to experiment on alternative ideas or plans.

**Labour Problems:**

Very often the entrepreneurs face labour shortage situation particularly of skilled workers. As per table No. 5 the entrepreneurs of Kanpur Dehat have reported that they face difficulties in getting skilled labour. 20% entrepreneurs reported shortage of skilled labour, 30% informed about the lack of proper labour facilities and a majority of entrepreneurs, i.e. 50% complain that they were facing the problems of labour absenteeism. In category 'B' (Jhansi) district, 30% of the entrepreneurs complained about lack of proper labour facilities, 2(20%) entrepreneurs face the problems of non-availability of skilled labour and 46% entrepreneurs were troubled by absenteeism. In category 'C' (Mathura) district entrepreneurs reported lack of proper labour facilities and turnover problem, 8% each. 42% of the entrepreneurs complained about the non-availability of skilled
labour and remaining (50%) of the entrepreneurs are troubled by absenteeism. Majority of the entrepreneurs of backward districts viz. Kanpur Dehat, Jhansi and Mathura of categories A, B & C faced the problem of labour absenteeism.

Table - 5

Labour Problems in the Kanpur Dehat, Jhansi and Mathura Backward Districts of Uttar Pradesh

<table>
<thead>
<tr>
<th>Problems</th>
<th>Kanpur Dehat</th>
<th>Jhansi</th>
<th>Mathura</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proper Labour facilities</td>
<td>03 30</td>
<td>03 30</td>
<td>01 10</td>
<td>07 23</td>
</tr>
<tr>
<td>2. Turnover</td>
<td>-</td>
<td>-</td>
<td>01 10</td>
<td>01 03</td>
</tr>
<tr>
<td>3. Non-availability (skilled Labour)</td>
<td>02 20</td>
<td>02 20</td>
<td>04 40</td>
<td>08 27</td>
</tr>
<tr>
<td>4. Absenteeism</td>
<td>05 50</td>
<td>05 50</td>
<td>04 40</td>
<td>14 47</td>
</tr>
<tr>
<td>5. Other problem</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>10 100</td>
<td>10 100</td>
<td>10 100</td>
<td>30 100</td>
</tr>
</tbody>
</table>

Source: Questionnaire
**Power Problems:**

Continuous supply of power is one of the essential prerequisites for the optimum utilization of plant and machinery. But unfortunately, the industrial units are also exposed to power failures, low voltage, irregular power supply, non-availability of power.

The Uttar Pradesh Government is assuring and ensuring power supply. Still the entrepreneurs of industrially backward districts face power shortage. It causes adverse effect on production when the researcher visited the industrially backward districts. So many factories were without work due to power cut.

Table No. 6 refers to the power problem in the backward districts that Kanpur Dehat, Jhansi and Mathura A, B and C categories of Uttar Pradesh. In category 'A' out of 10 units 3 units faced irregular supply of power, 5 units faced low voltage and 2 units of non-availability of power. In category 'B', out of 10 entrepreneurs 4 complained about irregular supply of power, 2 units faced non-availability of power supply and 4 entrepreneurs got their unit affected by low voltage.
### Table-6

**Power Problems in Backward Districts of Uttar Pradesh**

<table>
<thead>
<tr>
<th>Problems</th>
<th>Kanpur No.</th>
<th>Dehat %</th>
<th>Jhansi No.</th>
<th>Jhansi %</th>
<th>Mathura No.</th>
<th>Mathura %</th>
<th>Total No.</th>
<th>Total %</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Irregular supply</td>
<td>03</td>
<td>30</td>
<td>04</td>
<td>40</td>
<td>03</td>
<td>30</td>
<td>10</td>
<td>100</td>
<td>2</td>
</tr>
<tr>
<td>2. Non-Availability</td>
<td>02</td>
<td>20</td>
<td>02</td>
<td>20</td>
<td>02</td>
<td>20</td>
<td>06</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>3. Low-voltage</td>
<td>5</td>
<td>50</td>
<td>04</td>
<td>40</td>
<td>05</td>
<td>50</td>
<td>14</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>4. Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source**: Questionnaire.

In category C, 5 entrepreneurs complained about low voltage of power, 3 units faced the problem of irregular supply of power and 2 entrepreneurs were affected due to the non-availability of power.

The above table makes it clear that a majority of the entrepreneurs complained about power problems, i.e. irregular supply, non-availability and low voltage.
Table-7

Utilisation of Installed Capacity of Power in Backward Districts of Categories A, B & C of Uttar Pradesh

| Installed Power | 'A' | | 'B' | | 'C' | | Total % | | Rank |
|-----------------|-----|-----|-----|-----|-----|-----|-------|-----|
| 5-10            | -   | -   | -   | -   | -   | -   | -     | -   |
| 11-15           | -   | -   | -   | -   | -   | -   | -     | -   |
| 16-20           | -   | -   | -   | -   | -   | -   | -     | -   |
| 20 above        | 10  | 100 | 10  | 100 | 10  | 100 | 100010 | 100 |
| Total           | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Questionnaire.

Utilisation of Installed Capacity:

Table No. 7 clearly reveals the use of power by the entrepreneurs in industrially backward districts. It was found that 100% entrepreneurs of backward districts, categories A, B and C are using more than the actual installed capacity.

Problems of Raw Materials:

The working group on small scale Industries stressed in 1959 that the non-availability of the right type of
raw materials at reasonable prices had always been a problem faced by small entrepreneurs. Shortage of Iron and Steel had adversely affected many small scale engineering units. The shortage of raw materials at reasonable price would hamper the production process. At times, the entrepreneurs approach the middlemen for the supply of raw material. so, it is necessary to ensure adequate supply of raw materials to the industrial enterprises at comparative prices for their well being.

Low quantity, high cost, non-availability of raw materials and irregular supply of raw materials, decline of steel production, lack of direct import facilities, constant change in import policy, and miss-use of raw material are some of the problems reported by the entrepreneurs of Industrially Backward districts viz., Kanpur Dehat, Jhansi and Mathura of category 'A', 'B' & 'C'.

Sources of Raw Materials:

The sources by which entrepreneurs procure their raw
materials are very important for the smooth production. Therefore, it is necessary to investigate the sources of raw material as entrepreneurs have reported that they get their required raw materials through open markets in Backward districts viz., Kanpur Dehat, Jhansi and Mathura of categories A, B & C.

Table No. 8 depicts that out of 10 entrepreneurs of Kanpur Dehat 50% of them have complained that they are facing the problems of high prices of raw materials. 30% of the entrepreneurs reported about irregular supply of raw material and 20% reported about low quality. In backward district Jhansi of category B out of 10 entrepreneurs 4 entrepreneurs 40 percent lamented over high prices, 30 per cent reported about irregular supply of raw material and 20 percent complained of the low quality of raw material. In Mathura district of category `C' 10 entrepreneurs were enquired out of 4 (40 percent) them complained that they are facing the problem of high price. 40 percent of the entrepreneurs reported irregular supply of raw material and 20 percent said about low quality of raw material.
From the above noted discussion it can be deduced that entrepreneurs of the Backward districts, i.e.,
viz., Kanpur Dehat, Jhansi and Mathura of category A,
B & C are facing the problems of high price and irregular supply of raw material.

**Capital Structure:**

The cost of capital for any firm would depend on the source of finance as well as the quantum of finance from different sources. While the firm has to pay tax on share, the debt is not taxable. If any industrial unit depends on term loan for fixed capital then on market borrowing through subscription of share the cost of capital would be less in the former case than in the latter.

In order to understand the cost of capital of sample units one has to see the explicit cost from different sources of concessional finance, which in particular reduce the dependence of the industries on market borrowing (through shares and debentures) and thereby effect the capital structure.

In order to see the influence of finance from government institution we have analysed here the capital structure of the sample units in terms of
private participation (including own capital, market borrowing) and government participation (through institutional finance and central subsidy).

The table No. 9 shows the capital structure of industries in Kanpur Dehat district in Uttar Pradesh. In the case of concessional finance and state subsidy, 6 entrepreneurs were in the size group of Rs. 0-10 lakhs, 2 were in the limit of Rs. 11-15 lakhs, 4 were in the range of Rs. 16-25 lakh and only one was in the size of Rs. 25-50 lakhs.

As far as market borrowing are concerned the highest number of entrepreneurs i.e. 5 were in the size group of Rs. 0-10 lakhs. 2 were in the range of Rs. 11-15 lakhs. In the case of own capital only one entrepreneur has established his unit having an investment in the size of Rs. 0-10 lakhs. The maximum entrepreneurs i.e. 5 have established their units with the limits of Rs. 25-50 lakhs.

Thus, it can be said that the highest number of entrepreneurs who got the concessional finance and
state subsidy were in the range of Rs. 0-10 lakhs. On the other hand, the highest number of entrepreneurs who invested their own capital were in the size of Rs. 25-50 lakhs.

**Table-9**

**Capital Structure Backward district Category `A' in Uttar Pradesh Kanpur Dehat**

<table>
<thead>
<tr>
<th>Size of units</th>
<th>Own Capital</th>
<th>Market Borrowing</th>
<th>C.F.&amp; S.S.</th>
<th>Loan From Other Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 Lakhs</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>11-15 Lakhs</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>16-25 Lakhs</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>25-50 Lakhs</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

C.F. = Concessional Finance; S.S. = State Subsidy.

**Source:** Questionnaire.
Table-10

**Capital Structure in Backward District - Category 'B' in Uttar Pradesh**

Jhansi

<table>
<thead>
<tr>
<th>Size of units</th>
<th>Own Capital</th>
<th>Market Borrowing</th>
<th>C.F. &amp; S.S.</th>
<th>Loan From Other Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 Lakhs</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>11-15 Lakhs</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>16-25 Lakhs</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>25-50 Lakhs</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>

C F = Concessional Finance; S.S. = State Subsidy.

**Source**: Questionnaire.

The Table No. 10 reveals the capital structure of industries in Jhansi district of category 'B' in Uttar Pradesh. Those who have invested their own capital were as 5 entrepreneurs in the range of 25-50 lakhs, 2 in the size of Rs. 16-25 lakhs, 2 in the size of Rs. 11-15 lakh and only one was in the size of Rs. 0-10 lakhs. The other composition of capital structure in market
borrowings 4 entrepreneurs were in the size group of 0-10 lakhs, the other 4 were in the range of Rs. 16-25 lakhs and only one was in the size of Rs. 11-15 lakhs who borrowed capital from the market. In the case of concessional finance and state subsidy the highest entrepreneurs i.e. 6 have established their unit having an investment in the size of Rs. 0-10 lakhs, 2 have established their units with limits of Rs. 11-15 lakhs. In the case of loan from other institution. The maximum number of entrepreneurs i.e. 6 have established their units with in the limits of Rs. 25-50 lakhs and 2 were in the range of Rs. 16-25 lakh.

Thus, it can be concluded that the highest number of entrepreneurs who got concessional finance and state subsidy were in the range of Rs. 0-10 lakhs. On the other hand highest number of entrepreneurs who received loan from other institutions and invested their own capital were in the size of Rs. 25-50 lakhs.
Table-11

Capital Structure in Backward District Category 'C' in Uttar Pradesh Mathura

<table>
<thead>
<tr>
<th>Size of units</th>
<th>Own Capital</th>
<th>Market Borrowing</th>
<th>C.F.&amp; S.S.</th>
<th>Loan From Other Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 Lakhs</td>
<td>3</td>
<td>6</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>11-15 Lakhs</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>16-25 Lakhs</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>25-50 Lakhs</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

C.F. = Concessional Finance; S.S. = State Subsidy.

Source: Questionnaire.

The table No. 11 indicates the capital structure in Mathura districts. In the case of own capital the maximum number of entrepreneurs i.e. 5 have established their units with in the limits of Rs. 25-50 lakhs and 2 have in the range of Rs. 0-10 lakhs.

In regard to Market borrowings 6 entrepreneurs were in the size group of Rs. 0-10 lakhs and 2 were in the
range of Rs. 11-15 lakhs, only 1 entrepreneur was in the size group of Rs. 16-25 lakhs and another 1 was in the range of Rs. 25-50 lakhs. In the case of concessional finance and state subsidy the highest entrepreneurs i.e. 5 have established their units having and investment in the size of Rs. 0-10 lakhs 2 each have established their units with the limits of Rs. 11-15 lakhs and Rs. 16-25 lakhs. Only one was in the range of Rs. 25-50 lakhs.

In regard to loan from other institutions the highest entrepreneurs i.e. 4 were in the range of Rs. 11-15 lakhs, 3 were in the size of Rs. 25-50 lakhs, 2 were in the size group of 0-10 lakhs and only one was in the limit of Rs. 16-25 lakhs.

Thus, it can be summed up that the highest number of entrepreneurs who got concessional finance and state subsidy and market borrowing were in the range of Rs. 0-10 lakhs, on the other hand the highest number of entrepreneurs who invested their own capital were in the size of limit of Rs. 25-50 lakhs.
Financial Assistance from the Institutions:

59 percent of the Total Financial assistance in the three categories of backward districts are being managed by SIDCO, UPFC and commercial banks.

Table-12

Sources of Financial Assistance in Backward Districts by Financial Institutions

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Kanpur No.</th>
<th>Dehat %</th>
<th>Jhansi No.</th>
<th>Jhansi %</th>
<th>Mathura No.</th>
<th>Mathura %</th>
<th>Total No.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDBI</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>IFCI</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>ICICI</td>
<td>1</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>SIDCO</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>UPFC</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>20</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Any Other</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
<td>10</td>
<td>100</td>
<td>10</td>
<td>100</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Questionnaire
Table No. 12 gives an account of sources of financial assistance in for backward district categories by Financial institutions. It is clear from the table that financial assistance by SIDCO and Commercial banks have been better than the other institutions such as IDBI, IFCI, ICICI & UPFC. In Kanpur Dehat 2(20%) entrepreneurs have reported that SIDCO has been main source of finance. Another 2 entrepreneurs said that Commercial Banks were the main source of finance. The contribution of other institutions had been very negligible.

Thus, it can be said that SIDCO, Commercial banks and UPFC were the main source of finance for backward area development in all the three categories districts i.e. Kanpur Dehat, Jhansi and Mathura.

Table No. 13 reveals that in Kanpur Dehat district of category 'A' out of 10 entrepreneurs 2 entrepreneurs (20%) have reported that lack of information has been one of the important problems in procuring financial assistance. The other 2 entrepreneurs (20%) said that more paper work has been another problem for
them, 3 entrepreneurs (30%) faced the problem of delay in sanction of loan and another 3 entrepreneurs have reported that security requirements have been the main problems in procuring financial assistance.

Table-13
Problems of Procuring Financial Assistance from Institutions in Backward Districts of U.P.

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Kanpur</th>
<th>Dehat</th>
<th>Jhansi</th>
<th>Mathura</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>1. Lack of Information</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>2. Paperwork Involved</td>
<td>2</td>
<td>20</td>
<td>3</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td>3. Delay in Sanction of Loan</td>
<td>3</td>
<td>30</td>
<td>2</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>4 Security Required</td>
<td>3</td>
<td>30</td>
<td>3</td>
<td>30</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire.

In Jhansi district category 'B', out of 10 entrepreneurs, 2 entrepreneurs (24%) have reported that lack of information has been the one of the important problem in procuring financial assistance.
The other 3 (30%) said that the more paper work has been another problems for them, 2 entrepreneurs (20%) faced the problem of delay in sanction of loan, another 3 entrepreneurs (30%) have reported that security requirements had been the main problem in procuring financial assistance.

In Mathura district of category 'C', out of 10 entrepreneurs 3 entrepreneurs (30%) have reported that lack of information has been one of the important problem in procuring financial assistance. The other 3 entrepreneurs (30%) said that more paper work has been another problem for them, 2 entrepreneurs (20%) faced the problems of delay in sanctions of loan, another two entrepreneurs have reported that security requirements had been main problems in procuring financial assistance.

Thus, it can be said that lack of information, more paper work involved, delay in sanctions of loan and security requirement were the main problem of entrepreneurs in the procurement of financial assistance from various source.
Conclusion

From the above noted facts, it can be concluded that the Majority of the entrepreneurs in all the three categories of districts have established their units during two periods, i.e. 1986-90 and 1991-96. In the case of pattern of ownership of the entrepreneurs majority of entrepreneurs 12 units (40 percent) were in the form of private limited company, followed by sole proprietorship self owned.

The education has always been considered as an important assets of an individual in building his occupational career. Formal education help in the acquisition of required knowledge for a job. It imparts knowledge about different occupational opportunities. A majority of the entrepreneurs 12 (40 percent) are graduate (B.A., B.Sc. B.Com) and 12 (40 percent) entrepreneurs are post graduate in Arts, Science or commerce in backward districts viz., Kanpur Dehat, Jhansi & Mathura of categories A, B & C.

Selection of an industry is not an easy tasks. The ultimate success of an entrepreneurs depends on this
judicious decision making in this regard requires the expertise of professional guidance, because small industry is such where it is impossible to locate a mistake that is committed once, since small entrepreneurs can least afford to experimental on alternative ideas or plans.

Labour attains most significant place in the process of production. When the units succeeds in getting rightmen for the right job along with the coordination and cooperation of the employees in smooth running of the industrial units. Very often, the entrepreneurs faced labour shortage situation particularly of skilled workers. Absenteeism of labour and proper labour facility, in backward districts Kanpur Dehat, Jhansi & Mathura of categories A, B & C, have been other problems of entrepreneurs.

Continuous supply of power is an essential prerequisite for the optimum utilisation of plant and machinery. But unfortunately, the industrial units were also exposed to power failures, low voltage, irregular power supply.
The Uttar Pradesh Government is assuring and ensuring power supply still entrepreneurs of industrially backward districts face power shortage. It cause adverse effect on production. When the researcher visited the backward district, so many factories were closed due to power cut.

The working group on small scale Industries in 1959 that the non-availability of the right type of raw material at reasonable prices had always been a problems faced by small entrepreneurs. Shortage of Iron and steel had adversely affected many small scale engineering units. The shortage of raw materials at reasonable prices would hamper the production process. At times, the entrepreneurs approach the middlemen for the supply of raw material so, it necessary to ensure adequate quality of raw material to the industrial enterprises at comparative prices for their well being.

The source by which entrepreneurs procure their raw materials are very important for the smooth production. Therefore, it is felt necessary to investigate the source of the raw material for entrepreneurs have
reported that they get their required raw material through open markets in backward districts i.e., Kanpur Dehat, Jhansi & Mathura of categories A, B & C.

The capital structure in different industries of Kanpur Dehat, Jhansi & Mathura districts of Uttar Pradesh has been discussed in the foregoing pages. It was found that the highest number of entrepreneurs who got the concessional finance and state subsidy were in the range of Rs. 0-10 lakhs, borrowed from market were in the size of Rs. 0-10 lakhs and Rs. 25 -50 Lakhs, own capital were in the limit of Rs. 25-50 lakhs.

In Kanpur Dehat district of category 'A' out of 10 entrepreneurs, 3 entrepreneurs (30%) faced the problem of delay in sanctions loans and another 3 entrepreneurs has reported the security requirements have been the main problems in procuring financial assistance. In Jhansi district of category 'B', 3 entrepreneurs (30%) said that more paper work has been the main problems for them, another 3 entrepreneurs (30%) have reported that the security required had been the main problem in procuring financial assistance.
In Mathura district of category 'C' out of 10 entrepreneurs, 3 entrepreneurs (30%) have reported that lack of information has been one of the important problems and other 3 entrepreneurs (30%) said that more paper work has been another important problem for them in procuring financial assistance.

After discussing the socio-Economic problems of entrepreneurs in backward districts of Uttar Pradesh. It was necessary to study the impact of incentives and subsidies on entrepreneurial development of backward areas in Uttar Pradesh in forthcoming chapter.
CHAPTER VII
The term 'incentives' is a general one and includes concessions, subsidies, and bounties. 'Subsidy' denotes a single lumpsum amount which is given by a Government to an industry. It is granted to an industry which is considered essential in the national interest. The 'bounty' denotes a bonus or financial aid which is sanctioned by a Government to an industry to help it complete with other units in a nation or in a foreign market. It is granted in proportion to its output. Bounty confers benefits on a particular industry, while a subsidy is given in the interests of the nation.

Incentives are of different kinds such as, cash subsidies, tax concessions, preference in issuing licences, allotment of industrial sheds.

and raw materials, granting concessional finance etc. Which are motivational factors in the development of industries in backward regions.

**Importance of Incentives**

The importance of incentives and subsidies arises on account of the following reasons:

1. **To correct Regional Imbalance**

   To create regional balances can also lead to effective utilisation of regional resources, removal of disparities in income and levels of living and contribute to a more integrated society. The usual packages of incentives and concession, have been made available in backward as well as developed districts.

2. **to promote Entrepreneurship**

   As far the economic constraints are concern the new entrepreneurs many impediments on account of inadequate infrastructures market intelligence, entrepreneurial guidance, entrepreneurial training, technical consultancy and merchant banking

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facilities, lack of an institutional mechanism to provide full time management personnel complementary to new entrepreneurs, and finally, form insufficient orientation of the promotional institutions barring a few exceptions at the State level to the needs of new medium entrepreneurs.

Industrial Estates, Industrial complexes, industrial nucleus etc. availability of power, concessional finance, capital investment subsidy, transport subsidy, etc., are all a few examples of incentives to solve the constraints in the emergence of entrepreneurs in industry.

3. To provide competitive strength, Survival and Growth

Some of the incentives are concerned with the establishment of industries while others are concerned with the survival and growth of industries or units. Several incentives are confined to the first few years of establishment of the unit while a few of them are made available over a long period.
The concessions like consessional finance, tax relief preferential power tariff, etc., contribute to their survival and growth by compensating some of their costs or improving the level of after tax profits. Thus, most of these incentives cash assistance, concessions preferences, relief, reimbursements, etc. are in the nature of subsidies to the target industries, in one form or the other.

**Different incentives schemes in India for industrial development**

Different incentives schemes applicable to the industrial sector in India are in operation. These schemes are offered by the State Government. The list of incentives offered by the government are listed below:

1. Export/Import subsidies and bounties,
2. Interest free loans,
3. Subsidy for R & D works,
4. Capital Investment subsidy,
5. Transport subsidy,
6. Interest subsidy,
7. Subsidy for power generators,
8. Exemption from property tax


Problems Relating to Subsidy system :-

Some problems may arise in devising and implementing a subsidy system.

1. Target groups whom the subsidy is to benefit should be implementation those who do not deserve the subsidy may get it.
2. The quantum of subsidy should be adequate to produce the desired results. The effect will vary according to a firm's size and the relevance of the subsidy to its needs.

3. The duration for which the subsidy will be given must be fairly long as to enable the industries to take advantage of it.

4. Information regarding the subsidy scheme should reach the prospective beneficiaries. The communication must be complete and clear.

5. The cost of administering a subsidy should also be considered. Similarly the administrative procedure must be effective.

6. Subsidies once introduced are difficult to withdraw as vested interests always like to continue to enjoy such unearned income.

7. In the long-run subsidies may lead to complacency and inefficiency.

8. Measurement of the impact of subsidies is not
and easy task. If, for instance, a capital subsidy meant for industrial development in a backward region results in some new industrial units coming up in the particular region. Is it wholly due to the capital subsidy? If the industrialists of a particular region are asked to give their opinion on the benefits of subsidy one may be faced with systematic misrepresentation.

9. The subsidies will have no effect (i) if the profitability is already sufficient, (ii) if the profitability even with the subsidy is insufficient to justify the investment, or (iii) if the condition for profitable operations do not exist any way.

10. The impact of subsidies may vary over time she never any dynamic change takes place. Such change may be due to general economic conditions.

11. A subsidy may remain unutilised if the conditions or procedures for its use are cumbersome.
12. The effect of a subsidy may be reduced if the administration is inefficient of becomes corrupt.¹

Capital Investment subsidy Scheme

Several policy measures have been devised to develop backward areas since the late sixties when a conscious decision was taken to induce industrial activity in relatively less developed areas of the country. The granting of subsidy on capital investment in backward areas is one among them. It was one of the first instruments conceived for industrialising backward areas and has, therefore, been in operation since August, 1971. It is envisaged to giving an outright grant of 10% of the amount of capital invested in industrial units in areas specified to be backward regions/districts. A ceiling of 5 lakhs was placed on the amount of grant that an individual unit could avail of².

This subsidy was made available to new units,

as well as, to existing units undertaking substantial expansion in notified backward districts. The Scheme was originally applicable to 2 districts/area in the case of each of the other states. Initially, the subsidy was made available only to those projects whose total fixed capital did not exceed Rs. 50 lakhs, and later extended up to Rs. 1 crore.¹

The capital subsidy is not taxable as income or revenue receipt. The scope of the scheme has since been extended by increasing the number of districts/areas for which the scheme would apply from 2 to 6 for each of the states identified as being industrially backward and from 1 to 3 each of the other states. Since March 1973, the rate of the subsidy has also been increased from 10% to 15% of the fixed capital investment subject to the condition that the subsidy amount would not exceed Rs. 15 lakhs in any one case irrespective of the cost of the project. The number of districts/areas eligible for the central subsidy has, thus increased from 44 in 1971 to 101 (out of 246 districts declared backward

by the planning commission) in 1973. The choice of the districts/areas out of the designated backward districts was largely left to the state Governments.

PACKAGE OF INCENTIVES FOR INDUSTRIES IN UTTAR PRADESH:

Scheme of State Capital Subsidy :-

Under this scheme, the new industrial units set up in backward areas will be entitled to the State Capital Subsidy on fixed capital investment as below:

Category ‘A’ 20 per cent (maximum Rs. 2 million) (20 lakhs)

Category ‘B’ 15 per cent (maximum Rs. 1.5 million) (15 lakhs)

Category ‘C’ 10 per cent (maximum Rs. 1 million) (10 lakhs).

On undertaking expansion/modernization/diversification of 25 per cent or more, all eligible units shall be entitled for the subsidy.

(i) The units set up in hill areas, over 1,000 metres above sea level or 50 kms. away from the foothills, will be eligible for the Special Capital Subsidy of 10% on fixed capital investment (Rs. 10 lakhs).

(ii) New industrial units set up in hill districts (more than 100 kms. away from the foothills) are given special State Capital Subsidy of 15 percent on fixed capital investment (Rs. 15 lakhs).

(iii) The Special Capital Subsidy, as mentioned in (i) and (ii) shall be available in addition to the State Capital Subsidy.

(iv) The Special State Capital Subsidy is given in all such cases where expansion/modernization/diversification has been envisaged.

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**Scheme of Special Capital Subsidy for prestige units**

In any district of the State, the first unit set up during 1.4.90 to 31.3.95 with a fixed capital investment of Rs.25 crores or more, shall be

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considered as "Prestige Unit". A Special Capital Subsidy of Rs. 15 lakhs would be admissible to this unit. Besides this, an additional Special Capital Subsidy of Rs. 15 lakhs would be admissible if it promotes ancillary industries.

Special State Capital subsidy for Pioneer Units at Tehsil level:

The first unit established in any Tehsil with fixed capital investment of Rs. 500 crores or more would be considered as the 'Pioneer Unit' at Tehsil level. Special State Capital Subsidy of Rs. 10 lakhs would be admissible to this Pioneer unit. Besides this, an additional special State Capital Subsidy of Rs. 10 lakhs would be available to such unit if it promotes ancillary units.

Special State Capital Subsidy for Pioneer Unit at Block level:

The first three units; established in any community development block with fixed capital investment of Rs. 20 lakhs or more (Rs. 10 lakhs in

hill areas), would be termed as 'Pioneer Units' at Block Level. 10% of the fixed capital subsidy subject to a maximum of Rs. 5 lakhs. This special state Capital Subsidy would be in addition to the General state Capital Subsidy. Land will be made available at subsidized in notified industrial areas/estates in industrially backward districts.¹

**Special Incentives in Power Supply:**

(i) New units of all categories are exempted from power cuts for 5 years provided they have independent feeders of their own. All new industrial areas will be exempted from power cuts.

(ii) All new units exempted from minimum demand charge for 5 year from the date of commencement of their production.

(iii) For rehabilitation of sick units, Minimum demand charges for the period of their closure will not be charged provided this is a part of the approved package.

¹ Uttar Pradesh, an investment guide, PICUP, Lucknow, 1995, p. 25.
(iv) Units located in the following areas would get development rebate:

(a) Special rebate in electricity bills at the rate of 33.5 percent shall be available for a period of 5 years which are set up in hill districts at a height of 610 meters or more.

(b) In Bundelkhand, development rebate of 50% of electricity bills would be given to new units for 5 years from the date of commencement of production.

(c) 20 percent rebate on electricity bills would be given to the notified industrial estates and the notified industries in the 10 selected districts for 5 years from the date of production.

Rehabilities of Sick Industrial Units:

The Government of India has set up BIFR for the rehabilitation of medium and large sick units. For the units covered by BIFR a relief package has been announced which covers reliefs about sales

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tax, power dues, power cuts, labour problems, permission for sale of land etc. and accordingly the above reliefs are given to such sick units on case to case basis. A committee of senior secretaries of Uttar Pradesh Government has been formed to example the matters related to sick units.

Transport subsidy in hill areas under Government of India's Scheme:

75% subsidy on the cost of transportation of raw material and finished good from the site of the industrial unit to the specified 'Railhead' and vice versa is available in hill areas under the scheme of central Government.

Special Transport subsidy of state government in Hill Areas:

(i) Industrial units situated in the border districts of Uttarkashi, Chamoli, and Pithoragarh will get an additional Special Transport Subsidy of 25% from the State Government.

2. Ibid. p. 25.
(ii) A special Transport subsidy of 50% on the cost of transport of raw materials and finished goods within the hills shall also be provided.¹

Special Facilities to Schedule Casts/tribes, Women and Ex-Servicemen entrepreneurs:

I) A special rebate of 1% interest rate on the loans provided by Uttar Pradesh Finance Corporation (UPFC).

II) 5% special capital subsidy upto a minimum of Rs. 0.1 millions.²

Special State capital subsidy to 100% Export Oriented Units:

The units registered as 100% export oriented units by the government of India would be eligible for 10% subsidy (maximum Rs. 2 million) on total fixed capital investment. This special subsidy would be in addition to the other subsidies payable/available under this package.

2. Ibid. p. 25.
Subsidy for Feasibility Report and Seed Capital Scheme

75% subsidy is given by Pradeshiya Industrial & Investment Corporation of Uttar Pradesh (PICUP) on cost of feasibility report subject to maximum of Rs.0.2 million. Under the Seed Capital assistance schemes of Industrial Development Bank of India, assistance to the limit of Rs.1.5 million is available to the industrial units.¹

Integrated Margin Money Loan Scheme

The District Industry Centres are providing Margin Money loans at low rates of interest to the entrepreneurs setting up small scale industries. The maximum limit of the loan is 10% of the project cost or 50% of the share capital (Max. of Rs. .03 million)²

District Industries Centre Margin Money Loan Schemes

The District Industry Centres with the assistance of Government of India (50 percent) provide Margin Money loan to tiny units to the

extent of Rs.40,000/- and Rs. 60,000/- in case of Scheduled Castes/Tribes entrepreneurs.¹

**Special Facility to the Minority Community Entrepreneurs**

Uttar Pradesh Minority Finance and Development Corporation provides margin money assistance at low rate of interest to the entrepreneurs of minority community for the projects costing upto Rs. 0.02 million.²

**Special Facility to Non-Resident Indians**

A person satisfying any one of the following Criteria qualifies to be a Non-Resident Indian origin:-

1. An Indian Citizen who stays abroad for employment or for carrying on business or vocation outside India or for any other purpose for an indefinite period.

2. An Indian citizen who proceeds abroad for higher studies and takes up job on completion of his studies.

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¹ Uttar Pradesh, an investment guide, PICUP, Lucknow, 1995, p. 25.
3. A government servant who is posted abroad on duty with Indian Missions and similar agencies set up abroad by the Government of India and those who have been deputed abroad on assignments with foreign Governments or Regional/International agencies like World Health Organisation, (WHO), ESCAP etc.

4. An official of a public sector undertaking or an autonomous organisation deputed abroad on temporary assignment or posted to its branches or offices abroad.

5. An Indian citizen who has made his permanent home outside India and acquired foreign citizenship.

6. A descendent of an Indian who had earlier migrated from undivided India and acquired foreign citizenship.

7. A foreign born wife of a non-resident Indian origin.

Incentives for Non-Resident Indians in U.P.

The following are the special incentives for Non-Resident Indians in Uttar Pradesh :-

(I) A special NRI cell has been setup in PICUP to ensure quick processing of loan applications of NRIs.

(II) Allotment of plots/sheds to the NRI industrialists in industrial estates/areas would be done on priority. The developing authorities and housing boards would also give topmost priority for the allotment of residential houses/plots to NRIs under their residential schemes. These facilities will be available to those NRIs who make the payment in foreign currency.

(III) Uttar pradesh State Industrial Development Corporation (UPSIDC) will extend equity participation to the tune of 15% of the total project cost to technically qualified NRI entrepreneurs.

(IV) PICUP and UPFC would provide seed capital up to capital the limit of Rs. 15 lakhs to technically qualified NRI entrepreneurs on the top priority.

Impact of Incentive on the development of industries in Backward Areas

The decision of location of entrepreneur is influenced not by any single factor but by number of factors. Availability of finance is one of the many factors which is important an about the location decision of entrepreneurs. But financial incentives (concessional Finance and investment subsidy) alone cannot influence the location decision of entrepreneurs. Researcher has attempt to understand the impact of financial and non-financial incentives on the entrepreneurs decision to set up units in backward districts viz. Kanpur Dehat, Jhansi & Mathura of categories A, B & C.

Factors Influencing the Location Decision of Sample Unit:

In order to analyse the location factors researcher has prepared a ranking by taking upto 6th rank of different location factors. Content Score/weight score of each factor has been shown in the table.

Location decision in Backward District (Kanpur Dehat) of category ‘A’:

It can be seen data from table No. 1 that
Table No. 1

Distribution of sample units according to the rank assigned to locational factors in Backward Areas of category 'A' Kanpur Dehat.

<table>
<thead>
<tr>
<th>Location factors</th>
<th>Ranks of Units</th>
<th>Weighted Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1  2  3  4  5  6</td>
<td>No. %age</td>
<td></td>
</tr>
<tr>
<td>1. Concessional Finance</td>
<td>4  4  -  -  -  -</td>
<td>44  21  1</td>
<td></td>
</tr>
<tr>
<td>2. Central Investment subsidy</td>
<td>-  -  -  -  -  -</td>
<td>-  -  -</td>
<td></td>
</tr>
<tr>
<td>3. State Investment Subsidy</td>
<td>2  -  2  -  6  2</td>
<td>34  16  3</td>
<td></td>
</tr>
<tr>
<td>4. Interest Free Sales tax subsidy</td>
<td>-  -  -  -  -  -</td>
<td>6  6  3  6</td>
<td></td>
</tr>
<tr>
<td>5. Transport subsidy</td>
<td>-  -  -  -  -  -</td>
<td>2  2  1  8</td>
<td></td>
</tr>
<tr>
<td>6. Power subsidy</td>
<td>-  -  -  2  -  -</td>
<td>6  3  6</td>
<td></td>
</tr>
<tr>
<td>7. Cheap land</td>
<td>-  -  -  4  -  -</td>
<td>12  6  5</td>
<td></td>
</tr>
<tr>
<td>8. Cheap Labour</td>
<td>-  -  -  -  2  -</td>
<td>4  2  7</td>
<td></td>
</tr>
<tr>
<td>9. Nearness of Raw Material</td>
<td>-  -  4  2  -  -</td>
<td>22  10  4</td>
<td></td>
</tr>
<tr>
<td>10. Location of similar Industries</td>
<td>-  2  4  2  2  -</td>
<td>36  17  2</td>
<td></td>
</tr>
<tr>
<td>11. Govt. Location Policy</td>
<td>-  -  -  -  -  -</td>
<td>-  -  -</td>
<td></td>
</tr>
<tr>
<td>12. Personal factor (Home town)</td>
<td>4  4  -  -  -  -</td>
<td>24  21  1</td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaire.
among the factors influencing location decision, concessional finance and personal factors (Home town) have been considered as a first rank factor by 21 percent. In the second rank, location of similar industries influenced the maximum number of units (6 units 17%), State Investment subsidy is being as third ranking factors which was considered by a maximum number of units (6 units, i.e., 16%) other important factors exerted considerable influence on location decision of entrepreneurs were nearness of raw materials cheap land, power subsidy and interest free sales tax subsidy etc.

It has also been observed that concessional finance and personal factors (Home town) have emerged as the most important determinant of location decision, by scoring (44 points each). Second highest point was scored by location of similar industries (36 points). Third and fourth positions according to score went to state investment subsidy (34 points) and nearness of raw material (22 points). It is, therefore, revealed that the financial incentives, i.e., concessional finance and location of similar industries together scored $80$ points, having emerged as the most important determinant of location decision.
Thus, one can conclude that majority of respondents gave highest priority to the availability of concessional finance and personal factors (Home town).

**Location decision in Backward District Jhansi of Category 'B'.**

Table no. 2 reveals that in Jhansi of category 'B' districts financial incentives, & concessional finance were considered important factors by the industrial units. Out of 10 units in the sample 8 units have assigned 1st rank and 2 units gave 2nd rank to subsidy. Second dominating factor was personal factor (Home town). Weighted score in the last column of the table indicates that subsidy scored highest points (58) concessional Finance, (48) personal factor (Home town), (36) location of similar industry. It is clear from the response of the sample units that financial incentives emerged as the strongest determinant of location choice. It is also observed from the samples taken from the districts that the other factors like interest free sales tax, cheap land, cheap labour, nearness of raw material and location policy of government etc., have
Table No. 2

Distribution of sample units according to the rank assigned to locational factors in Backward Areaa of category 'B' Jhansi.

<table>
<thead>
<tr>
<th>Location factors</th>
<th>Ranks of Units</th>
<th>Weighted Score</th>
<th>Rank</th>
<th>No. %age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Concessional Finance</td>
<td>8 2 - - - -</td>
<td>58 28 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Central Investment subsidy</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. State Investment Subsidy</td>
<td>- - - - - -</td>
<td>20 10 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Interest Free Sales tax subsidy</td>
<td>- - - 2 4 2</td>
<td>16 8 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Transport subsidy</td>
<td>- - - 4 2 2</td>
<td>18 9 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Power subsidy</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Cheap land</td>
<td>- - - - - -</td>
<td>2 2 1 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Cheap Labour</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Nearness of Raw Material</td>
<td>- - 2 - - -</td>
<td>10 9 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Location of similar Industries</td>
<td>- 4 4 - - -</td>
<td>36 17 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Govt. Location Policy</td>
<td>- - - - - 2</td>
<td>2 2 1 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Personal factor (Home town)</td>
<td>2 4 4 - - -</td>
<td>48 23 2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source : Questionnaire.
exerted marginal influence in choosing plant location.

Therefore, one can conclude from the above discussion that the decision of plant location of entrepreneurs in a backward districts is significantly influenced by government direct and indirect intervention.

**Location Decision in Backward District Mathura of Category 'C'.**

The Table No. 3 indicates that among the influencing location decision factors, state investment subsidy has been considered as first rank factors by the 25% entrepreneurs. In the second rank, concessional finance influenced the maximum number 22%, personal factors (Home town) is being the third ranking factor which was considered by the maximum number 15%. The other important factors exerted considerable influence on location decision of entrepreneurs were nearness of raw material, Interest free sales tax and cheap labour etc.

The table also indicates that the state
## Table No. 3

Distribution of sample units according to the rank assigned to locational factors in Backward Areaa of category 'C' Mathura.

<table>
<thead>
<tr>
<th>Location factors</th>
<th>Ranks of Units</th>
<th>Weighted Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1   2   3   4   5   6</td>
<td>No. %age</td>
<td></td>
</tr>
<tr>
<td>1.Concessional Finance</td>
<td>6   2   -   -   -   -</td>
<td>46 22 2</td>
<td></td>
</tr>
<tr>
<td>2. Central Investment subsidy</td>
<td>-   -   -   -   -   -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. State Investment Subsidy</td>
<td>4   4   2   -   -   -</td>
<td>52 25 1</td>
<td></td>
</tr>
<tr>
<td>4. Interest Free Sales tax subsidy</td>
<td>-   -   -   2   2   6</td>
<td>16 8 6</td>
<td></td>
</tr>
<tr>
<td>5. Transport subsidy</td>
<td>-   -   -   -   -   2</td>
<td>2 1 9</td>
<td></td>
</tr>
<tr>
<td>6. Power subsidy</td>
<td>-   -   -   -   -   -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Cheap land</td>
<td>-   -   2   2   -   -</td>
<td>22 10 5</td>
<td></td>
</tr>
<tr>
<td>8. Cheap Labour</td>
<td>-   -   -   2   -   2</td>
<td>8 4 7</td>
<td></td>
</tr>
<tr>
<td>9. Nearness of Raw Material</td>
<td>-   -   2   2   6   -</td>
<td>26 12 4</td>
<td></td>
</tr>
<tr>
<td>10.Location of similar Industries</td>
<td>-   -   -   2   -   -</td>
<td>6 3 8</td>
<td></td>
</tr>
<tr>
<td>11.Govt. Location Policy</td>
<td>-   -   -   -   -   -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.Personal factor (Home town)</td>
<td>-   4   2   -   2   -</td>
<td>32 15 3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaire.
investment subsidy has emerged as the single most determinant of location decision, by scoring (52 points) second highest was scored by concessional finance (46 points). Third and fourth position according to score went to personal factor (Home Town) (32 points) and nearness of raw material (26 Points).

Thus, it can be said that the State investment subsidy, and financial investment i.e. concessional finance together score (98 points) having emerged as the most important determinant of location decision. So, one can concluded that majority of respondents gave the highest priority to the availability of concessional finance and State Investment Subsidy.

Impact of State Investment Incentives /Subsidies in Industrial Development of Backward District Kanpur Dehat of Category ‘A’.

The impact of state investment incentives on the establishment of units in backward areas viz. Kanpur Dehat of category ‘A’ can be seen from table No. 4. The table indicates that due to availability of state incentives and subsidies, one entrepreneur was highly motivated, five entrepreneurs were moderately and four entrepreneurs were less motivated.
### Table No. 4

Impact of state investment incentives/subsidies on Industrial Development of backward areas category 'A' Kanpur Dehat.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%age</td>
<td>No.</td>
<td>%age</td>
</tr>
<tr>
<td>1. State Investment subsidy</td>
<td>1</td>
<td>20</td>
<td>5</td>
<td>38</td>
</tr>
<tr>
<td>2. Interest free sales tax</td>
<td>1</td>
<td>20</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td>3. Land cost subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Exemption from octroi duty</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Subsidy of feasibility</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Transport subsidy</td>
<td>1</td>
<td>20</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>7. Power concessions</td>
<td>1</td>
<td>20</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>8. Billable demand concession</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9. No minimum conception</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10. Development Rebate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11. Exemption from power cut</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12. Facility of Investment on security</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>13. Generating set subsidy</td>
<td>1</td>
<td>20</td>
<td>2</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Questionnaire.
Interest free sales tax was also a motivated factors to extent through it was less effective than the incentives. Out of seven entrepreneurs, one was highly motivated, four were moderately and two were less motivated.

Due to transport subsidies out of 10 entrepreneurs, four entrepreneurs were motivated of which one was highly motivated one was moderately and remaining two were less motivated.

Power concession was also motivating factors to the entrepreneurs. Due to this subsidy one entrepreneur was highly motivated, another was moderately and the remaining 7 were less motivated.

From the foregoing analysis it can be understood that these entrepreneurs to set up their units in backward areas were not highly motivated due to aforesaid factors, but they were moderately motivated.

Impact of State Investment incentives/Subsidies on Industrial Development of Backward District Jhansi of Category ‘B’.

Unlike Kanpur Dehat of category A, which we have
### Table No. 5

Impact of state investment Incentives/subsidies on Industrial Development of backward areas category 'B' Jhansi.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%age</td>
<td>No.</td>
<td>%age</td>
</tr>
<tr>
<td>1. State Investment</td>
<td>1</td>
<td>14</td>
<td>6</td>
<td>29</td>
</tr>
<tr>
<td>subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Interest free sales</td>
<td>2</td>
<td>29</td>
<td>6</td>
<td>29</td>
</tr>
<tr>
<td>tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Land cost subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Exemption from octori duty</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Subsidy of feasibility</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Transport subsidy</td>
<td>2</td>
<td>29</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td>7. Power concessions</td>
<td>1</td>
<td>14</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>8. Billable demand</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>concession</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. No minimum conception</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10. Development Rebat</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11. Exemption from power cut</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>facility of Investment on security</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12. generating set subsidy</td>
<td>1</td>
<td>14</td>
<td>3</td>
<td>13</td>
</tr>
</tbody>
</table>

Source :-Questionnaire.
discussed earlier, Government subsidies concern and other incentives motivated better in Jhansi of category B. Hence Table No. 5 shows that state investment subsidy resulted in high motivation of one entrepreneur, six entrepreneurs were moderately motivated and three entrepreneurs were less motivated.

Interest free sales tax had a medium effect. Two entrepreneurs were highly motivated six entrepreneurs were motivated and two entrepreneurs were less motivated.

In the case of transport subsidy, two entrepreneurs were highly motivated, four entrepreneurs were moderately motivated and four were less motivated.

Power subsidy was enjoy by units only in which one entrepreneur was motivated, two moderately motivated and two less motivated.

Generating set subsidy also had a medium effect. Out of nine units, only one entrepreneurs was motivated, three moderately motivated and three less motivated.
From the above analysis, it can be summed up that majority of the entrepreneurs were moderately motivated.

**Impact of State Investment Incentives/Subsidies on Industrial Development of backward District Mathura of Category 'C'**

Impact of state incentives/subsidies on establishment of units in backward district Mathura of category 'C' in Uttar Pradesh can be studied from table No. 6. The table reveals that line to available of state incentives and subsidies only one entrepreneur (17%) was highly motivated, 4 entrepreneurs (20%) moderately motivated and 3 were less motivated.

Interest free sales tax also had a medium effect out of 8 units only one entrepreneurs (17%) was highly motivated, 4 entrepreneurs were moderately motivated and 3 entrepreneurs were less motivated.

In the case of land cost subsidy only two units receive this subsidy, one was moderately motivated and the other was less motivated. Exemption from octori duty only 2 units received this subsidy, it could not be motivating factors in the establishment of units in backward areas.
Table No. 6

Impact of state investment Incentives /subsidies on Industrial Development of backward areas category 'C' Mathura.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.%age</td>
<td>No.%age</td>
<td>No.%age</td>
<td>No.%age</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------</td>
<td>-----------------------</td>
<td>----------------</td>
<td>-------</td>
</tr>
<tr>
<td>1. State Investment subsidy</td>
<td>1 17</td>
<td>4 20</td>
<td>3 17</td>
<td>8 18</td>
</tr>
<tr>
<td>2. Interest free sales tax</td>
<td>1 17</td>
<td>4 20</td>
<td>3 17</td>
<td>8 18</td>
</tr>
<tr>
<td>3. Land cost subsidy</td>
<td>- -</td>
<td>1 5</td>
<td>1 6</td>
<td>2 5</td>
</tr>
<tr>
<td>4. Exemtion from octroi duty</td>
<td>- -</td>
<td>1 5</td>
<td>1 6</td>
<td>2 5</td>
</tr>
<tr>
<td>5. Subsidy of feasibility</td>
<td>- -</td>
<td>1 5</td>
<td>2 10</td>
<td>3 7</td>
</tr>
<tr>
<td>6. Transport subsidy</td>
<td>1 17</td>
<td>2 10</td>
<td>3 17</td>
<td>6 17</td>
</tr>
<tr>
<td>7. Power concessions</td>
<td>1 17</td>
<td>2 10</td>
<td>2 10</td>
<td>5 11</td>
</tr>
<tr>
<td>8. Billable demand concession</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>9. No minimum conception</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>10. Development Rebat</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>11. Exemtion from power cut</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>12. Facility of Investment on security</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>13. generating set subsidy</td>
<td>2 32</td>
<td>5 25</td>
<td>3 17</td>
<td>10 23</td>
</tr>
</tbody>
</table>

Source :-Questionnaire.
Only six units enjoyed transport subsidy, out of this only one entrepreneur was highly motivated, 2 were moderately motivated and remaining 3 were less motivated.

In the case of power concession 5 units received this subsidy, of this only one entrepreneurs was highly motivated, 2 were moderately motivated and 2 entrepreneurs were less motivated.

Generating set subsidy also had a medium effect out of 10 units only 2 entrepreneurs were highly motivated, 5 entrepreneurs were moderately motivated and 3 were less motivated.

Thus, it can be concluded that majority of the entrepreneurs were moderately motivated.

**Impact of UPFC’s incentives on Industrial development of Backward district kanpur Dehat of Category ‘A’.

Table No. 7 indicates that due to the availability of various infrastructural facilities out of 10 entrepreneurs only six entrepreneurs
Table No. 7

Impact of UPFC incentives on Industrial Development of backward areas category 'A' Kanpur Dehat.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total No.%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Free cost of land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Exclusive area to be reserved for industry and housing for NRI's</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Land to be provided for Hitech units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Arrangement of various infrastructure facilities</td>
<td>1 33</td>
<td>2 33</td>
<td>3 33</td>
<td>6 38</td>
</tr>
<tr>
<td>5. Special loan for units</td>
<td>2 67</td>
<td>46 67</td>
<td>64 67</td>
<td>10 62</td>
</tr>
</tbody>
</table>

Source: Questionnaire.
receive this incentives, only one entrepreneur (33%) was moderately motivated and remaining 3 were less motivated.

In the case of special loan and subsidy and incentives, all the units received this subsidy of which only 2 entrepreneurs were highly motivated, 4 moderately and other 4 entrepreneurs were less motivated. The other remaining factors could not get favour with the units.

From the foregoing analysis, it can be concluded that Uttar Pradesh Finance Corporation's incentives and subsidies could not motivated to entrepreneurs in Kanpur Dehat of category 'A' of backward districts.

Impact of UPFC’s Incentives/Subsidies in backward district Jhansi of category ‘B’

The table No. 8 shows that in Jhansi district of category 'B' only one entrepreneur was highly motivated 3 entrepreneurs (33%) were moderately motivated and 4 entrepreneurs were less motivated due to infrastructural facilities. In the regard of special loan for units one entrepreneur was highly
Table No. 8

Impact of UPFC incentives on Industrial Development of backward areas category 'B' Jhansi.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total Motivated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
</tr>
<tr>
<td>1. Free cost of land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Exclusive area to be reserved for industry and housing for NRI's</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Land to be provided for Hitech units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Arrangement of various infrastructure facilities</td>
<td>1 50 3 33</td>
<td>4 57 8 44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Special loan for units</td>
<td>31 50 6 67</td>
<td>3 43 10 56</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source :- Questionnaire.
motivated, 6 entrepreneur were moderately motivated and remaining 3 were less motivated.

The other factors i.e., free cost of land, exclusive area to be reserved for industry and Housing for NRI's and land to be provided for Hi-tech units such factor were not enjoyed by any unit. Thus, one can conclude that UPFC's subsidies did not motivated to established units in Jhansi of category 'B' district of backward areas.

Impact of UPFC's Incentives in backward district
Mathura of Category 'C'

Table No. 9 indicates that in Mathura district due to UPFC incentives /subsidies two entrepreneurs were moderately motivated and 6 entrepreneurs were less motivated.

In the case of loan for units only one entrepreneur was highly motivated, 2 were moderately motivated and 7 were less motivated.

From the above analysis, it can be concluded that out of 5 factors only 2 factors appealed to the entrepreneurs for the establishment of units. So UPFC could not play a significant role in the
### Table No. 9

Impact of UPFC incentives on Industrial Development of backward areas category 'C' Mathura.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total Motivated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
</tr>
<tr>
<td>1. Free cost of land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Exclusive area to be reserved for industry and housing for NRI's</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Land to be provided for Hitech units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Arrangement of various infrastructure facilities</td>
<td>-</td>
<td>2</td>
<td>50</td>
<td>6</td>
</tr>
<tr>
<td>5. Special loan for units</td>
<td>1</td>
<td>100</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Questionnaire.
establishment of new units in Mathura district of category 'C' in backward areas.

Impact of UPSIDC’s incentives in backward district Kanpur of category 'A'

The data set out in table No. 10 furnishes information regarding impact of UPSIDC incentives/subsidies in the development of backward districts Kanpur Dehat of category 'A' in Uttar Pradesh. It is clear from the table that due to the availability of UPSIDC, i.e. Bridge loan, only one entrepreneur was highly motivated 3 were moderately motivated and 6 entrepreneurs were less motivated.

In the case of transport loan scheme, out of 10 entrepreneurs, only 4 received it. This facility was favoured by entrepreneur one entrepreneur was moderately motivated and 2 entrepreneurs were less motivated.

Thus, it can be summed up that impact of UPSIDC subsidies/incentives in the development of backward district Kanpur Dehat of category 'A' was not fruitful for the establishment of units.
Table No. 10

Impact of UPSIDCO subsidies/incentives on Industrial Development of backward areas Category 'A' Kanpur Dehat

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total Motivated</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>%age</td>
<td>No.</td>
<td>%age</td>
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</tr>
<tr>
<td>---------------------------------------</td>
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<td>----------------------</td>
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<td>-----------------</td>
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<td>1. Bridge Loan</td>
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<td>10 71</td>
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<tr>
<td>2. Seed Capital Assistance</td>
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<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>3. Composite loan scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>4. Handloom loan scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>5. Transport loan scheme</td>
<td>1 50</td>
<td>1 25</td>
<td>2 25</td>
<td>4 29</td>
</tr>
<tr>
<td>6. Equipment Refinance Scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>7. Modernisation Scheme</td>
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<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>8. Mahila Udyan Nidhi Scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>9. Interest subsidy scheme for women intrepreneurs</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
</tbody>
</table>

Source: Questionnaire.
Impact of UPSIDC's incentives in backward districts

Jhansi of category 'B'

The table No. 11 presents an analysis of impact of UPSIDC incentives/subsidies on industrial development of backward district Jhansi of category 'B' in Uttar Pradesh. The table shows that due to the availability of UPSIDC's Bridge loan only one entrepreneur showed great interest in moderately motivated and 3 entrepreneurs were less motivated.

In regard of transport loan scheme 9 entrepreneurs were benefitted from this scheme of which 3 entrepreneurs were moderately motivated and remaining 6 entrepreneurs were less motivated.

From the above discussion it can be concluded that like category 'A' table, the impact of UPSIDC's subsidies/incentives in backward districts of category 'B' did not play any significant role in the development of units.

Impact of UPSIDC's incentives in backward district

Mathura of category 'C'

UPSIDC's incentives/subsidies in backward district Mathura shows in the table No. 12 that on


Table No. 11

Impact of UPSIDCO subsidies/incentives on Industrial Development of backward areas Category 'B' Jhansi.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total Motivated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
</tr>
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<td>1 100</td>
<td>6 67</td>
<td>3 33</td>
<td>10 52</td>
</tr>
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<td>2. Seed Capital Assistance</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>3. Composite loan scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
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<td>4. Handloom loan scheme</td>
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<td>5. Transport loan scheme</td>
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<td>6 67</td>
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<td>6. Equipment Refinance Scheme</td>
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</tr>
<tr>
<td>7. Modernisation Scheme</td>
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<td>- -</td>
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<td>- -</td>
</tr>
<tr>
<td>8. Mahila Udyan Nidhi Scheme</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
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<tr>
<td>9. Interest subsidy scheme for women intrepreneurs</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
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</tr>
</tbody>
</table>

Source :- Questionnaire.
Table No. 12

Impact of UPSIDCO subsidies/incentives on Industrial Development of backward areas Category 'C' Mathura.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total Motivated</th>
<th>No.</th>
<th>%age</th>
<th>No.</th>
<th>%age</th>
<th>No.</th>
<th>%age</th>
<th>No.</th>
<th>%age</th>
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<td>3</td>
<td>44</td>
<td>7</td>
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<td>2. Seed Capital Assistance</td>
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<td>-</td>
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<td>14</td>
<td>2</td>
<td>13</td>
<td>3</td>
<td>13</td>
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<td></td>
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<td>-</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Handloom loan scheme</td>
<td>-</td>
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<td>-</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5. Transport loan scheme</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>28</td>
<td>6</td>
<td>37</td>
<td>8</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6. Equipment Refinance</td>
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<td>-</td>
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</tr>
<tr>
<td>7. Moderanisation Scheme</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>4</td>
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<tr>
<td>8. Mahila Udyan Nidhi Scheme</td>
<td>-</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>9. Interest subsidy scheme</td>
<td></td>
<td></td>
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<td>for women intreprenuers</td>
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<td>-</td>
<td>-</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaire.
account of Bridge loan scheme 3 entrepreneurs were moderately motivated and 7 were less motivated.

In the case of seed capital assistance only one entrepreneurs was moderately motivated and 2 were less motivated, in composite loan scheme only one entrepreneurs was moderately motivated.

Regarding transport loan scheme out of 10 entrepreneurs 8 were benefitted. Due to this scheme 2 entrepreneurs were moderately motivated and 6 were less motivated.

It can be summed up that UPSIDC’s incentives/subsidies scheme did not play a major beneficial role in the promotion of industries in backward areas of category ‘C’ districts.

Impact of PICUP’s incentives/subsidies in backward district Kanpur Dehat of Category ‘A’

Table No. 13 indicates the availability of Bridge loan and only one entrepreneur was highly motivated, 2 were moderately motivated and 6 were less motivated.

In the case of seed capital scheme one
### Table No. 13

Impact of PICUP incentives/subsidies on Industrial Development of backward areas Category 'A' Kanpur Dehat.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total No.%age</th>
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<td>Loan syndication and working capital arrangement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bridge loan</td>
<td>1 100</td>
<td>2 33</td>
<td>6 60</td>
<td>9 52</td>
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<td>Equipment Refinance Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lease Finance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment purchase assistance</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Equipment Finance Scheme</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>venture capital scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Seed capital scheme</td>
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<td>1 17</td>
<td>1 10</td>
<td>2 12</td>
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<tr>
<td>Agency Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State capital subsidy</td>
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<td>1 33</td>
<td>2 20</td>
<td>4 24</td>
</tr>
<tr>
<td>Sales tax exemption</td>
<td>-</td>
<td>1 17</td>
<td>1 10</td>
<td>2 12</td>
</tr>
<tr>
<td>Feasibility subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: - Questionnaire
entrepreneurs was moderately motivated and one other was less motivated. In case of capital subsidy two entrepreneurs were Moderately motivated and 2 were less motivated.

Regarding sales tax exemption one entrepreneur was moderately motivated and one entrepreneur was less motivated.

From the above discussion it can be concluded that PICUP incentives and subsidies could not motivated entrepreneurs to establish units in Kanpur Dehat of backward district of category 'A'.

**Impact of PICUP's incentives/subsidies in backward district Jhansi of category 'B'**

The table No. 14 shows that, in Jhansi district due to incentives and subsidies of PICUP only one entrepreneurs was highly motivated, 3 moderately motivated and 6 were less motivated. Only one entrepreneur was less motivated in case of equipment purchase assistance incentives and subsidies.

In case of seed capital subsidy only one entrepreneurs was moderately motivated and 2
### Table No. 14

Impact of PICUP incentives/subsidies on Industrial Development of backward areas Category 'B' Jhansi.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total</th>
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<tbody>
<tr>
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<td><strong>No. %age</strong></td>
<td><strong>No. %age</strong></td>
<td><strong>No. %age</strong></td>
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<td>1. Loan syndication and working capital arrangement</td>
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</tr>
<tr>
<td>2. Bridge loan</td>
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<td>3 43</td>
<td>6 55</td>
<td>10 50</td>
</tr>
<tr>
<td>3. Equipment Refinance Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Lease Finance</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Equipment purchase assistance</td>
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<td>-</td>
<td>1 9</td>
<td>1 5</td>
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<tr>
<td>6. Equipment Finance Scheme</td>
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<td>-</td>
</tr>
<tr>
<td>7. Venture capital scheme</td>
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<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>8. Seed capital scheme</td>
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<td>1 14</td>
<td>2 18</td>
<td>3 15</td>
</tr>
<tr>
<td>9. Agency Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(a) State capital subsidy</td>
<td>1 50</td>
<td>3 43</td>
<td>2 18</td>
<td>6 30</td>
</tr>
<tr>
<td>(b) Sales tax exemption</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(c) Feasibility subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Questionnaire
entrepreneurs were less motivated.

In regard of state capital subsidy only one entrepreneur was highly motivated 3 moderately motivated and 2 were less motivated. Taking noted facts into consideration, it can be summed up that PICUP did not play a significant role in backward district Jhansi of category ‘B’.

Impact of PICUP’s incentives/subsidies in backward district Mathura of category ‘C’

The data set out in the table No. 15 shows the impact of PICUP incentives on the establishment of units in industrial development of backward areas in Uttar Pradesh. The table indicates that due to the availability of Bridge loan two entrepreneurs were moderately motivated and 6 were less motivated and only one was less motivated in the case of equipment purchase assistance incentives.

In regard of equipment finance scheme, one entrepreneur was highly motivated, one was moderately motivated and another one was less motivated.

Sales tax exemption had a medium effect of 8 unit 2 entrepreneurs were moderately motivated and 6 entrepreneurs were less motivated.
### Table No. 15

Impact of PICUP incentives/subsidies on Industrial Development of backward areas Category 'C' Mathura.

<table>
<thead>
<tr>
<th>Incentives/Subsidies</th>
<th>Highly Motivated</th>
<th>Moderately Motivated</th>
<th>Less Motivated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
<td>No. %age</td>
</tr>
<tr>
<td>1. Loan syndication and working capital arrangement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Bridge loan</td>
<td>-</td>
<td>2</td>
<td>33</td>
<td>6</td>
</tr>
<tr>
<td>3. Equipment Refinance Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Lease Finance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Equipment purchase assistance</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>6. Equipment Finance Scheme</td>
<td>-</td>
<td>1</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>7. venture capital scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8. Seed capital scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>9. Agency Scheme</td>
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<tr>
<td>(a) State capital subsidy</td>
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<td>3</td>
</tr>
<tr>
<td>(b) Sales tax exemption</td>
<td>-</td>
<td>2</td>
<td>33</td>
<td>6</td>
</tr>
<tr>
<td>(c) Feasibility subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: - Questionnaire
Conclusion

From the foregoing analysis, it can be concluded that the term 'incentives' is a general one and includes concessions, subsidies and bounties, which are motivational factor in the development of industries in backward regions, in the promotion of small scale industries, in encouraging exports of commodities and services, in encouraging research and development in industries. The usual packages of incentives and concessions have been available in backward as well as developed districts. Industrial policy uses incentives both the correct the market imperfection and to accelerate the process of industrialisation so as to drive the force of supply and demand, reach the equilibrium level.

Different incentive schemes applicable to the industrial sector in India are in operation. These schemes are offered by the state Government. Several policy measures have been devised to develop backward areas since the late Sixties when a conscious decision was taken to induce industrial activity in relatively less developed areas of the country. The granting of a subsidy
on capital investment in backward areas is one among them. This subsidy was made available to new units, as well as to existing units undertaken substantial expansion in notified backward districts. The capital subsidy is not taxable as income or revenue receipt.

The decision of location of entrepreneurs is influenced not by any single factor but by a matter of facts. Availability of finance is one of the many factors which is important about the location decision of entrepreneurs. But financial incentives consessional finance and investment subsidy alone cannot influence the location decision of entrepreneurs. In order to analyse the location factors researchers has prepared a ranking table by taking to 6th rank of different location factors has been shown in all three backward districts viz., Kanpur Dehat, Jhansi & Mathura of categories i.e. A, B & C.

Distribution of sample units according to the rank assigned to locational factors in backward districts viz., Kanpur Dehat of category 'A' observed the concessional finance and personal factors (Home town)
have emerged as the most important points in location decision by scoring (44 points each). Second highest point was scored by location of similar industries (36 points). Third and fourth position according to score went to state investment subsidy (34 points) and nearness of raw material (22 points).

In Jhansi of category 'B' districts financial incentives & concessional finance, was considered important factors by the industrial units. On the other hand the sample taken from the districts that the location factors like interest free sale tax, cheap land, cheap labour, nearness of raw material and location policy of government etc. have external marginal influence in choosing plant location.

In Mathra of category 'C' district that among the first ranking factors state investment subsidy has been considered by the 25%. In the second rank concessional finance influenced the maximum number 22%, personal factors (Home town) as third ranking factor was considered by the maximum number 15% over the important exerting considerable influence on location decision.
The impact of state investment incentives on the establishment of units in backward district Kanpur Dehat of category 'A', that the factors like, investment subsidy, interest free sales tax, Transport subsidy and power concession were the important facilities which were not enough for motivating entrepreneurs to set up units in backward areas.

Unlike Kanpur Dehat of category 'A' government subsidies, concession and other incentives motivated better in Jhansi & Mathura of categories 'B' & 'C' districts. Hence, the state investment subsidy. Interest free sales tax, transport subsidy, power subsidy and Generating set subsidy were highly and moderately motivated. But in overall subsidies and incentives do not play any important role in the established of units in Jhansi & Mathura of categories 'B' & 'C' districts of backward areas.

Due to the availability of various infrastructural facilities, special loan subsidy the Uttar Pradesh Finance Corporation's incentives and subsidies could not motivated entrepreneurs to establish units in Kanpur Dehat & Jhansi
backward districts. In Mathura of category 'C' district due to UPFC incentives/subsidies only two entrepreneurs were moderately motivated and 6 entrepreneurs were less motivated. So UPFC could not play a significant role in the establishment of new units in Mathura of category 'C' districts of backward areas.

Impact of UPSIDC incentives/subsidies on industrial development of backward districts viz., Kanpur Dehat & Jhansi of categories 'A' and 'B' in Uttar Pradesh only Bridge loan and transport subsidies were available to entrepreneurs. So, UPSIDCS incentives /subsidies scheme did not play a major beneficial role in the development of industries in backward areas of A & B categories. Unlike Kanpur Dehat and Jhansi of categories 'A' & 'B' in Mathura category 'C' the UPSIDC play an important role for the development of backward districts.

Impact of PICUP incentives /subsidies on Industrial development of backward Districts, viz., Kanpur Dehat, Jhansi & Mathura of categories A, B & C indicates the availability of Bridge loan, seed capital & sales tax exemption were less motivated to the entrepreneurs of
backward areas, so, PICUP incentives and subsidies could not motivate entrepreneurs to establish units in backward districts.

After discussing the impact of incentives & subsidies on entrepreneurial development of backward areas in Uttar Pradesh. The succeeding chapter has been devoted to evaluate the summary, conclusion and suggestions.
CHAPTER VIII
Chapter VIII
Summary, Conclusions and Suggestions

The development of backward areas have been assigned a high priority in the planning period by the central government as well as the state government. Out of 357 districts in the country, 250 districts have been declared backward by the various state governments on the basis of the criteria laid down by the "Pande Committee" etc.

Regional balance or equitable participation by all region in the process as well as benefits of development has all along been one of the principal objective of industrial development in India. This objectives however, was not achieved to a socially desirable extent during the first three five year plans. At the beginning of the Fourth Plan with renewed emphasis on regional balance the task to identifying industrially backward areas was taken up for the first time by the planning Commission.¹

The regional disparities seem to be concomitant with economic/industrial development. This has become one of the major drawbacks of economic/industrial development and one may compare this with the problems of ecology or the gradual depletion of fossil resources. The regional disparities arising out of industrial development are in terms of standards of living, employment opportunities, infra-structural availability, etc. The industrial development has also caused migration of skill and capital from our region to the other, thus, accentuating the regional disparity. The developing countries are no exception to the problem of regional disparity.¹

Many scholars have studied various aspects of backward areas in India, and abroad, G.C. Cameron, B.D. Clerk, Lutherell W.F., William Tabbs, Naclum Finger, Allan Rodgers, K.S.V. Menon, Sadhak H., Giriappa S., G.D. Narang and Godbole M.D. have studied the impact of incentives on Backward area development. The role of Financial institutions in

of backward areas has been studied by K.V.S. Menon, B.B. Tondon, G.D. Narang, K.R. Sharma. The impact of industrial locational policies was reviewed by M.D. Godbole, V.A. Pandit Rao. The role of Development Banks in the development of backward areas has been evaluated by S.N. Battacharya, Z.U. Khairoowala, Keshav Malhotra. Criteria & Strategy for industrial development in backward areas was discussed by T.S. Kannan, Hannan Ezekiel H.J. Jehaveri, T.S. Papola, kartar Singh, Hemlata Rao and Z.U. Khairoowala. The backward areas development through nucleus plants was evaluated by Charanjit Chanan and N.R. Krishna Swami. Industrial development in backward areas has been discussed by Mohd. Fazal, S.C. Kuchhal, H.. Sadhak, Singh & Sadhu, S.C. Patnaik and Satyanarayana. Agricultural development in backward areas by Kanata Prasad, R.K. Sampath. The impact of large units on backward areas has been evaluated by Amitabha De, and H.N. Pathak. Economic policy and backward areas development has been reviewed by pramod K. Sinha and K. R. G. Nair.

Keeping in view the above noted literature
into consideration, the topic for Ph.D. was selected and an humble attempt has been made to examine the impact of incentives on industrial development in backward areas of Uttar Pradesh.

The chapter second has been devoted to study the concept and criteria for backward area development. The concept of Backward area was first developed in Great Britain to stress the problems of depressed areas. Britain was also the first country to take some effective steps to develop the backward areas through dispersal of industries from congested areas to the backward areas. Other developed countries like U.S.A., France and Italy also faced the problems of backwardness and due to this Regional development and planning came into force in these countries only. The concept of backward areas could not remain confined to the developed countries, developing countries also recognised the problems of growing regional disparities and the need for development of industries in backward areas was identified.
In developing countries like India, backward areas are rural in character and have not experienced any industrial development. In fact, the difference in developing country can be called the difference in development between 'rural' and 'urban' areas which lipton has called "rural Urban" dichotomy. The Regional economic policy in India has been formulated to stimulate demand for labour and reduce level of employment by attracting more industries in backward areas and raising wages.

The planning Commission set up a study group in 1966 to suggest the criteria for identifying backward areas. The National Development Council suggested per capital income as a criteria to identify the backward states in 1968.

The development of backward areas in India during plan periods was of utmost importance. But in the First, Second, Third and Ninth Five year plans government did not outline any specific programmes for the development of backward areas in the country. In the fourth five year plan the
need for correcting regional imbalances arose. Thus, the commission appointed two working group in November, 1968. First working group was appointed under the chairmanship of B.D. Pande to recommend the criteria for identification of backward areas. Second group was named as Wanchoo Committee, which suggested fiscal and financial incentives for establishing industrial units in the backward areas. The total outlay was revised during fourth five year plan from Rs. 697.35 crores to Rs. 710.01 crores of which Rs. 46.57 crores to Rs. 49.20 crores were estimated for special and backward areas development. A scheme for giving on out right grant or subsidy amounting to 10 percent of fixed capital investment of new and existing units having fixed investment of not more than Rs. 50 lakhs was in 44 industrially backward areas.

The fifth five year plan draft pointed out the need for infrastructure facilities and an institutional frame work to coordinate the essential components of the industrial development programmes for the development of backward areas. The total
expenditure of central government and state government in different areas was of order of Rs. 1581.53 crores of which the highest amount of Rs. 756.66 crores was estimated for tribal areas, Rs. 496.48 crores was for integrated rural development and 236.74 crores was for hill areas development.

The sixth five year plan also emphasized the importance of balance regional industrial development and prepared schemes for industrial development of the backward areas. A high level National Committee for the Development of Backward Areas (NCDBA) was appointed under the chairmanship of Mr. N. Sivaraman during the sixth plan. It was constituted to examine and identify backward areas and to review the working of existing scheme introduced for the regional industrial disparity. Hill area was one of the categories of backward areas the other are namely Tribal areas, Drought prone areas, Desert areas, coastal areas affected by salinity and chronically flood affected areas, which was suggested by National Committee on the development of backward areas.
The Seventh Five year plan envisages discouraging the setting up of industries in or around urban agglomerations and package of incentives were provided to attract industries in the backward areas. The total outlays during the seventh plan for other special areas programme was Rs. 1258.59 crores of which Rs. 244.59 crores was for backward areas.

During the Eight Five year plan the total outlay of states in special area programme was Rs. 6750.16 crores of which Rs. 1450 crores was for hill areas Rs. 1160 crores for North Eastern Areas and Rs. 4140.16 crores for other special areas. The outlays for other special area programmes was Rs. 4140.16 crores of which Rs. 1250.16 crores was for backward areas.

The Ninth Five year plan emphasized the issue of regional balance operates at both the inter-state and the intra-state levels, and increase the productivity of agriculture in backward area but also to increase the degree of integration between
the rural areas and rest of the country.

The development of backward areas in Uttar Pradesh could not be an essential features in their plans. As it is evidence from the facts that the First, Second, Third and Ninth Five year plans by Uttar Pradesh Government did not outline any specific programme for the development of backward areas. During the Fourth Five Year Plan the total outlay was Rs. 6477.50 lakhs of which Rs. 2000 lakhs was allocated for hill and border areas, Rs. 450 lakhs was allocated as an additional outlay for backward areas. During the Fifth Five year plan the Pande Committee had declared 39 districts as a backward district. With a capital subsidy of 20%, 15% and 10%.

During the Sixth Five year plans the total outlays for backward areas developments in Uttar Pradesh was Rs. 8865 lakhs out of which Rs. 3750 lakhs was to be spent in backward areas. In plains total length of roads to be constructed was 10785 kilometers of which 735 kilometer was in backward areas. The amount to be spent on the roads in
plains was Rs. 18665 lakhs, of which Rs. 1250 lakhs was for backward areas. In hill areas total length of roads to be constructed was 3536 kilometers of which 1500Kms. was in backward areas.

The total outlay during the Seventh Five Year plan was Rs. 23797 Lakhs of which Rs. 1900 lakhs was for backward areas, representing 7.98 percent of the total outlay. The total actual expenditure was Rs. 2109 lakhs of which Rs. 260 lakhs was for backward areas, indicating 12.33 percent of the total actual expenditure.

The total outlay of UPSIDCO during the Seventh Five year plan was Rs. 3505 lakhs of which Rs. 2665 lakhs was for the land subsidy in backward districts which is Rs. 76.03 percent of the total outlay. Some other institutions agreed outlay during the Seventh plan was 3088 lakhs of which Rs. 200 lakhs was subsidy for backward areas, indicating 6.48 percent of the total agreed outlay.

During the annual plan 1991-92 the total outlay was Rs. 9900 lakhs of which Rs. 3850 lakhs was for
backward areas, indicating a share of 38.89 percent. The total expenditure during the same period was Rs. 6828 lakhs was for backward areas, indicating a scheme of Rs. 40.04 percent of the total expenditure.

The total outlay of the Eight five year plan was Rs. 1165 lakhs of which Rs. 1100 lakhs was for land subsidy in backward districts. In 1992-93 total approved outlay was Rs. 235 lakhs of which Rs. 125 lakhs was for backward districts, representing a share of 53.19 percent of total outlay. The anticipated expenditure and proposed outlay was 10 lakhs in each as subsidy for backward areas in the years 1992-93 and 1993-94 respectively.

In the Ninth Five Year Plan Priorities were given for the development of agriculture, living standard of the poor, disparity and fiscal deficits. But the state of Uttar Pradesh has not made any provision for the development of backward area development.

The Financial Institutions i.e. Industrial Reconstruction Bank of India (IRBI), Small Industries
Development Bank of India (SIDBI) Unit Trust of India (UTI), General Insurance Corporation of India (GICI), Tourism finance Corporation of India (TFCI) did not outline any specific programme for development of backward areas in the country. But financial institutions such as, IDBI, IFCI, ICICI, SFCs, SIDCs and LIC has given a special treatment to backward areas. As given evident from the fact that the sanctioned assistance to backward areas by All Financial Institutions has increased from Rs. 460 crores in 1976-77 to Rs. 20455.6 crores in 1995-96, registering an overall rise of 4446.6 percent. The assistance disbursement was Rs. 239.3 crores in 1976-77, which increased to Rs. 8396 crores in 1995-96 showing an overall rise of 3408.6 percent.

All India Financial Institution's assistance sanctions to backward areas has risen from Rs. 739.6 crores in 1979-80 to Rs. 190320.3 crores in 1995-96, showing an overall rise of 2577.5 percent. The increasing trend in disbursement to backward areas, registered a rise of 1587.6 percent. As
compared with the previous year i.e. 1993-94 the increase worked out to the tune of 23.3 percent.

Industrial Development Bank of India's (IDBI) assistance sanctions to backward areas increased from Rs. 563.6 crores in 1979-80 to Rs. 6981.1 crores in 1995-96, which is 107 times increase in just sixteen years, registering an overall growth of 1239.9 percent. In the backward areas side, it has risen from Rs. 625.4 crores in 1979-80 to Rs. 12388.1 crores in 1995-96 recording an increase of 1198.5 percent.

IFCI's total assistance sanctions was Rs. 10300.4 crores in 1995-96 which rose from 137.8 crores in 1979-80, registering an overall growth of 7518.5 percent. The assistance sanctioned to backward areas has increased from Rs. 61.2 crores in 1979-80 to Rs. 5722.8 crores in 1995-96 which is about 42 times increase in just sixteen years, and recording an overall rise of 4135.8 percent. In non-backward areas assistance disbursement has risen from Rs. 76.6 crores in 1979-80 to Rs. 4578.6 crores
in 1995-96, registering an overall increase of 3979 percent. From 1979 to 1996 the sanctions amounted to Rs. 36375 crores, out of which sanctions to industries in backward areas was to the tune of Rs. 18040.5 crores. Therefore, the share percentage of backward areas was 34.8 percent, while the share percentage of non-backward areas was 50 percent which is more than the share of backward areas.

The IRBI’s sanctions to backward areas in 1981-82 was Rs. 13.3 crores which rose to Rs. 216.8 crores in 1995-96, showing an overall rise of 1630.8 percent which is about 16 fold increase just in the period of sixteen years. In non-backward areas, the assistance sanctions was Rs. 33.6 crores in 1981-82 which has gone up to Rs. 680.4 crores in 1995-96, registering a rise of 2023.8%. The total assistance sanctions moved up to Rs. 897.9 crores in 1995-96 from a small amount of Rs. 46.9 crores in 1981-82, showing overall increase of 1908.6 percent.

SIDBI’s assistance sanctions to backward areas,
in 1994-95 aggregated to Rs. 656.6 crores, recording a decline of 36.5 percent over the period 1990-91. While compared with the previous year (1993-94) assistance sanctions comes to about 12 percent. In non-backward areas the total amount of assistance sanctions in 1995-96 aggregated to Rs. 3780.1 crores recording a growth of 270.9 percent over the year i.e. 1990-91, if compared with the previous year (1994-95) the assistance sanctions stands at about 39 percent.

Unit Trust of India's (UTI) total assistance sanctions has risen from Rs. 127.5 crores in 1982-83 to Rs. 5531.2 crores in 1994-95, recording an increase of 4238.1 percent. While assistance sanctions to backward areas increased to Rs. 93.2 crores in 1994-95 from Rs. 15.1 crores in 1982-83 constituting 517.2 percent growth rate. In the non-backward areas the total assistance sanctions is more than the backward areas.

General Insurance Corporation's total amount of assistance sanctions has increased from Rs. 92.7
crores in 1982-83 to Rs. 431.2 crores in 1994-95, constituting a rise of 365 percent. To backward areas the total amount of assistance sanctions in 1994-95 aggregated to Rs. 4.5 crores recording 221.4 percent growth rate over the base year i.e. 1982-83. In the non-backward areas the total assistance sanctions has risen to Rs. 426.7 crores in 1994-95, recording a growth rate of 367.3 percent over the base year i.e. 1982-83.

State Financial Corporation's assistance sanctions to backward areas in 1995-96 aggregated to Rs. 15085 crores registering a rise of approximately 1628.5 percent over the base year i.e. 1976-77. In the non-backward areas the growth in assistance sanctions in 1995-96 aggregated to Rs. 2411.0 crores, recording 2314.6 percent increase over the base year i.e. 1976-77.

State Industrial Development Corporation's (SIDCs) total assistance sanctions rose to Rs. 1894.6 crores in 1995-96 from a small amount of Rs. 157.6 crores in 1979-80, showing an overall increase
of 1031.9 percent. The assistance sanctions in backward areas in 1979-80 was Rs. 99.1 crores which rose to Rs. 713.5 crores in 1995-96, registering an overall rise of 686.5 percent which is about six fold increase, just in a period of sixteen years. while in non-backward areas the assistance sanctions was Rs. 58.5 crores in 1979-80 has gone up to Rs. 1181.6 crores in 1995-96, constituting a rise of 2018.8 percent.

Tourism Finance Corporation of India's assistance sanctions to backward areas in 1994-95 aggregated to Rs. 24.3 crores, recording an increase of 147.9 percent over the base year i.e. 1989-90. In the the non-backward areas, the amount of assistance sanctions in 1994-95 aggregated to Rs. 190.5 crores, recording a growth of 343 percent over the base year i.e. 1989-90.

RCTC's total assistance sanctions has risen from Rs. 3.7 crores in 1987-88 to Rs. 7.4 crores in 1993-94, recording a growth of 100%, while assistance sanctions to backward areas decreased to Rs. 2.0
crores in 1993-94 from Rs. 2.6 crores in 1987-88, accounting to 30 percent decline rate. In the non-backward areas the growth rate of total assistance sanctions is more than the growth rate of backward areas.

From the above discussion it has been observed that there are federation of agencies for implementing the policy of concessional finance and state subsidy - All India level as well as State level. There are IDBI, IFCI, ICICI at the national level and there are institutions like SFC, SIDCO, PICUP etc. at the state level. All the all India institutions sanction concessional finance, in addition to that IDBI offers refinance, seed capital IFCI has its Risk capital foundation etc. All these institutions are financing industries in developed as well as in backward regions. Therefore the whole efforts of these institutions are divided. There is also the regional element in their financing. Among these 3 all India institutions, ICICI is a private organisation, while IDBI and IFCI are Government institutions. Therefore, the
operational objectives come in the way of financing the industries in backward regions.

The All Financial Institutions (AFI) All India Financial Institutions (AIFI), Industrial Development Bank of India, (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit Investment Corporation of India (ICICI), Industrial Reconstruction Bank of India (IRBI), Small Industries Development Bank of India (SIDBI), State Financial Corporation (SFC), State Industrial Development Corporation (SIDC) played a vital role in the development of backward areas in Uttar Pradesh.

The All Financial Institution's assistance to backward areas has increased from Rs. 64 crores in 1980-81 Rs. 1654 crores in 1995-96 showing an overall rise of 1404 percent. Simultaneously, the disbursement rose from Rs. 44 crores in 1980-81 to Rs. 1128 crores in 1995-96 indicating an overall increase of 2209 percent.

The All India Financial Institution's assistance sanctions to backward areas was Rs. 50 crores in 1980-81 which rose to Rs. 1407 crores in
1995-96, accounting an increase of 2714 percent, similarly the disbursement of assistance to backward areas moved up from Rs. 38 crores in 1980-81 to Rs. 993 crores in 1995-96, recording a growth rate of 2265.7 percent.

Industrial Finance Corporation's assistance sanctions and disbursement to backward areas, was Rs. 7 crores and Rs. 4 crores in 1980-81, which went up to Rs. 308 crores and Rs. 284 crores in 1995-96, indicating a rise of 3541% and 8513% respectively.

ICICI's assistance sanctions to backward areas has gone up from Rs. 4.2 crores in 1980-81 to Rs. 306 crores in 1995-96, it has increased 70 times just in sixteen years. The assistance disbursement increased to Rs. 297 crores in 1995-96 from Rs. 3 crores in 1980-81, which shows 75 fold increase in the period of sixteen years.

IRBI's total assistance sanctions in backward areas has risen from Rs. 4 crores in 1984-85 to Rs. 8 crores in 1995-96 recording a growth rate of 100 percent. While the assistance disbursement in
backward areas moved up from Rs. 3 crores in 1984-85 to Rs. 8 crores in 1995-96 registering 100 percent growth rate.

SIDBI's assistance sanctions to backward areas registered a declining trend of 39.4 percent in 1995-96 over 1990-91. The share assistance has also declined by approximately 45.8% during the period understudy, i.e. from Rs. 79 crores in 1990-91 to Rs. 50 crores in 1995-96.

Life Insurance Corporation's (LIC) assistance sanctions to backward areas amounted Rs. 4 crores registering a growth rate of 3900 percent over 1986-87. While the declining trend, registered in assistance disbursement to backward areas during the same period, accounted for about 800 percent declined, that is from Rs. 9 crores in 1986-87 to Rs. 1 crores in 1991-92.

State Financial Corporation's (SFCs) assistance sanctions rose about 587 percent in 1995-96 over 1980-81 as against the rise of 829 percent in assistance disbursement during the same period. In
all the fifteen years from 1980-81 to 1995-96 together total sanctions amounted to Rs. 1621 crores and disbursement Rs. 914 crores out of which sanctions and disbursement to industries in backward areas were Rs. 848 crores and Rs. 565 crores. The share of backward areas in sanctions and disbursement was 52.3 percent and 61.8 percent respectively.

The other institution i.e. Unit Trust of India (UTI), General Insurance Corporation (GIC), Tourism Finance Corporation of India (TFCI) and Risk Capital & Technology Corporation Ltd. (RCTC) not play any significant role in the promotion of industries in backward areas of Uttar Pradesh.

There should be financing and developmental institutions evolve their own package of incentives. There is, therefore, unwanted elements of competition among them to attract industries to their respective States.

One single agency like the 'National Bank for Backward Regions Development should be established to finance the industries exclusively in backward regions of the country. Otherwise one institutions
either IDBI and IFCI can be exclusively entrusted for this purpose. Head Office of NBBRD will be situated at New Delhi and all the State will have regional office and one branch at each backward districts. NBBRD will also administer the Central Government Subsidy Scheme.

The NBBRD should also pay attention to the working capital problem. Our field study reveals that most of the industries especially small Scale Industries are not happy with the functioning of the Commercial Banks and other state level institutions in Backward districts of Uttar Pradesh. They also not get sufficient working capital from them. It is therefore felt that responsibility of providing working capital to industries in the backward districts should be entrusted to 2 to 3 commercial banks.

The Industrial development in backward area of Uttar Pradesh, in category 'A' districts, Kanpur Dehat has the highest number of industries, i.e. 4673, with a total investment of Rs. 27.99 crores and an employment opportunity to 25091 persons. In order of progress
sultanpur stands at the second place and Jaunpur falls in the third place. In category 'B' district Ballia has the highest number of industries i.e. 4588 small scale units with an investment of Rs. 11.95 crores, providing employment to 16798 persons. In the Basti district, there were 3098 establishments with an investments of Rs. 40.96 crores and employing 12624 persons. In category 'C' the Bulandshahr district has the highest number of industries i.e. 10877, with a total investment of Rs. 60.48 crores and employment opportunity to 51311 persons. The Farrukhabad district stands at the second place with 8207 industries having a total investments of Rs. 30.36 crores and generating employment opportunity to 41004 persons.

In regards to large and medium scale industries in category 'A' Nanital has the highest number of industries i.e. 87, with a total investment of Rs. 612.12 crores and an employment opportunity to 24512 persons. In category 'B' districts Rae -Bareili district has the highest number of units. There were 27 units with a total investment of Rs. 269.53 crores with an employment opportunity to 14704 persons. In category 'C' the
Bulandshahr district has the highest number of industries i.e. 51, with a total investment of 277.77 crores and an employment opportunity to 10206 persons. The Moradabad district stand at the second place having 32 industries with a total investments of Rs 362.29 crores and employment opportunities for 10765 persons.

The highest number of industries which were established in backward areas were food products industries 76381 (24 percent) repairing services 4458 units (14.15 percent), wood products 3191 units (10.13 percent) and metal products 2516 units (7.99 percent) upto 31st March 1988. From 1st April 1988 to 31st March 1995, position of industries was as; repairing services industries were on the top 10007 units (22.09 percent), followed by food products 8998 units (19.86 percent), hoisery and garments 5978 units (13.19 percent) and wood product 4706 units (10.39 percent).

It has been observed from the foregoing analysis that the attempts so far made in India and Uttar pradesh to develop industries in backward regions are not based on any long term industrial planning. Though the problem is deep rooted in Indian economy,
the solution seems to be thought on an adhoc basis, sometimes guided by political considerations. Moreover, the efforts to develop industries in the backward regions were not related to the other actions like to develop agriculture, furnishers, trade etc. It is therefore necessary to draw a long term plan for the industrial development in backward region stating clearly the objectives to be achieved. One of the most important objectives of this industrial plan for backward regions would be to generate sufficient employment for local people.

This plan should take into account of the intersectoral relationship of the other branches of the economy which are capable of assisting the growth of manufacturing activities in the backward regions. This industrial plan for the development of industries in the backward regions should consider the question of development of required infrastructure, industry mix, technological choice, entrepreneurship development, marketing of products (particularly produced by small scale industries)
transportation policy etc. However this industrial plan should be drawn under the context of national economic planning and social objectives.

The Majority of the entrepreneurs in all the three categories of districts have established their units during two periods, i.e. 1986-90 and 1991-96. In the case of pattern of ownership of the entrepreneurs majority of entrepreneurs 12 units (40 percent) were in the form of private limited company, followed by sole proprietorship / self owned.

The education has always been considered as an important assets of an individual in building his occupational career. Formal education help in the acquisition of required knowledge for a job It imparts knowledge about different occupational opportunities. A majority of the entrepreneurs 12 (40 percent) are graduate (B.A., B.Sc. B.Com) and 12 (40 percent) entrepreneurs are post graduate in Arts, Science or commerce in backward districts viz., Kanpur Dehat Jhansi and Mathura of categories A, B and C. Thus, it can be said that majority of entrepreneurs are highly qualified.
Selection of an industry is not an easy tasks. The ultimate success of an entrepreneurs depends on this judicious decision making in this regard requires the expertise of professional, guidance, because small industry is such where it is impossible to locate a mistake that is committed once, since small entrepreneurs can least afford to experimental on alternative ideas or plans.

Selection of suitable industries and use of appropriate technology are the two most tichlish but important question especially in view of our objective of creation of employment opportunities in backward regions by industrial development through subsidy and incentives. It is observed in our study that the majority of the industries in Uttar Pradesh are Capital intensive industries alien to the region. We felt that the development of highly capital intensive industries in a rural setting may not be able to realise the basic objectives of industrial growth. Therefore, industry mix must be selected after careful survey of industrial potential. It is suggested that the financial institution
especially SIDCO should further endeavour to induced industries based on the forest and agricultural resources.

Industries with considerable local linkage would be able to exploit local resources and local talent. In general care must be taken by the financial institutions while inducing the industries to go to the backward district about the technology which is going to be use by the concerned industrial units. Industries which would be using labour intensive method as well as more material contents technology must be given priority. Because, these industries will exert greater influence on the local employment rather than the industries labour saving material contents technology. Industrial states/areas should be established in backward areas, by central as well as state government.

Labour attains most significant place in the process of production. When the units succeeds in getting rightmen for the right job along with the coordination and cooperation of the employees in smooth running of the industrial units. Very often, the entrepreneurs faced
labour shortage situation particularly of skilled workers. Absenteeism of labour and proper labour facility, in backward districts Kanpur Dehat, Jhansi and Mathura of categories A, B and C, have been other problems of entrepreneurs.

The shortage of skilled labour and managerial personnels in Kanpur Dehat, Jhansi and Mathura districts due to shortage in the local labour market and unwillingness of the outsiders to come to the area under study due to inadequate social infrastructure. Local skilled labour supply can be increased through training facilities. However there is lack of sufficient infrastructure in the local institutions to impart required training for the growing need of the industries. Number of seats and faculties be therefore increased. One institution can be started for in-service industrial training.

Residential accommodation is a great problem in backward district. Government Housing Board and SIDCO should take immediate steps to construct residential houses in backward areas. There is also
necessity for increasing the number of schools, especially English Medium School. Many executives told us that they left their families in Calcutta, New Delhi and Bombay only for the non availability of good schools in backward districts.

Continuous supply of power is an essential prerequisite for the optimum utilisation of plant and machinery. But unfortunately, the industrial units were also exposed to power failures, low voltage, irregular power supply.

The Uttar Pradesh Government is assuring and ensuring power supply still entrepreneurs of industrially backward districts face power shortage. It cause adverse effect on production. When the researcher visited the backward district, so many factories were closed due to power cut. There was major complaint about power failure but still uncut power supply to be ensured, by UPSEB for continuous production. In major area of concern in the water supply during summer which made few medium industries to close their plant. The Government should immediately take necessary
steps to ensure uninterrupted water supply.

The SIDCO has been doing commendable jobs by providing site inputs, road etc. Some deficiency in infrastructure has been observed by us. Telecommunication is totally inadequate. Therefore immediate improvement of telephone service by increasing the number of exchanges, providing more lines to the entrepreneurs and by introducing telex services are necessary. Sustained growth can not be achieved without these services. Infrastructure facilities should be designed for the development of industries as well as for the development of people.

The working group on small scale Industries in 1959 that the non-availability of the right type of raw material at reasonable prices had always been a problem faced by small entrepreneurs. Shortage of Iron and steel had adversely affected many small scale engineering units. The shortage of raw materials at reasonable prices would hamper the production process. At times, the entrepreneurs approach the middlemen for the supply of raw material so, it necessary to ensure adequate quality
of raw material to the industrial enterprises at comparative prices for their well being.

The source by which entrepreneurs procure their raw materials are very important for the smooth production. Therefore, it is felt necessary to investigate the source of the raw material for entrepreneurs. It has been reported that they get their required raw material through open markets in backward districts i.e., Kanpur Dehat, Jhansi & Mathura of categories A, B and C.

Problem of raw material is very acute for the industrial units in backward areas, specially for the small scale units, since no industrial raw material is available in the district it is to be imported from Delhi. This causes increase in inventory by blocking the working capital. It is felt that the service of UPSIDC should be improved which is not satisfactory as per our finding from field study. UPSIDC should formulate special corporate plan to supply required raw material to the small scale and ancillary units in backward areas of Uttar Pradesh. The state government should
provide raw material to small scale enterprises at prices at which they are made available to large houses.

The capital structure in different industries of Kanpur Dehat, Jhansi and Mathura districts of Uttar Pradesh has been discussed in the foregoing pages. It was found that the highest number of entrepreneurs who got the concessional finance and state subsidy were in the range of Rs. 0-10 lakhs, borrowed from market were in the size of Rs. 0-10 lakhs and Rs. 25-50 Lakhs, own capital were in the limit of Rs. 25-50 lakhs.

In Kanpur Dehat district of category 'A' out of 10 entrepreneurs, 3 entrepreneurs (30%) faced the problem of delay in sanctions loans and another 3 entrepreneurs has reported the security requirements have been the main problems in procuring financial assistance. In Jhansi district of category 'B', 3 entrepreneurs (30%) said that more paper work has been the main problems for them, another 3 entrepreneurs (30%) have reported that the security required had been the main problem in procuring financial assistance.
In Mathura district of category 'C' out of 10 entrepreneurs, 3 entrepreneurs (30%) have reported that lack of information has been one of the important problems and other 3 entrepreneurs (30%) said that more paperwork has been another important problem for them in procuring financial assistance.

The packages of incentives and concessions have been available in backward areas as well as developed districts. Several policy measures have been devised to develop backward areas since the late Sixties when a conscious decision was taken to induce industrial activity in relatively less developed areas of the country. The granting of a subsidy on capital investment in backward areas is one among them. This subsidy was made available to new units, as well as to existing units in notified backward districts.

The financial incentives are not sufficient to attract large industries to backward areas. Policy of incentives to be supported by strong location policy prohibiting any industries to come up in developed zones. No objection certificate has introduced in Uttar Pradesh is a right step in this
direction. Licensing policy can be utilise in order to guide the industries mix in the backward districts. Penalty taxes can be imposed in the developed centres to discourage entrepreneurs to come up in the congested industrial regions. Adequate financial incentives will be able to promote local units but to attack industries from developed industrial centres. Strong 'Push' is necessary belong with 'Pull' factors. There we recommended the "National Industrial Location Policy" to regulate the industrial location in the country.

A BASKET OF INCENTIVES to be introduce to take care of all the possible constraints. This basket of incentives which would form the backbone of 'Location Pull' should be strongly supported by the 'Location Push' under a synchronised action plan instead of piecemeal action here and there.

The decision of location of entrepreneurs is influenced not by any single factor but by a matter of facts. Availability of finance has been one of the important factor in the location decision of entrepreneurs
because 54% units have been assigned first rank. But financial incentives i.e. consessional finance (26%) and investment subsidy (20%) could not influence the location decision.

The researcher has observed that concessional finance and personal factors (Home town) have emerged as the most important points in location decision by scoring 44 points each. Second highest point was scored by location of similar industries 36 points. Third and fourth position according to score went to state investment subsidy 34 points and nearness of raw material 22 points.

In Jhansi districts of category 'B' financial incentives and concessional finance, were as considered important factors by the industrial units. On the other hand, the sample taken from the districts that the location factors like interest free sale tax, cheap land, cheap labour, nearness of raw material and location policy of government etc. have external marginal influence in choosing plant location.

In Mathura district of category 'C', state investment subsidy has been considered as first ranking factor 25%
entrepreneurs. Concessional finance has been considered as second ranking factor by 22% entrepreneurs. Personal factors (Home town) has been considered as third ranking factor by 15% entrepreneurs and exerted a considerable influence on location decision.

Investment subsidy, interest free sales tax, transport subsidy and power concession were the important facilities which were not enough for motivating entrepreneurs to set up units in backward areas of Kanpur Dehat of category 'A'.

In Jhansi and Mathura districts government subsidies, concession and other incentives have been motivating factors. While the other factors such as the state investment subsidy, interest free sales tax, transport subsidy, power subsidy and Generating set subsidy could moderately motivated. But in all, subsidies and incentives do not play any important role in the establishment of units in Jhansi and Mathura of categories 'B' and 'C' districts in backward areas.

Transport cost is still constitutes an important part in location cost in India. Need is therefore
to introduce transport subsidy for the industrial units located in structural backward areas as well as backward district away from the metropolitan cities. In this case also graded pattern of transport subsidy can be introduced, depending on the distance of the backward district away from the metropolitans cities.

One constraint which has been described by almost all entrepreneurs as horrible is the availability of transport services. Main mode of transport in backward areas of Uttar Pradesh is Truck Transport Service which is costly inadequate.

Due to the availability of various infrastructure facilities, special loan subsidy provided by the Uttar Pradesh Finance Corporation could not motivate entrepreneurs to establish units in Kanpur Dehat and Jhansi backward districts. In Mathura district of category 'C' due to UPFC incentives/subsidies only two entrepreneurs could be motivated and 6 entrepreneurs were less motivated as per survey conducted by Researcher. It may be inferred that UPFC could not play a significant
role in the establishment of new units in Mathura district.

UPSIDC's incentives /subsidies could not play a major role in the development of industries in backward areas of A and B categories. But in Mathura district of category 'C' the UPSIDC has played an important role in for the development of backward districts.

Impact of PICUP incentives /subsidies on Industrial development of backward Districts, viz., Kanpur Dehat, Jhansi and Mathura of categories A, B and C respectively indicates the availability of Bridge loan, seed capital and sales tax exemption were less motivated to the entrepreneurs of backward areas. Hence, it may be concluded that PICUP's incentives and subsidies could not motivate entrepreneurs to establish their units in backward districts.

Suggestions

From the foregoing review of backward area capital development planning policy, programmes and criteria to identify the backward areas suggested by different committees, it can be observed that no
programme, policy and criteria to identify backward areas could be successful. This may be due to lack of implementation and absence of long term industrial planning. So far no efforts were made by the Government, committees, financial institution and any other organisations to evaluate the above noted programmes, policies and criteria to identify backward regions at a district or state level with micro approach, through which one can come to a conclusion, that a particular programme, policy or a criteria for identification of backward areas suggested by different committees is how far successful. If it is noticed that any programme, policy or criteria is successful the same by followed with certain improvement according to the situation for the development of backward areas.

Growth of right type of entrepreneurs considered as an important input for industrial growth. However as our findings from field study suggest - there was not much effort made in this direction. Most of the entrepreneurs were individually motivated. They have not received any formal training from any
institutions. It is therefore, recommended that the financial institutions and the Government should jointly organise short duration training programme for the existing entrepreneurs in backward areas of Uttar Pradesh. Since the first generation small entrepreneurs are totally involved in their units, it is suggested that the training programme should be held at backward district. This programme should include managerial, personnel, marketing etc. and should be held at frequent interval. A technical institute should be set up for providing training to the entrepreneurs of backward areas.

(1) The Government of India and State Government are interested in the development of backward regions and in reducing the regional imbalances and disparities. They can form an autonomous body namely "Backward Area Development Board" or "Backward Region Development Authority" or "Backward Areas Development Corporation".

(2) This organisation will be managed by the experts indifferent fields as Economist, Statistician, Engineer,
Town Planner, Water Management Experts, Chartered Accountants and Business Management experts who will assess and evaluate the plan, schemes and programmes suggested by the board for the development of backward areas in the country.

(3) The national level corporation shall function through different sub-committees at State level and district level, will be assisted by regional authority.

(4) The Regional Authority will collect all the relevant data from published report and by conducting surveys, to be supplied to the national authority.

(5) The Regional Authority will be advise by an advisory board consisting of the representatives of State Government, Chambers of Commerce, Industry Association, Transport Association, Educationists.

(6) The Regional Authority will have the power to supervise the development programmes in Backward regions.

(7) Separate research department will be establish at state level with sub-branches at district level, which will impart effective advise to the board in connection with the industrial growth in the backward
regions.

(8) The Board will consider the question of development of required infrastructure, technological choice, entrepreneurial development, marketing of product, transportation policy etc.

(9) The Regional Authority will evaluate the feasibility and importance of the project and will recommend to the financial institutions for the purpose of finance or loan.

(10) The board will closely associate with the financial institutions at other organisations and institutions conducting entrepreneurial development programmes at state level.

(11) The Board will look into the problems of entrepreneurs such as finance, infrastructure facilities, raw material, location, transport, marketing incentives and subsidies.

(12) The Board should pay attention to the working capital problems of industries in backward districts.

(13) The board should maintain close contrast with the Lead Bank as soon as any project is approved by the
board for the purpose of loan that may be communicated to the Lead Bank who will make arrangement for the working capital of new projects. In this case the entrepreneur need not spend much time by approaching to the term landing institution for working capital. Instead of, he can concentrate his attention to other activities.

Therefore, to augment the industrial growth in backward areas if the above noted suggestions are properly followed, one can say that the backward areas can be developed with a short span of period.
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BIBLIOGRAPHY

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QUESTIONNAIRE
QUESTIONNAIRE
SECTION - A

PERSONAL FACTOR:

1. Name of proprietor or name of the partners.

2. Year of establishment of the unit:
   a. 1971-75       b. 1976-80

3. Ownership Type:
   a. Self-owned      b. Partnership
   c. Private Ltd.    d. Public Ltd.
   e. Co-operative

4. Sex:
   a. Male           b. Female

5. Nationality:
   a. Immigrated from...
   b. Year of immigration
   c. Reasons for immigration............

6 Educational Qualifications:

I. 
   a. Primary/Junior High School
   b. High School/Inter

II. 
   a. Diploma in ......    b. Graduate in...Engg.
   c. Any other technical qualification

7. Products Manufactured:
   a. At the time of establishment:
      1. ............... 2. ........... 3. ...........
   b. At Present:
      1. ............... 2. ........... 3. ...........
SECTION - B

MOTIVATIONAL FACTORS:

1. Which of the following factors influenced you in conceiving the idea to start this industrial unit? Specify not more than six reasons of in the order of preference:
   a. To make money
   b. To have self-employment
   c. To gain independent living
   d. To gain social Prestige
   e. Frustration due to unemployment
   f. Dis-satisfaction with the earlier job
   g. To make use of idle funds
   h. Diversification of economic interest
   i. To satisfy basic needs
   j. To fulfil your own ambition
   k. To satisfy father's ambition
   l. To satisfy mother's ambition
   m. To satisfy wife's ambition
   n. To satisfy children's ambition
   o. To do something for the society
   p. Previous experience in manufacturing
   q. Success stories in entrepreneurs
   r. Previous employment in Industry
   s. Inherited property
   t. Property belonging to wife.
   u. Encouragement of family members
   v. Advise of friends and relatives.
   w. To gain status
   x. To become rich.

Facilitating Factors:

1. What were the reasons for selecting this line of industry?
   a. Easy to set-up
   b. High Margin to profits
   c. No difficulty in securing machinery, material and skilled workers.
   d. Previous employment in Industry
e. Previous employment in related trade
f. No difficulty in securing technical know-how.
g. Related to profession or occupation so far produced.
h. Existence of similar industry in the neighbourhood.
i. Other reasons.

3. **Discouraging Factors**:

Which of the following factors discouraged you in the process of setting up of the unit. Mention any three factors in the order of preference.

a. Delay in disbursement of loan
b. Delay in construction of loan
c. Delay in getting machinery
d. Non-availability of labour
e. Non-Availability of raw material
f. Other factors (specify).

4. **Business Talents**:

Do you have the following talents, which are of them more positive preferences?

a. Intelligence
b. Ability to understand, communicate and persuade
c. Ability to keep business secret.
d. Man with imagination
e. Knowledge of day to day market situation
f. Ability to innovate product
g. Urge to create something new
h. Initiativeness
i. Dare to assume risk
j. Self confidence
k. Ability to organise factors of production
l. Ability to initiate innovation.

5. **Concessions & Incentive Factors**:

a. Central Investment Subsidy
b. State Government Subsidy
c. Interest Free Sales Tax. Subsidy
d. Transport Subsidy
e. Power subsidy
f. Concessions Finance
g. Cheap land
h. Cheap labour
i. Nearness of raw material
j. Location of similar industries
k. Govt. location policy
l. Personal factor (Howntown)

SECTION - C

Performance and Problems:

1. What are the source of investment (Fixed Capital) of the industry:
   a. Own Capital
   b. Finance from AIFII (Concessions Rate)
   c. Finance from state level financial institution (Concessions Rate)
   d. Central Govt. Subsidy
   e. Market Sources
   f. Finance from other institutions.

2. What is the present investment in your unit?
   a. Below 10 lakh   b. 11-15 lakh
   c. 16-20 lakh      d. 20-25 lakh
   e. 25-above

3. Capital Structure:

<table>
<thead>
<tr>
<th>Size of Unit</th>
<th>Own Capital</th>
<th>Market Capital</th>
<th>C.F.</th>
<th>Loan from Other Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 Lakhs</td>
<td>(A)</td>
<td>(B)</td>
<td>(C)</td>
<td>(D)</td>
</tr>
<tr>
<td>11-15 Lakhs</td>
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<tr>
<td>16-25 Lakhs</td>
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<tr>
<td>25-50 Lakhs</td>
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</tbody>
</table>
4. What difficulty you have faced in procuring loan?
   a. Lack of information.
   b. Paper work involved.
   c. Delay in sanction of loan
   d. No. willing to pay interest
   e. lack of time
   f. Security requirement

5. Which of the following institution provide loan to you
   a. IDBI
   b. ICICI
   c. SIDCO
   d. Commercial banks
   e. Any others

6. From what source do you get raw materials?
   a. Open market
   b. Quota
   c. Import
   d. All

   a. Decline of steel production.
   b. Lack of direct import facilities.
   c. Constant change in import policy
   d. High price
   e. Misuse of raw material
   f. Low quantity
   g. Irregular supply of raw material

**Power:**

8. What is your installed power capacity.
   a. 5-10 horse power
   b. 11-15
   c. 11-15
   d. 20-above

9. Do you get required power?  Yes/No

10. Do you face any problem in power?  Yes/No
11. **Employment Pattern/Labour:**

<table>
<thead>
<tr>
<th>Types of Employment</th>
<th>Local</th>
<th>Outsider</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Management</td>
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<tr>
<td>b. Supervisory</td>
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<td></td>
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<tr>
<td>c. Skilled labour</td>
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<tr>
<td>d. Unskilled labour</td>
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<tr>
<td>e. Office staff</td>
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<tr>
<td>f. Others</td>
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</tbody>
</table>

12. Does your unit faces any labour problems Yes/No.

13. What reason do you give for the underutilization of capacity?

   a. Competition
   b. Slackness of demand
   c. Lack of raw material
   d. Mechanical Breakdown
   e. Strained industrial relation
   f. Power Scarcity
   g. Want of skilled workmen
   h. Lack of Finance
   i. High Cost of manufacture
   j. Any other reason

14. Are you satisfied with the location of your unit in the area, please tick the items suitable to you:
<table>
<thead>
<tr>
<th>Thoroughly Satisfied</th>
<th>Not Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>

a. Water  
b. Street Light  
c. Watch and Ward  
d. Tool Room  
e. Workshop  
f. Post Office  
g. Bank  
h. Extension Centre  
i. Canteen  
j. Rawmaterial servicing Centre  
k. Testing Laboratory  
l. Dispensary

**Impact of Central Investment Subsidy/Incentives**

<table>
<thead>
<tr>
<th>Incentives/Subsidy</th>
<th>High motivated</th>
<th>Moderately Motivated</th>
<th>Incentives/Subsidy Received</th>
<th>Incentives/Subsidy Not Received</th>
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</thead>
<tbody>
<tr>
<td>1. Central Investment Subsidy.</td>
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<tr>
<td>2. Interest free Sales Tax Loan.</td>
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<tr>
<td>3. Land cost subsidy.</td>
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<tr>
<td>4. Exemption of octroi duty.</td>
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<tr>
<td>5. Subsidy of feasibility</td>
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<tr>
<td>6. Transport subsidy</td>
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<td>7. Power Concession.</td>
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<tr>
<td>8. Billable Demand Concession.</td>
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<tr>
<td>9. No minimum consumption</td>
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<tr>
<td>11. Exemption from power cut.</td>
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</table>
### Impact of State Investment Subsidy/Incentives

<table>
<thead>
<tr>
<th>Incentives/Subsidy</th>
<th>High Motivated</th>
<th>Moderately Motivated</th>
<th>Incentives/Subsidy Received</th>
<th>Incentives/Subsidy Not Received</th>
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<tr>
<td>1. Central Investment Subsidy</td>
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<tr>
<td>2. Interest free Sales Tax Loan</td>
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<td>3. Land cost subsidy</td>
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<td>4. Exemption of octroi duty</td>
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<td>7. Power Concession</td>
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<td>8. Billable Demand Concession</td>
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<tr>
<td>9. No minimum consumption</td>
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<td>10. Development Rebate</td>
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<td>11. Exemption from power cut</td>
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<td>12. Facility of Investment on security</td>
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<tr>
<td>13. Generating set subsidy</td>
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</table>
### Impact of PICUP Subsidy/Incentives

<table>
<thead>
<tr>
<th></th>
<th>High motivated</th>
<th>Moderately Motivated</th>
<th>Incentives/Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loan Syndication and working Capital arrangement.</td>
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<tr>
<td>2. Bridge Loan</td>
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<tr>
<td>3. Equipment R-finance Scheme</td>
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<tr>
<td>4. Lease Finance</td>
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<tr>
<td>5. Equipment Purchase Assistance</td>
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<tr>
<td>6. Equipment Finance Scheme</td>
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<td>7. Venture Capital Scheme</td>
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<tr>
<td>8. Seed Capital Scheme</td>
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<tr>
<td>9. Agency Schemes</td>
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</tr>
<tr>
<td>a. State Capital Subsidy</td>
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<tr>
<td>b. Sales Tax Exemption</td>
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<tr>
<td>c. Feasibility Study Subsidy</td>
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</tbody>
</table>

### Impact of UPFC Subsidies/Incentives

<table>
<thead>
<tr>
<th></th>
<th>High motivated</th>
<th>Moderately Motivated</th>
<th>Incentives/Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Free cost of land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Exclusive area to be reserved for Industry and Housing for NR's.</td>
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<tr>
<td>3. Land to be provided for Hi-tech units.</td>
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<tr>
<td>4. Arrangement of various infrastructural facilities.</td>
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</tbody>
</table>
## Impact of UPSIDC Subsidies/Incentives

<table>
<thead>
<tr>
<th>Incentives/Subsidy</th>
<th>High motivated</th>
<th>Moderately Motivated</th>
<th>Received</th>
<th>Not Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bridge Loan</td>
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<tr>
<td>2. Seed Capital Assistance</td>
<td></td>
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<tr>
<td>3. Composite Loan Scheme</td>
<td></td>
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<tr>
<td>4. Handloom Loan Scheme</td>
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<tr>
<td>5. Transport Loan Scheme</td>
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<tr>
<td>6. Equipment Refinance Scheme</td>
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<td>7. Modernisation Scheme</td>
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<td>8. Mahila Udyam Nidhi Scheme</td>
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<tr>
<td>9. Interest Subsidy Schemes for women entrepreneurs</td>
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</tbody>
</table>

**Signature**
ANNEXURES
ANNEXURE-I

State-wise List of Specified Backward Areas for Capital Subsidy and Concessional Finance Announced by Government of India

CATEGORY 'A'

No-Industry Districts

1. Bihar:
   Aurangabad, Bhojpur, Khagaria, Nalanda, Purnea, Saharsa (including Medhepura)

2. Gujarat:
   Dangs

3. Karnataka:
   Bidar

4. Kerala:
   Idukki, Wyand

5. Madhya Pradesh:
   Balaghat, Bhind, Chhatarpur, Chhindwara, Damoh, Datia, Dhar Guna, Jhabua, Mandla, Narsinhapur, Panna, Rajgarh, Seoni, Shivpuri, Sidhi, Surguja, Tikamgarh

6. Orissa:
   Balasore, Bolangir, Boudh Khondmals (Phulbani)

7. Rajasthan:
   Jaisalmer, Sirohi, Churu, Barmer
8. Uttar Pradesh:
   Banda, Fatehpur, Hamirpur, Jalaun, Jaunpur, Sultanpur, Kanpur Dehat

9. West Bengal:
   Bankura, Cooch Behar, Jalpaiguri, Malda

Special Region Districts

1. Assam:
   Cachar, Goalpara, Kamrup, Karbi Anglong, Newgaon, North Cachar Hills, Lakhimpur, Darang, Dibrugarh, Sibsagar

2. Himachal Pradesh:
   Chamba*, Kangra*, Kulu*, Kinnaur*, Labaul and Spiti*, Solan, Sirmur, Bilaspur, Hamirpur, Mandi, Simla, Una

3. Jammu and Kashmir:
   Anantnag, Baramula, Doda*, Jammu, Kathua, Ladakh*, Poonch*, Rajori, Srinagar, Udhampur*, Badgam, Kargil, Kunwara*, Pulwama*

4. Meghalaya:
   East Garo Hills*, West Garo Hills*, Jatntia Hills*, East Khasi Hills, West Khasi Hills*
5. Manipur:
   Manipur Central*, Manipur East*, Manipur North*, Manipur South*, Manipur West*, Tangnoupal*, Tengdagal

6. Nagaland:
   Kohima, Mekokchung, Tuensang*, Phek, Mon, Wokha, Zunebkoto,

7. Sikkim:
   Gangtok*, Gyalshing*, Mangan*, Namchi*

8. Tripura:
   Tripura North*, Tripura South*, Tripura West*

9. Uttar Pradesh:
   Almora, Chamoli*, Pauri Garhwal*, Tehri Garhwal*, Uttar Kashi*, Pithoragarh, Dehradun, Nainital

10. Andaman and Nichobar Islands:
    Andaman Islands, Nichobar Islands

11. Arunachal Pradesh:
    Tirap*, East Kameng*, West Kameng*, East Siang*, West Siang*, Lower Subansiri*, Upper Subansiri*, Dubang Valley, Lohit

12. Dadra and Nagar Haveli:
    Dadra and Nagar Haveli*
13. Lakshadweap:
    Lakshadweap*

14. Mizoram:
    Aizawl*, Lunglez*

15. Goa, Daman and Diu:
    Goa, Daman and Diu

16. Pondicherry:
    Pondicherry

17. West Bengal:
    Darjeeling*,

Total No. of districts: 133

*No Industry Districts within the Special Region Category.

CATEGORY 'B'

1. Andhra Pradesh-(Equivalent to 6 Districts)
Srikakulan district and 5 'areas'.

(A) Two 'areas' from Rayalaseema region comprising
22 blocks:

Area I

Area II

Comprising 9 blocks viz. Tadpatri, Singanamala, Gooty, Kudai (from Anantapur district), and Dhone, Kurnool, Banganapalli, Nandyal and Giddalur (from Kurnool District).

(A) Three 'areas' from Telangana region comprising 43 blocks:

Area I

Comprising 14 blocks viz. Mahbubnagar, Jadhcherla, Shadnagar, Kalwakurthy and Amangal (from Mahbubnagar District), and Nalgonda, Mungadi, Nakrakal, Suryapet, Kodad, Huzurnagar, Miryalguda, Peddavora and Devarakonda (from Nalgonda District).

Area II

Comprising 14 blocks viz. Khammam, Thirumalaipalem, Kallur, Yallanda, Kothagudom, Aswaraopeta, Burgampad and Bhadrachalam (from Khammam District), and Mahbubabad, Narsampet, Hanamkonda, Ghanapur, Jangaon and Mulug (from Warangal District).

Area III

Comprising 15 blocks viz. Zaheerabad, Patancherevu, Narsapur, Medak and Siddipet (from Medam
District), Yadappalli, Nizamabad, Kamareddy and Domakunda (from Nizamabad District), and Sireilla, Karimnagar, Sultanabad, Poddapalli, Manthani and Huzurabad (from Karimnagar District).


4. Haryana-(equivalent to 3 Districts).

Reorganised Mahindergarh district (comprising Mahindergarh and Rewari sub-divisions, Bhiwani district comprising Bhiwani and Dadri Sub-divisions and one 'area' comprising 8 blocks viz. Hissar block No. 1 and Barwala Block (or Hissar Tehsil), Hansi Block No. 1 (from Hansi Tehsil, Bahuna Block (from Fatehbad Tehsil), Tohana block/tehsil (from Tohana Tehsil) from district of Hissar, Jind block and Julana Block (from Jind Tehsil), Uchana block (Narwana Tehsil) from the district of Jind.

5. Karnataka (3) Raichur, Mysore and Dharwar districts.

6. Kerala (3) Alleppey, Cannanore and Malapuram districts.
7. *Madhya Pradesh-(equivalent to 5-1/4 District or 4 Districts) Six 'Areas'.

**Area I**
(from Eastern Region) comprising blocks viz. Korba, Baloda, Champa, Kota, Masturi and Bilha (Bilaspur) blocks (from Bilaspur district), Bhatapara, Simga, Tilda, Dharsiwa (Raipur), Abhanpur and Rajim blocks (from Raipur district).

**Area II**
(from Western Region) comprising blocks viz. Dewas and Tonk, Khurad blocks (from Dewas district), Gulana, Shujalpur and Shajapur blocks (from Shajapur district).

**Area III**
(from Central Region) comprising blocks viz. Morena and Jaura (from Morena district).

**Area IV**
(from Central Region) comprising blocks viz. Bindtawa, Khuri-Banda (Binaika), Ranatgarh, Sagar Sahgarh (Amarman) (from Sagar district), Vidisha and Gyaraspur (from Vidisha district).
Area V
(from Western Region-II) comprising blocks viz. Maheshwar and Barwaha (from Khargone district), Ratlam and Jaura (from Rtalam district), Mandsaur, Malhargarh and Neemuch (from Mandsaur district).

Area VI
(from North Eastern Region) comprising blocks viz. Rewa and Raipur (Garh) (from Rewa District).

8. Maharashtra (3) Ratnagiri, Aurangabad and Chandrapur districts.


11. Rajasthan (5) Alwar, Jodhpur, Bhilwara, Nagaur and Udaipur districts.

12. Tamil Nadu-(equivalent to 3 districts

Three 'Areas' Tracts comprising 33 Taluks.

Area I
Comprising 12 Taluks including Sub-Taluks viz. Ramanathapuram, Madukulthur, Sivaganga, Paramakudi, Thiruvadani, Karaikudi and Thirupthur taluks (from
Ramnathapuram district), Melur taluk (from Madurai district), Pudukkottai, Thirumayam, Alamgudi and Kulathur Taluks (from Pudukkottai district).

Area II

Area III
Comprising 10 taluks viz. Aruppukottai, Sattur, Virudhunagar, Srivillipathur, Rajapalayam (from West Ramanathapuram of Ramanathapur district), Thirumangalam, Usilampatti, Uilakothai, Dindigul and Vedasandur (from Madurai district).

13. Uttar Pradesh (5) Ballia, Basti, Faizabad, Jhansi and Rae Bareilly districts.
14. West Bengal (3) Purulia, Midnapur and Nadia districts.

Total number of District: 54

CATEGORY 'C'

1. Andhra Pradesh (13) Anantapur (excluding Tadpatri, Singanamala, Gooty and Kudai blocks), Chittoor (excluding
Chittoor, Bangarupalam Pulicheria, Puttur, Chandragiri and Kalahasthi blocks). Cuddapah (excluding kodur, Rajampet, Sidhout, Cuddapah, Kamalapuram, Proddutur and Pulivendla blocks), Karimnagar (excluding Sircilla, Karimnagar, Sultanabad, Peddapalli, Manthani and Huzurabad blocks), Khammam (excluding Khammam, Thirumalaipalen, Kallur, Yellandu, Kothagudem, Aswaraopeta. Burgampad and Bhadrachalam blocks), Kurnool (excluding Dhone, Kurnool, Banganapalli, Nandyal and Giddalur blocks), Mahbubnagar (excluding Mahbubnagar, Jadheheria, Shadnagar, Kalwakurthy and Amangal blocks), Medak (excluding Zaheerabad, Patancheruuvu, Narsapur, Medak and Siddipet blocks), Nalgonda (excluding Nalgonda, Mungadi, Nakrakal, Suryapet, Kodad, Huzurnagar, Miryalguda, Peddavora and Devarakonda blocks), Nellore Nizamabad (excluding Yedapalli, Nizamabad, Kamareddy and Domakuda blocks), Ongole, Warangal (excluding Mahbubabad, Narsampet, Hanamkonda, Ghanapur, Jangaon and Mulug blocks).

2. Bihar (6) Muzaffarpur, Saran, Nawadah, Gaya, Begusarai and Monghyr.

4. Haryana (4) Bhiwani (excluding Bhiwani and Dadri Subdivisions), Hissar (excluding Hissar Block No. 1 and Barwala blocks (of Hissar Tehsil), Hansi Block No.1 (from Hansi Tehsil), Bahuna Block (from Fatehabad Tehsil), Tohana block/tehsil, (from Tohana Tehsil), Jind (excluding Jind block and Julana block from Jnd Tehsil and Uchana Block (from Narwana Tehsil), Mahindergarh (excluding Mahindergarh and Rewari sub-divisions).

5. Kerala (2) Trichur and Trivandrum.

6. Karnataka (7) Belgaun, Bijapur, Gulbarga, Hassan, North Kanara, South Kanara and Tumkur.

7. Madhya Pradesh (19) Bastar, Betul, Bilaspur (excluding Korba, Baloda, Champa, Kota, Masturi and Bilha (Bilaspur blocks), Dewas (excluding Dewas and Tonk Khurad blocks), Hoshangabad, Khargone (excluding Maheshwar and Barwaha blocks), Mandsaur (excluding Mandsaur, Malhargrh and Neemuch blocks), Morena (excluding Morena and Jaura blocks), Panna, Raigarh, Raipur (excluding Bhatapara, Simga, Tilda, Dharsiwa (Raipur), Abhanpur and Rajim blocks), Rajnandgaon, Raisen, Shajapur (excluding Gulana, Shujalpur and Shajapur blocks), Ratlam (excluding Ratlam and Jaura blocks), Rewa (excluding Rewa and Raipur (Garh block), Sagar (excluding Bina-Itawa, Khuri-Banda (Binaika),
Ghazipur, Gonda, Hardoi, Mainpuri, Mathura, Moradabad, Pilibhit, Pratapgarh, Rampur, Shahjahanpur, Sitapur and Unnao, Lalitpur, Pithoragarh.


Total Number of Districts: 112.

Category 'A' : 133 Districts
Category 'B' : 54 Districts
Category 'C' : 112 Districts

Source: Scheme of Concessional Assistance for development of No-Industry districts and other backward area; IDBI, Bombay, October, 1985.
ANNEXURE II

STATE-WISE AND UNION TERRITORY-WISE LIST OF
INDUSTRIAL GROWTH CENTRE

ANDHRA PRADESH: (1) Vizianagarm - Bobbili (Vizianagaram District) (2) ongole (Prakasam), (3) Khamman (Vemsoor Mandal) (Khamman), (4) Hindpur (Anantapur).

ARUNACHAL PRADESH: (1) Rangjuli (Goalpara District), (2) Jakhalabandha (Nageon).

BIHAR: (1) Jasoria (Aurangabad District), (2) Bhagalpur (Bhagalpur), (3) Purnea Karba (Puranea), (4) Muzaffarpur (Muzaffarpur), (5) Hazaribagh (Hazaribagh) GUJARAT: (1) Palanpur (Banaskantha District), (2) Vagra (Bharuch) (3) Gandhiham (Kutch).

HARYANA: (1) Julana (Jind District), (2) Bawa (Mohindergarh).

HIMACHAL PRADESH: (1) Simla (Simla District).

JAMMU & KASHMIR: (1) Sambha (Jammu District), (2) Ganderbal (Srinagar).

KARNATAKA: (1) Dharwad (Dharwad District), (2) Hassan (Hassan) (3) Gillesugar (Raichur).
KERALA: (1) Shertalai (Alleppy District), (2) Tellicherry (Cannanore).

MADHYA PRADESH: (1) Kheda (Dhar District), (2) Ghhirogi (Bhind), (3) Siltara (Raipur), (4) Chainpura (Gum), (5) Borai (Durg), (6) Satlapur (Raisa).

MAHARASHTRA: (1) Dhule (Dhule District), (2) Ratnagiri (Ratnagiri), (3) Nanded (Nanded), (4) Akola (Akola), (5) Chandrapur (Chandrapur).

ORISSA: (1) Choudwar (Cuttack District), (2) Chatrapur (Gunjam), (3) Chimplima (Sambalpur).

PUNJAB: (1) Bhatinda (Bhatinda District), (2) Pathankot (Gurudspur).

RAJASTHAN: (1) Bhilwara (Bhilwara District), (2) Jhalawar (Jhalawar) (3) Bikaner (Bikaner), (4) Abu Road (Sirobi).

TRIPURA: Champamura - Joginder Nagar (West Tripura).

UTTAR PRADESH: (1) Shajanwa (Gorakhpurl District), Mungra - Satharia (Jawnpur) (3) Banthara (Shahjahanpur), (4) Shivrajpur - Padampur (Pauri Garhwal), (5) Bachauli - Buzurg (Jhansi) Chaudharpur (Moradabad).

WEST BENGAL: (1) Jalpaiguri (Jalpaiguri), (2) Malda (Malda District), (3) Dubrajpur (Birbhum District).

PONDICHERRY: (1) Karaikal (Pondicherry).
APPENDIX
APPENDIX

The following are the addresses of financial institutions/agencies in states and union territories which provided assistance to entrepreneurs for industrial development in backward and non-backward areas.

ANDHRA PRADESH:

(1) Andhra Pradesh Electronic Development corporation Limited, Parisrama Bhavanam, Basheer Bagh, Hyderabad-500 029
(2) Andhra Pradesh Handicrafts Development Corpn. Ltd., Pisgah Complex, Nampally, Hyderabad 500 001
(4) Andhra Pradesh Industrial and Technical Consultancy organization Ltd., 10-2-289/21, Shantinagar, Hyderabad 500028.
(5) Andhra Pradesh Industrial Infrastructure Corpn. Ltd., 5-9-58/B, Parisrama Bhanam, Fateh Maidan Road, Hyderabad 500 029.
(6) Andhra Pradesh Mining Corpn. Ltd., 6-3-672, Panja Gutta, Hyderabad 500 004.
(7) Andhra Pradesh Small Scale Industries Development Corpn. Ltd., 5-10-174, Fateh Maidan Road, Hyderabad 500 044.
(8) Andhra Pradesh State Agro Industries Development Corporation Ltd., Agro Bhavan, 10-2-3 A.C. Guards, Hyderabad 500 044.
(9) Andhra Pradesh State Financial

ASSAM:

(1) Assam Agro-Industries Devpt., Corpn. Ltd., Ulubari, Gauhati 781 007. (2) Assam Financial Corporation, G.S. Road, Ganeshguri Charali, Gauhati 781 009. (3) Assam Industrial Development Corporation Ltd., Zoo Road, Gauhati 781024. (4) Assam Small Industries Development Corporation Ltd., Bamunimaidan, Gauhati 781 021. (5) North Eastern Industrial & Technical Consultancy organization Limited, Moniram Dewan Road, Bamunimaidan, Gauhati 781 021. (5)

BIHAR:

(1) Bihar State Credit & Investment Corporation, Biscomau, Bldg., W Gandhi Maidan, Patna 800004. (2) Bihar State Electronic Development Corporation Ltd., Udyog Bhawan, 2nd Floor, East Gandhi Maidan, Patna 800 004. (3) Bihar state Export Corpn. Ltd., Biscomaun Bldg., West of Gandhi Maidan, Patna 800 004. (4) Bihar State Financial Corpn. Ltd. Fraser Road, Patna 800 001. (5) Bihar State Industrial Development Corporation Ltd., Bandar Bagicha, Patna 800 001. (6) Bihar State Small Industries Corporation Ltd., West Gandhi Maidan, Biscomaun Bldg. Patna 800 004.
DELHI:

(1) Delhi Financial Corporation, Saraswati Bhawan, Industrial Development Corporation Ltd. N. Block, Bombay, Life Building Connaught Circus, New Delhi 110 001. (2) Department Assistance covers (1) supply of raw material and machinery (2) financial assistance (3) special assistance to weaker sections (4) infrastructural facilities at the industrial estates at okhla and at the rural industrial estate at Badli and others.

GUJARAT:

380 009. (8) Gujarat State Financial Corporation
Jaldarshan Bldg., R.C. Marg, Ahmedabad 380 009. (9)
Gujarat State Handicraft & Handloom Development

HARYANA:

(1) Haryana Financial Corporation, Bays No. 17, 18, 19,
Sector-A, Chandigarh 160 017, Sector 8-C, Chandigarh.
160 008. (3) Haryana State Industrial Development
Corporation Limited, PB 22, C.O. Nos. 40 & 41. Sector
17A, Chandigarh 160 017. (4) Haryana State Small
Industries & Export Corporation Ltd., Sibal Building,
Sector-17D, Chandigarh 160017, (5) Directorate of
Industries, Haryana, 30, Bays Buildings, Sector 17,
Chandigarh 160 017. (6) Haryana State Industrial
22. Chandigarh 160 017. (7) Haryana State Electronics
Development Corporation Ltd. 1556, Sector 18-D, Chandigarh
160 018. (8) Credit Assistance Group Directorate of
Institutional Finance, Haryana Civil Secretariat,
Chandigarh. (9) Industrial Assistance Group, Haryana
Emporium, Baba Kharak Singh Marg, New Delhi. (10)
Industrial Assistance Group, Directorate of Industries,
Haryana Sector 17, Chandigarh 160 017.
HIMACHAL PRADESH:


JAMMU & KASHMIR:

KERALA:


MADHYA PRADESH:

MAHARASHTRA:

(1) Maharashtra Electronics Corporation Limited (MELTRON), Plot No. 214, Backbay Reclamation, Reheja Centre, 13th Floor, Nariman Point Bombay 400 021. (2) Maharashtra Industrial Development Corporation, Moral Ind. Area, Mahakali Caves Road, Andheri (East), Bombay 400 093. (3) Maharashtra Small Scale Development Corporation Limited, Krupanidhi 9 w. Hirachand Marg, Ballard Corpn. New Excelsior Building, 5th, 7th, 8th, and 9th Floors, A.K. Nayak Marg, Fort, Bombay 400 001. (5) State Industrial and Investment Corporation of Maharashtra Limited, (SICOM), 1st Floor, Nirmal, Nariman Point, Bombay 400 021.

MEGHALAYA:

(1) The Methalaya Industrial Development Corporation Limited (MIDO)-P.Box, 9, Shillong 793 001. (2) Mainpur Small Industries Corporation Ltd., Paona Bazar, Imphal 795 001. (3) Forest Development Corporation of Meghalaya Ltd., Addition Secretariat Building Shillong 793 001.

MIZORAM:

(1) Nagaland Industrial Development Corporation Ltd., Industrial Eastate, P.B. No. 5, Dimapur, (2) Department of Industrial, Government of Nagaland, Kohima.
ORISSA:
(1) Industrial Development Corporation of Orissa Ltd., P.B. No. 78, Bhubaneshwar 751 007. (2) Orissa Industrial Infrastructure Development Corporation, IDCO Towers, Janpath, Bhubaneshwar 751 007. (3) Orissa Small Industrial Corporation Limited, Barabati Stadium, Cuttack 753 005. (4) Orissa State Financial Corporation, OMP Square, Cuttack 753 003.

PUNJAB:
RAJASTHAN:


UTTAR PRADESH:


WEST BENGAL:

(1) West Bengal Industrial Development Corporation Ltd., 23/A.N. Subhash Road, Calcutta 700 001. (2) West Bengal Financial Corporation, 4, Kroni Sankar Roy Road, Calcutta 700 001. (3) West Bengal Small Industries Corporation Ltd., 6-A, Raja Suboth Mullick Square, Calcutta 700 013. (4) West Benal State Warehousing Corporation, 20 Chandni Chowk Street, Calcutta 700 013. (5) West Bengal Agro-Industrial Corporation Ltd. 23, B.N. Sibhas Road, Calcutta 700 001. (6) West Bengal Electronic Industrial Development Corporation Ltd., 225, E. Acharya Jagadish Chandra Bose Road, Calcutta 700 020. and (7) West Bengal Handloom and Powerloom Development Corporation Ltd., 6-A, Raja S. Mullick Square, Calcutta 700 013.
ANDAMAN AND NICOBAR ISLANDS:

The Industries Department of the island provides facilities for the industrial development by way of financial and other assistance.

PONDICHERRY:

The Pondicherry Industrial Promotion Development and Investment Corporation Ltd., 38 Romain Rollant Street. Pondicherry 605 001. (2) The Tamil Nadu Industrial Investment Corporation Ltd., Arul Manai, 27 Whites Road Madras 600 014.
CHARTS
CHART - 1
Incentives/Subsidy for Large and Medium Scale Industries
1980 - 1985

Categories

Central Investment subsidy
A 25% (25 lakhs)
B 15% (15 lakhs)
C 10% (10 lakhs)

Interest free sales tax loan 75%
(50 lakhs)

Land cost subsidy
Exemption from octroi duty
Subsidy on feasibility report (5%)

Central transport subsidy in Hill Area
75% of raw material

Terms loan (1%)

Generating set subsidy Rs. 500/= per KVA (12%)

Allotment of Land

Power Concessions

No minimum consumption guarantee exemption

Billable demand concession (75 KW) 3 years

Development rebate (75 KW) 33½% (50%) 5 years

Special Rebate for Bundelkhand

Exemption from power cut (5 years)

Facility of Instalment on security deposit (50% security)

State capital subsidy for Export oriented units (10%)

Exemption from sale tax (for 7 years industry)
(for 6 years Backward unit)

Facility of underwriting and equity assistance
### CHART - 2
Incentives/Subsidy for Small Scale Industries
1980 - 1985

<table>
<thead>
<tr>
<th>Categories</th>
<th>Central Investment subsidy</th>
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<td>A</td>
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<tr>
<td>25&quot;a(25 lakhs)</td>
<td>15&quot;a(15 lakhs)</td>
<td>10&quot;a(10 lakhs)</td>
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<tr>
<td>Central Transport</td>
<td>Subsidy hill Areas</td>
<td>(75&quot;a)</td>
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<tr>
<td>Exemption from sales tax (7 years zero industry)</td>
<td>Generating set subsidy (Rs. 1000 per KVA of 12&quot;a)</td>
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<td>(6 years Backward area)</td>
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<td>Facility of Sheds plots in Industrial Areas</td>
<td>Package assistance in functional complexes (30&quot;a)</td>
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<td>100% stamp duty (Rs. 25 thousands)</td>
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<td>Price preference in Govt. purchase (15% I &amp; MI) (5% SSI)</td>
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<td>Marketing Assistance (90% released)</td>
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<td>100% Export oriented units (10% state capital)</td>
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<td>Power subsidy (20% HP per unit)</td>
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<td>Subsidy on production studies (75&quot;a)</td>
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<tr>
<td>Interest free Sales Tax loan (50 lakhs for 5 years) (75&quot;a)</td>
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<tr>
<td>Exemption from octroi duty</td>
<td>Machine on hire purchase (2 lakhs)</td>
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<tr>
<td>Central Marginal Money (10%)</td>
<td>State Margin Money loan (5 lakhs 9%)</td>
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CHART - 3
Package of incentives for Industries in Uttar Pradesh
1990 - 1995

State capital subsidy
Categories
A  20% (20 lakhs)
B  (15%)
   (15 lakhs)
C  (10%)
   (10 lakhs)
Subsidy for
Prestige units
(15 lakhs)
Capital subsidy
for pioneer unit
at Block level
(10 lakhs)
Land at
concessional
rate
Incentive for
power supply
(33½%) (5 years)
Sales Tax
Exemption
'C' 100% 8 years
'B' 125% 9 years
'A' 150% 10 years
Subsidy for
feasibility
report
(75%, 2 lakhs)
Subsidy to
100% Export
oriented
units
Rehabilitation
of sick units
Transport subsidy
for Hill Areas under
Central Govt.
25% border areas
50% special subsidy
Transport subsidy
for Hill Areas
under State Govt.
Special facility to
SC/ST/Ex
Serviceman
entrepreneur
(5% one lakh)
Seed
Capital
(15 lakhs)
Margin Money
loan Scheme
(30 thousands)
DIC Margin
Money Loan
(50% 40,000)
Special facility
to Minority
entrepreneur
(20 thousands)
Capital subsidy for
Pioneer unit at
Tehsil level
(10 lakhs)
Scheme for Modernisation Productivity and
quality improvement of the SSI
(15% one lakh per unit)
CHART - 4
Incentives Small, Tiny/Cottage Industries in Growth Centre
1980 - 1985

Margin Money loans  Interest subsidy
(4% and 5½%)  Consultancy
subsidy 100% (Rs. 2,000)  Power subsidy
(9 paisa per unit)  Priority in the allotment of
raw material

State Govt.
Schemes  Central Govt.
Schemes
20% (Rs. 50,000)  (2 lakhs)

CHART - 5
Special Concession to Pioneers & Prestige Industries

State capital
subsidy
15% (15 lakhs)

Exemption from sales tax
5 years (18 districts)
7 years (11 zero districts)
6 years (29 Backward areas)

Sales tax
Differment
(25 crores)

Incentives/concession
Special state capital subsidy (15%)
CHART - 6
The Pradeshiya Industries & Investment Corporation of Uttar Pradesh (PICUP)

Terms loans  Bridge Loan  Equipment Refinance  Lease Finance  Equipment Purchase Assistance  Equipment Finance Scheme  Venture capital Scheme  Seed capital Scheme  Merchant Banking

Agency Schemes

Advisory Service

Fixed Deposit Scheme

Mergers & Acquisitions  Information Technology Services

Category A  20% (2 lakhs)  Category B  15% (15 lakhs)  Category C  10% (10 lakhs)  Sales Tax Exemption  Feasibility Tax Subsidy Scheme

Joint Sector  Spectrum  Assistance to NRI's
CHART - 7
Uttar Pradesh State Industrial Development Corporation (UPSIDC)

Special Incentives To Non - Resident Indians

- Free cost of Allotment of land/sheds
- Top priority in Allotment of land
- Housing for NRI's
- Land for Hi-tech units
- Infrastructural facilities
- Prompt acquisition of land
- Functional Industrial Areas collaboration in with NRI's
- Joint sector Project in UPSIDC Areas
- Joint sector Project in Industrial Areas

- Equity participation for Setting up industrial units
- Special consultancy Service
- Execution of civil works on deposit basis
Chart - 8
Uttar Pradesh Finance Corporation (UPFC)

Terms Loans  | Bridge Loans  | Seed capital Assistance  | Composit Loan Scheme  | Handloom weavers  | Transport Loan  | Equipment Refinance Scheme  | X-ray Clinic Scheme  | Modernisation Scheme  | Other services on behalf of State & Central Govt.

Nursing home  | Electro equipment for Doctors  | quality control Equipment Financing Scheme  | Women Entrepreneur Scheme  | Single window Scheme  | National Equity Scheme  | Interest Subsidy Scheme for Women  | Mahila Udyog Nidhi Scheme