CHAPTER 5

(3.e) VARANASI- A BRIEF INTRODUCTION

The study has been conducted in Varanasi, the sacred city of India. History documents prove that from 6th century to the end of 12th century Varanasi region had been under the rule of Kings whose principal seat of Government was Kanauj. The kings continued to enjoy their monarchy and still they do exist although their traditional powers have been seized by the government. The written records as contained in Skanda Purana, Mahabharata etc. mention its existence at least 3000 years ago.

Varanasi city holds a pride post in religious circle through out the country. It is situated on the bank of the river Ganga which is famous for its location and attracts a lot of tourists from both within the country and abroad every year. It has for long been famous for knowledge and is often termed as cultural capital of India, Such has been the importance of this city that Sri Ram Krishan has aptly remarked "To give an idea of the city of Banaras by means of a map or a picture is taken to give an idea of a God by mere book learning."

The mythological name of the city was Kashi. This seems to be derivation from the work Kashi (bright) thereby meaning the city that illuminates with a spiritual light. Varanasi, the name by which the city is known today was a later development from the fact that the city is situated on the western banks of the Ganges between the two rivers Varuna and Assi. These rivers meet the Ganges at the northern and southern tips of the city.

In shape the city is somewhat like the Arabic numeral seven, with a truncated lower limb. It is one of the eastern most districts of the state and lies
between the parallels of 24 43' and 25 35' N Lat. and 82 11' and 83 34' E. long with the maximum length (of 82 miles) running from east to west and the maximum breadth (of 58 miles) from north to south, Towards the west the northern boundary of the district marches with the southern boundary of the Jaunpur district for about sixty five miles and the remaining part of the northern boundary towards the east) is contiguous with the south-western boundary of the district of Ghazipur, the river Ganges flowing between the two districts for the greater part of the district.

(1) Resource Analysis:

Agriculture forms the core sector of the district's economy. Over 80% of the population is engaged in agricultural activity which contribute a large share of the income of the district. Over 55% of total labour force is engaged in Agriculture. The resources of district may be briefly noted under the following heads:

(a) Human Resources:

It is estimated that only 5% of the districts population is engaged in the industries leaving ample scope for further employment in the industrial sector the rural population comprises of 35,38,334 people where as urban population comprises of 13,22,248 peoples. The district is well served by a number of technical institutions. The Institute of Technology, B.H.U. Industrial Training Institutes and polytechnics provide excellent training facilities to the students. B.H.U. having a number of disciplines of technology produces hundreds of technocrats every year specializing in mechanical, electrical, chemical, metallurgical and other breaches of industrial engineering's. therefore man-power to run industries is plentiful.
(b) Material Resources:

Wheat, rice and potato are the main product of the district. Its commercial corps include sugarcane, oilseed and pulses. In some areas sun hemp is also grown and is being used on a commercial basis. All these can form the basis for several agro-based industries. Varanasi has also been famous for its Mangoes which are exported on a large scale. Guavas and other fruits are also produced in sufficient quantity to promote of few units of fruit preservation, pickles etc.

(2) Infrastructural Facilities:

The district has a net work of rail and road and connected with all the important cities of the country directly. Though there are some rural areas where roads still do not exist. Almost major part of villages of the district have been electrified or are is the process of being electrified. All the urban agglomeration of the district is connected with electric power.

(3) Industries:

There are several type of industries existing in Varanasi which can be dealt as follows:

(a) Old Time Industries:

The ancient city of Varanasi has been famous from early times for its beautiful brocades and gossamer fabrics. The Jatakas and the Arthashastra refer to the silk and cotton industries of this place. Several of its arts and handicrafts acquired a worldwide reputation attracting traders from distant lands, both the English travelers, William foster (who visited India between 1583 and 1619) and Ralph Fitch who visited Varanasi in 1583, mention that
Varanasi was famous for the manufacture of cloth. During Jahangir's time Varanasi was famous for the manufacture of Cummerbunds, Turbans, Cloth and Garments (particularly for women), copper pots, dishes, basins and other articles of common use. The French Physician, Francois Bernier, who visited India in the closing years of Shahjahan's reign and stayed in the country for several years, wrote about Varanasi thus:

"Large halls are seen in many places called Kar-Kanays or workshops for the artisans. In one hall embroiders are busily employed, superintended by a master. In another you see the goldsmiths; in a third, painters, in a fourth, varnishers in lacquer work; in a fifth, joiners, turners tailors and shoemakers; in a sixth, manufacturers of silk, brocade, and those fine maulins of which are made turbons, girdles with golden flowers, and worn by females so delicately fine as frequently to wear out in one night".

Big industrial schools and factories where organized under official management. Elegant sild fabrics woven with threads of gold and silver, decorated the royal courts. The beauty and quantity of the materials produced here made them worthy of being presented even to foreign monarchs and high dignitaries. Even today that Superb tradition is alive and the craftsman of Varanasi produce lovely fabrics in a bewildering variety of designs and patterns. An exquisite piece of brocade headed the list of presents given to queen Elizabeth II of England on her visit to Varanasi in 1961. The well known Kashi silk and the tissues of Varanasi, delicate as woven mist, as also the silk Scarves produced in a variety of designs and shades, have an attraction of their own.
The brass work of Varanasi has gained fame for its rich quality, its distinctive feature being a golden hue. It is repose work and is not engraved like the Moradabad brass work.

The Woolen carpets of Bhadohi became Internationally known from the beginning of the eighteenth century. This industry has developed steadily and today holds an important place in the world market, about 90 percent of the total produce being exported to countries out side India. The making of wooden toys and chewing tobacco (Zarda and Surti) are the other industries deserveing attention.

(b) Small-Scale Industries:

The district is known for a number of Small Scale Industries and cottage industries. The category of SSI Units ranges from silk fabrics and Embroidery, Zari Embroidery, Making of Gold and Silver thread, Woolen carpets, Hosiery, Brassware, Cycle, Electrical goods, Electroplating works, Steel trunks, Iron foundries and General mechanical Engineering, General Job Units, Chemical Units, Ivory and Bone Carving, Glass Beads, Scientific Balances, Geometrical Drawing and surveying instruments, wire netting, Zarda and Surti (chewing Tobacco), Tin containers, Scissors, Locks, Furniture making Oil crushing, Decortication of Rice and Dal, Dairy farming, milk powder, Plastics, Soap, Gold fail and Silver foil, Aluminum utensils, Marble Sculpture, Sawing, Flour production, Leather goods, Printing Press etc.

Varanasi has put up greater efforts in the development of Small Scale Units in the district. For that purpose the Government has established a District Industry Centre (D.I.C.) at Lahartare, headed by a Joint Director of Industries. This office renders a variety of services to the entrepreneurs of the
region and also registers the Unites under small-scale category and exhibits them in a directory. The district is further divided into tehsils and blocks.

The district has a famous Diesel Locomotive Works, Hari Fertilisers, Indian Air Gases, cooperative Sugar Mill, Basantg Paper Mill, Pradeshik Cooperative Dairy, Bhadohi Woolen Mills and a number of other large units.

(c) Industrial Estates and Areas:

There are three industrial estates in the district namely Big Industrial Estate, Lahartare; Small Industrial Estate, Lahartara and Industrial Area, Ramnagar.

The U.P. State Industrial Development Corporation (UPSIDC) has developed an area of 300 acres at Jeonathpur (Ramnagar) for industrial development. As per master plan of the district the industrial development has to take place particularly in this area only. There are 184 plots of different sizes. Roads have been constructed and electric lines have been drawn. The site is well by Rail and Road.

(4) Institutional Financing:

There has been a rapid increase in Banking facilities the district in the past few years. There is a good network of Commercial Bank Office's. another agency of direct financing is U.P. Financial Corporation with its Regional Office at Varanasi. IDBI has also recently opened its branch office at Varanasi.

Following agencies are also involved in the industrial development of the district:
(a) Direct of Handloom and Textile, U.P. through Assistant Director of Industries posted at Varanasi for Handloom Industry.

(b) U.P. Khadi and Village Industries Board through District Village Industries Officer, Varanasi for Village Industries.

(c) U.P. Brass Ware Corporation, Sonai, Varanasi for Brass Ware Industry

(d) U.P. Export Corporation, Bhadohi, Varanasi for Carpets and Woolen Yarn.

(e) U.P. State Industrial and Development Corporation through their regional office, Lucknow for Industrial area, Ramnagar (Varanasi).

(f) U.P. State Electricity Board for Power Supply.

(g) Small Industries Service Institute, Industrial Estate, Varanasi for Industrial consultancy.

ROLE OF FINANCIAL INSTITUTIONS IN VARANASI

The total financial assistance sanctioned by the commercial banks amounted to Rs.18,27,897-00 in the year 1996-97 and the disbursements being (102.9%) of sanctions amounted to Rs.18,80,669-00. In the year 1997-98 the sanctions increased by 4.7% to Rs.19,12,935-00 of which (104.1%) was disbursed amounting to Rs.19,91,579-00. In 1998-99 the sanctions increased by 4.5% to Rs.19,99,574-00 and the disbursements were of (96.0%) of sanctions amounting to Rs.19,91,373-00.

Sector wise the total assistance sanctioned by the commercial banks at Varanasi to small scale industries (SSI) amounted to Rs.10,30,580-00 and the
disbursements were of Rs.12,30,859-00 being 119.4% of sanctions in 1996-97. In 1997-98 it increased by 18.9% to Rs.12,25,335-00 and the disbursements were of Rs.13,15,315-00 (107.37%) of sanctions. In 1998-99 they further increased by 8.9% to Rs.13,34,905-00 and the disbursements were of Rs.13,30,823-00 (99.7%) of sanctions.

On the other hand, in 1996-97, the assistance sanctioned for commercial purpose was of Rs.3,29,575-00 and disbursements were of Rs.3,10,664-00 being (94.3%) of sanctions. The sanctions increased by 9.9% in 1997-98 to Rs.3,65,302-00 and disbursements were of Rs.3,75,522-00 (103.6%) of sanctions. In 1998-99 the sanctions increased by 5.1% to Rs.3,80,670-00 and the disbursements were of Rs.3,52,286-00 being (92.5%) of sanctions.

On the basis of financial assistance sanctioned by the commercial banks to the small entrepreneurs in Varanasi for the year 1998-99, individually, the Union Bank has been at the top most position. The bank has its own expertise and adequate management skills to ascertain the risks in provide on financial assistance to these sectors. In the year 1996-97 the bank sanctioned total assistance of Rs.2,05,526-00 and disbursed Rs.3,00,067-00 being (146.0%) of sanctions. Out of this 28.8% was sanctioned for SSIs amounting Rs.59,160-00 where the disbursements were of Rs.1,00,393-00 being (169.7%) of sanctions and 27.6% i.e. Rs.56,715-00 was for commercial purposes where disbursement were of Rs.78,419-00 being (138.3%) of sanctions. The assistance sanctioned in 1997-98 fell down by 10.5% to Rs.1,83,914-00 and disbursements were of Rs.2,12,327-00 being (116%) of sanctions. Out of this amount 34.3% was for SSIs amounting to Rs.63,105-00

*Sources: Annual report of Union Bank of India*
and disbursements were of Rs.74,154-00 being (117.5%) of sanctions and for commercial purposes 30.3% i.e. Rs.55,115-00 was sanctioned where disbursements were of Rs.49,419-00 being 89.7% of sanctions. In the year 1998-99 the assistance further came down marginally by 1.8% when the amount sanctioned was of Rs.1,80,563-00 and disbursed Rs.1,88,256-00 being (104.3%) of sanctions. Out of this amount 37.4% was allotted to SSIs amounting to Rs.67,550 where disbursements were Rs.69,904-00 being (103.5%) of sanctions and 29.9% i.e. Rs.54,025-00 was sanctioned for commercial purposes where the disbursements were of Rs.62,138-00 being (115.0%) of sanctions.

At the second number came the Uttar Pradesh Financial Corporation which is not a commercial bank but a financial institution providing financial assistance for the small scale industries development in the state as per its statutes. In the year 1996-97 it sanctioned Rs.33,060-00 for the SSIs and disbursed Rs.63,091-00 being (190.8%) of sanctions. In 1997-98 its sanctions increased by 96.6% to Rs.65,000-00 and the disbursements amounted to Rs.64,103 being (98.6%) of sanctions. In 1998-99 the sanctioned amount by UPFC increased twice the previous year Rs.1,35,000-00 and the disbursements were of Rs.1,01,932-00 being 74.4% of sanctions.

At the third position comes the state Bank of India the biggest commercial bank of the country with the highest net worth amongst the different commercial banks operating in the country. The bank is playing a pivotal role in the development of the small scale industries and the commercial sector by providing them short term loans and other credit facilities for their day to day working on easy terms. In the year 1996-97 the bank provided financial assistance by sanctioning Rs.8,46,296-00 where
disbursements were of Rs.93,913-00 being (105.6%) of sanctions. Out of this
85.1% assistance sanctioned was for SSIs amounting to Rs.7,19,025-00 where
disbursements were of Rs.8,18,245-00 being (113.8%) of sanctions and 8.2%
i.e. Rs.69,528-00 for commercial purposes where disbursements were of
Rs.15,100-00 being (1.1%) of sanctions. In 1997-98 the sanctioned assistance
increased by 16.3% to Rs.9,84,270-00 and disbursements were of
Rs.10,34,871-00 being (105.1%) of sanctions. Out of this amount 89% i.e.
Rs.8,76,095-00 was sanctioned for SSIs where the disbursements were of
Rs.9,34,159-00 being (90.3%) of sanctions and 7.5% i.e. Rs.73,415-00 were
for commercial purposes where disbursements were of Rs.63,419-00 being
(86.4%) of sanctions. In the year 1998-99 the assistance sanctioned by the
bank increased by 10.8% to Rs.10,90,867-00 and disbursements were of
Rs.10,97,928-00 being (100.6%) of sanctions. Out of the amount 86.4% was
sanctioned for SSIs amounting to Rs.9,42,580-00 where disbursements were
of Rs.10,17,706-00 being (107.8%) of sanctions and 8.0% was for commercial
purposes amounting to Rs.87,215-00 where disbursements were of Rs.48,410-
00 being (55.5%) of sanctions.

At the forth place it is the Kashi Gramin Bank which has contributed a
lot in the development of SSIs in the naval areas by providing financial
assistance to the village and cottage industries. In the year 196-97 the bank
sanctioned total assistance of Rs.1,41,427-00 of which the disbursement were
of Rs.1,00,875-00 being (71.3%) of sanctions. Out of these 26.3% was
sanctioned for SSIs amounting to Rs.37,160-00 where the disbursements were
of Rs.10,821-00 being (29.1%) of sanctions and 22.8% was for commercial
purposes amounting to Rs.32,264-00 where the disbursements were of
Rs.62,815-00 being (194.7%) of sanctioned decreased by 2.8% to
Rs.1,37,540-00 where the disbursements were of Rs.1,20,314-00 being
((87.5%) of sanctions. Out of this 36.0% was sanctioned for SSIs amounting to Rs.49,550-00 where the disbursements were of Rs.16,798-00 being (33.9%) of sanctions and 22.5% was for commercial purposes amounting to Rs.30,990-00 where the disbursements were of Rs.69,193-00 being (223.3%) of sanctions. In the year 1998-99 the sanctions declined by 26.3% to Rs.1,01,382-00 where the disbursements were of Rs.90,994-00 being (89.6%) of sanctions. Out of this 27.0% was sanctioned for SSIs amounting to Rs.27,400-00 where disbursement were of Rs.9,762-00 being (35.3%) of sanctions and 25.2% was for commercial purposes amounting to Rs.25,510-00 where the disbursements were of Rs.59,708-00 being (234.1%) of sanctions.

On the fifth place was the Bank of Baroda another commercial bank playing an important role in the development of the entrepreneurial skills in the country. In the year 1996-97 the bank sanctioned Rs.67,900-00 and disbursed Rs.66,726-00 being (98.3%) of sanctions. Out of this 75.4% was allotted to SSIs amounting to Rs.51,200-00 where the disbursements were of Rs.61,261-00 being (119.7%) of sanctions and 48.5% was for commercial purposes amounting Rs.16,700-00 where the disbursements were of Rs.5,465-00 being (3.4%) of sanctions. In 1997-98 the sanctions increased by 25.3% to Rs.80,518-00 being (94.6%) of sanctions. Out of this 47.8% was sanctioned for SSIs amounting to Rs.40,690-00 where the disbursements were of Rs.41,981-00 being (103.2%) of sanctions and 22.6% was for commercial purposes amounting to Rs.19,200 where disbursements were of Rs.15,337-00 being 79.9% of sanctions. The 1998-99 the sanctions increased by 10.5% to Rs.94,000 where the disbursements were of Rs.69,200-00 being 73.6% of sanctions. Out of this 28.4% was sanctioned for SSIs amounting to Rs.26,650-00 where the disbursements were of Rs.11,300-00 being (42.4%) of sanctions.
and 12.6% was for commercial purposes amounting to Rs.11,800-00 where the disbursements were of Rs.1,900-00 being 16.1% of sanctions.

At the sixth place was the Bank of India, another important bank in India engaged in the promotion of entrepreneur-ship in the country. For Varanasi district in 1996-97 the bank sanctioned Rs.50,220-00 and disbursed Rs.55,364-00 being (110.2%) of sanctions. Out of this 61.6% was for SSIs amounting to Rs.30,950-00 where the disbursements were of Rs.12,756-00 being (41.2%) of sanctions and 31.2% for commercial purposes amounting to Rs. 15,650-00 where the disbursements were of Rs.37,640-00 being (240.5%) of sanctions. In 1997-98 the sanctions increased by 15.2% to Rs.57,870-00 where the disbursements were of Rs.57,940-00 being (100.1%) of sanctions. Out this 46.5% was sanctioned for SSIs amounting to Rs.26,900-00 where disbursements were of Rs.25,143-00 being (93.5%) of sanctions and 43.3% was for commercial purposes amounting to Rs.25,070-00 where disbursements were of Rs.29,003-00 being (115.7%) of sanctions. In 1998-99 the sanctions increased by 12.4% to Rs.65,040-00 where the disbursements were of Rs.38,501-00 being (59.2%) of sanctions. Out of this 32.5% was sanctioned for SSIs amounting to Rs.21,150-00 where the disbursements were of Rs.14,329-00 being (67.7%) of sanctions and 52.7% was for commercial purposes amounting to Rs.34,300-00 where the disbursements were of Rs.20,935-00 being (61.0%) of sanctions.

On the seventh Rank was the Allahabad Bank a leading commercial bank of the country having it branches in almost every district of the country the bank provides credit facilities to the small scale industries of the country and the persons engaged in other commercial activities. The bank has its own assistance providing wings for these sectors and well defined code of conduct.
for assessing the risks involved in providing financial assistance to the SSIs and commercial sectors or in other words the entrepreneurs in the country. For the Varanasi district in the year 1996-97 the bank sanctioned in all Rs.37,735-00 and disbursed Rs.29,383-00 being (73.9%) of sanctions. Out of this 43.2% was sanctioned for SSIs amounting to Rs.17,150-00 where the disbursements were of Rs.8,255-00 being (48.1%) of sanctions, and 31.3% was for commercial purposes amounting to Rs.12,450-00 where the disbursements were of Rs.18,033-00 being (144.8%) of sanctions. In 1997-98 the sanctions increased by 25.5% to Rs.49,894-00 where the disbursements were of Rs.30,403-00 being 60.9%) of sanctions. Out of this 44.0% was sanctioned for SSIs amounting to Rs.21,960-00 where the disbursements were of Rs.12,006-00 being (54.7%) of sanctions and 37.1% was for commercial purposes amounting to Rs.18,497-00 where disbursements were of Rs.15,400-00 being (83.3%) of sanctions. In 1998-99 the sanctions increased by 15.7% to Rs.57,727-00 where the disbursements were of Rs.55,165-00 being (60.9%) of sanctions. Out of this 47.7% was sanctioned for SSIs amounting to Rs.27,525-00 where the disbursements were of Rs.18,042-00 being (65.5%) of sanctions and 37.5% was for commercial purposes amounting to Rs.21,675-00 where disbursements were of Rs.14,327-00 being (66.1%) of sanctions.

At the eighth place stood the Central Bank of India which is also a leading commercial bank engaged in the promotion of entrepreneurial development in the country. The bank in 1996-97 sanctioned Rs.37,635-00 where the disbursements were of Rs.9,785-00 being 26.0%) of sanctions. Out of this 30.7% was sanctioned for SSIs amounting to Rs.11,550-00 where the disbursements were of Rs.3,805-00 being (39.9%) of sanctions and 59.1% was for the commercial purposes amounting to Rs.22,230-00 where disbursements were of Rs.3,820-00 being (17.2%) of sanctions in 1997-98 the sanctions
increased by 23.5% to Rs.46,496-00 where the disbursements were of Rs.31,189-00 being 67.1% of sanctions. Out of this 28.9% was sanctioned for SSIs amounting to Rs.13,470-00 where the disbursements were of Rs.11,115-00 being (82.5%) of sanctions and 60.5% was for commercial purposes amounting to Rs.28,126-00 where disbursements were of Rs.17,214-00 being (60.9%) of sanctions. In the year 1998-99 the sanctions increased by 13.0% to Rs.52,549-00 where the disbursements were of Rs.36,795-00 being (70.0%) of sanctions. Out of this 30.1% was for SSIs amounting to Rs.15,825-00 where the disbursements were of Rs.10,103-00 being (63.8%) of sanctions and 58.5% for commercial purposes amounting to Rs.30,750-00 where the disbursements were of Rs.23,193-00 being (75.4%) of sanctions.

On the ninth rank stood State Bank of Banaras a subsidiary of different categories in the district of Varanasi. The Bank sanctioned Rs.43,984-00 and disbursed Rs.1,44,103-00 being (327.6%) of sanctions in the year 1996-97. Out of this amount 34.6% was sanctioned for SSIs amounting to Rs.15,235-00 where the disbursements were of Rs.1,08,649-00 being (713.2%) of sanctions and 45.9% was for commercial purposes amounting to Rs.20,188-00 where the disbursements were of Rs.31,521-00 being (16.1%) of sanctions. In the year 1997-98 the sanctions decreased by 0.5% to Rs.43,759-00 where disbursements were of Rs.1,33,758-00 being (305.7%) of sanctions. Out of this 35.4% was for SSIs amounting to Rs.15,490-00 where the disbursements were of Rs.91,499-00 being (590.7%) of sanctions and 49.5% was for commercial purposes amounting to Rs.21,669-00 where the disbursements were of Rs.36,354-00 being (167.8%) of sanctions. In 1998-99 the sanctions further decreased by 1.6% to Rs.43,053-00 where the 38.4% was for SSIs amounting to Rs.16,525-00 where disbursements was for Rs.35,827-00 being (216.8%) of sanctions and 50.5% was for commercial purposes amounting to
Rs.21,725-00 where the disbursements were of Rs.38,359-00 being (176.6%) of sanctions.

At the tenth position was the District Cooperative Bank which as per its status provide financial assistance to different cooperative organisations engaged in the agricultural, industrial and commercial sectors. The bank had sanctioned Rs.1,84,825-00 and disbursed Rs.1,44,490-00 being (78.2%) of sanctions in 1996-97. Out of this 2.7% was for SSIs amounting to Rs.5,010-00 where the disbursements were of Rs.3,717-00 being (74.2%) of sanctions and 2.4% was for commercial purposes amounting to Rs.4,510-00 where the disbursements were of nothing. In the year 1997-98 the sanctions decreased by 56.2% to Rs.80,897-00 where the disbursements were of Rs.77,769-00 being (96.1%) of sanctions. Out of this nothing was sanctioned for SSIs but Rs.1,010-00 were disbursed for them and 1.2% was sanctioned for commercial purposes amounting to Rs.1,000-00 where the disbursements were of Rs.50-00 being (5.0%) of sanctions. In 1998-99 the sanctions further decreased by 48.1% to Rs.41,940-00 where disbursements were of Rs.4,441-00 being (96.4%) of sanctions. Out of this nothing was sanctioned for SSIs but they disbursed Rs.1,969-00 and 2.3% was sanctioned for commercial purposes amounting to Rs.970-00 but nothing was disbursed.

The other commercial banks providing financial assistance to the small scale industries and for commercial purposes in the district of Varanasi in Uttar Pradesh State of Indian Union are interpreted below:

The Canara Bank sanctioned Rs.31,150-00 and disbursed Rs.29,602-00 being (95.0%) of sanctions in 1996-97. Out of this 22.2% was for SSIs amounting to Rs.6,900-00 where the disbursements were of Rs.14,098-00 being (204.3%) of sanctions and 76.9% was for commercial purposes
amounting to Rs.23,950-00 where the disbursements were of Rs.15,504-00 being (52.4%) of sanctions. In 1997-98 the sanctions increased by 12.1% to Rs.34,930-00 where disbursements were of Rs.29,502-00 being (84.5%) of sanctions. Out of this 23.8% was sanctioned for SSIs amounting to Rs.7,950-00 where the disbursements were of Rs.10,499-00 being 132.1% of sanctions and 76.2% for commercial purposes amounting to Rs.26,730-00 where disbursements were of Rs.18,816-00 being (70.4%) of sanctions. In 1998-99 the sanctions increased by 4.6% to Rs.36,550-00 where the disbursements were of Rs.31,930-00 being (87.4%) of sanctions. Out of this 24.9% amounting to Rs.9,100-00 was sanctioned for SSIs where the disbursements were of Rs.8,539-00 being (93.8%) of sanctions and 74.6% was for commercial purposes amounting to Rs.27,250-00 where disbursements were of Rs.23,253-00 being (85.3%) of sanctions.

Land Development Bank which was established for the agricultural sector financing as its prime objective is also contributing for the development of small scale industries and commercial sector upliftment of the economy as its secondary objective. In the year 1996-97 LDB sanctioned Rs.48,689-00 where the disbursements were of Rs.24,879-00 being (51.4%) of sanctions. Out of this 7.6% was sanctioned for SSIs amounting to Rs.3,700-00 where the disbursements were of Rs.1,022-00 being 27.6% of sanctions and 0.3% was for commercial purposes amounting to Rs.150-00 where disbursements were of Rs.261-00 being 174.0% of sanctions. In the year 1997-98 the sanctions decreased by 22% to Rs.37,970-00 where the disbursements were of Rs.24,040-00 out of this 10.3% was sanctioned for SSIs amounting to Rs.3,910-00 where the disbursements were of Rs.1,611-00 being (41.1%) of sanctions but nothing was sanctioned and disbursed for commercial purposes. In the year 1998-99 the sanctions decreased by 24% to Rs.28,876-00 where
the disbursements were of Rs.21,006-00 being (72.7%) of sanctions out of this 7.4% was sanctioned for SSIs amounting to Rs.2,125-00 where the disbursements were of Rs.587-00 being (27.6%) of sanctioned and nothing was sanctioned and disbursed for commercial purposes.

The Punjab National Bank in the year 1996-97 sanctioned Rs.20,665-00 where the disbursements were of Rs.15,419-00 being (74.7%) of sanctions. Out of this 49% was sanctioned for SSIs amounting to Rs.10,125-00 where the disbursements were of Rs.5,989-00 being (59.2%) of sanctions and 49.8% was for commercial purposes amounting to Rs.10,200-00 where disbursements were of Rs.8,947-00 being (87.7%) of sanctions. In the year 1997098 the sanctions increased by 6% to 21,905 where the disbursements were of Rs.18,988-00 being (86.7%) of sanctions. Out of this 49.8% was sanctioned for SSIs amounting to Rs.10,905-00 where the disbursements were of Rs.8,994-00 being 82.5% of sanctions and 50.2% was sanctioned for commercial purposes amounting to Rs.11,000-00 where the disbursements of Rs.9,994-00 being (90.9%) of sanctions. In 1998-99 the sanctions decreased by 11.2% to Rs.19,450-00 where the disbursements were of Rs.20,983-00 being (107.9%) of sanctions. Out of this 56.8% was sanctioned for SSIs amounting to Rs.11,030-00 where the disbursements were of Rs.11,248-00 being (101.8%) of sanctions and 43.2% was sanctioned for commercial purposes amounting to Rs.8,400-00 where the disbursements were of Rs.9,735-00 being (115.9%) of sanctions.

The UCO Bank in 1996-97 sanctioned Rs.10,175-00 where the disbursements were of Rs.1,048-00 being (10.3%) of sanctions. Out of this 43.0% was sanctioned for SSIs amounting to Rs.4,375-00 where the disbursements were of Rs.298-00 being (6.8%) of sanctions and 49.6% was
sanctioned for commercial purposes amounting to Rs. 5,050-00 where
disbursements were of Rs. 450-00 being (8.9%) of sanctions. In 1997-98 the
sanctions increased by 36.6% to Rs. 13,900-00 where the disbursements were
of Rs. 8,870-00 being (63.8%) of sanctions. Out of this 42.4% was sanctioned
for SSIs amounting to Rs. 5,900-00 where disbursements were of Rs. 4,190-00
being (71%) of sanctions and 46.8% for commercial purposes amounting to
Rs. 6,500-00 where disbursements were of Rs. 3,479-00 being (53.5%) of
sanctions. In 1998-99 the sanctions increased by 17.1% to Rs. 16,277-00 where
the disbursements were of Rs. 10,651-00 being (65.4%) of sanctions. Out of
this 40.1% was sanctioned for SSIs amounting to Rs. 6,525-00 where the
disbursements were of Rs. 3,891-00 being (59.6%) of sanctions and 47.9% was
for commercial purposes amounting to Rs. 7,800-00 where the disbursements
were of Rs. 5,667-00 being (72.7%) of sanctions.

The Syndicate Bank sanctioned Rs. 11,100-00 and disbursements
Rs. 3,238-00 being (29.2%) of sanctions in the year 1996-97. Out of this
14.4% was sanctioned for SSIs amounting to Rs. 1,600-00 where the
disbursements were of Rs. 604-00 being (37.8%) of sanctions and 85.6% was
for commercial purposes amounting to Rs. 9,500-00 where disbursements were
of Rs. 2,634-00 being (27.8%) of sanctions. In the year 1997-98 the sanctions
increased by 5.4% to Rs. 11,700-00 where the disbursements were of
Rs. 7,279-00 being (62.2%) of sanctions. Out of this 14.4% was sanctioned for
SSIs amounting to Rs. 1,700-00 where the disbursements were of Rs. 918-00
being (54.0%) of sanctions and 85.5% was for commercial purposes
amounting to Rs. 10,000-00 where disbursements were of Rs. 6,361-00 of
sanctions. In the year 1998-99 the sanctions increased by 21.4% to Rs. 14,200-
00 where the disbursements were of Rs. 9,865-00 being (69.5%) of sanctions.
Out of this 12.7% was sanctioned for SSIs amounting to Rs. 1,800-00 where
the disbursements were of Rs.1,326-00 being (73.7%) of sanctions and 87.3% was for commercial purposes amounting to Rs.12,400-00 where the disbursements were of Rs.8,539-00 being (68.9%) of sanctions.

Indian Overseas Bank sanctioned Rs.6,190-00 and disbursed Rs.300-00 being (4.8%) of sanctions, in 1996-97. Out of this 42.8% was sanctioned for SSIs amounting to Rs.2,650-00 where the disbursements were of Rs.100-00 being (3.8%) of sanctions and 57.2% was for commercial purposes amounting to Rs.3,540-00 where the disbursements were of Rs.200-00 being (5.7%) of sanctions. In 1997-98 the sanctions increased by 35.5% to Rs.8,390-00 where the disbursements were of Rs.4,242-00 being (50.6%) of sanctions. Out of this 4.6% was sanctioned for SSIs amounting to Rs.1,116-00 being (38.5%) of sanctions and 65.4% was for commercial purposes amounting to Rs.5,490-00 where disbursements were of Rs.3,126-00 being (56.9%) of sanctions. In 1998-99 the sanctions increased by 16.8% to Rs.9,800-00 where the disbursements were of Rs.4,151-00 being (42.4%) of sanctions. Out this 38.2% was sanctioned for SSIs amounting to Rs.3,800-00 where the disbursements were of Rs.1,216-00 being (32.0%) of sanctions and 61.2% was for commercial purposes amounting to Rs.6,000-00 where the disbursements were of Rs.2,935-00 being (48.9%) of sanctions.

Indian Bank sanctioned Rs.5,000-00 disbursed Rs.3,99-00 being (62.0%) of sanctions. Out of this 60.0% was sanctioned for SSIs amounting to Rs.3,000-00 where disbursements were of Rs.1,585-00 being (52.8%) of sanctions and 40% for commercial purposes amounting to Rs.2,000-00 where disbursements were of Rs.1,514-00 being (75.7%) of sanctions. In 1997-98 the sanctions increased by 32% to Rs. 6,600-00 where the disbursements were of Rs.4,888-00 being (74.1%) of sanctions. Out of this 54.5% was sanctioned
for SSIs amounting to Rs.3,600-00 where disbursements were of Rs.1,997-00 being (55.5%) of sanctions and 45.5% was for commercial purposes amounting to Rs.3,000-00 where disbursements were of Rs.2,891-00 being (96.4%) of sanctions. In 1998-99 the sanctions increased by 9.1% to Rs.7,200-00 where disbursements were of Rs.4,639-00 being (64.4%) of sanctions. Out of this 54.2% was sanctioned for SSIs amounting to Rs.3,900-00 where the disbursements were of Rs.1,885-00 being (48.3%) of sanctions and 45.8% was for commercial purposes amounting to Rs.2,754-00 being (83.5%) of sanctions.

Oriental Bank sanctioned Rs.4,600-00 and disbursed Rs.2,879-00 being (62.6%) of sanctions in 1996-97. Out of this 45.7% was sanctioned for SSIs amounting to Rs.2,100-00 where the disbursements were of Rs.2,000-00 being (75.2%) of sanctions and 54.3% was for commercial purposes amounting to Rs.2,500-00 where the disbursements were of Rs.110-00 being (4.4%) of sanctions. In 1997-98 the sanctions increased by 16.3% to Rs.5,350-00 where the disbursements were of Rs.4,886-00 being (91.3%) of sanctions. Out of this 43.9% was sanctioned for SSIs amounting to Rs.2,350-00 where the disbursements were of Rs.1,960-00 being (83.4%) of sanctions and 56.1% was for commercial purposes amounting to Rs.3,000-00 where the disbursements were of Rs.2,926-00 being (97.5%) of sanctions. In 1998-99 the sanctions increased by 25.2% to Rs.6,700-00 and disbursements were of Rs.7,318-00 being (109.2%) of sanctions. Out of this 38.8% was sanctioned for SSIs where disbursements were of Rs.2,792-00 being (107.4%) of sanctions and 61.2% was for commercial purposes amounting to Rs.4,100-00 where disbursements were of Rs.4,526-00 of sanctions.
State bank of Patiala sanctioned Rs. 6,850-00 and disbursed Rs. 1,214-00 being (17.7%) of sanctions in 1996-97. Out of this 63.5% was sanctioned for SSIs but nothing was disbursed and 36.5% was sanctioned for commercial purposes amounting to Rs. 2,500-00 where the disbursements were of Rs. 1,214-00 being (48.6%) of sanctions. In 1997-98 the sanctions decreased by 12.4% to Rs. 6,000-00 disbursements were of Rs. 3,323-00 being (55.4%) of sanctions. Out of this 55.0 was sanctioned for SSIs amounting to Rs. 3,300-00 where the disbursements were of Rs. 1,214-00 being (36.8%) of sanctions and 45% was for commercial purposes amounting to Rs. 2,700-00 where disbursements were of Rs. 2,109-00 being (78.1%) of sanctions. In 1998-99 the sanctions further declined by 3.3% to Rs. 5,800-00 where disbursements were of Rs. 4,151-00 being (71.6%) of sanctions. Out of this 50% was sanctioned for SSIs amounting to Rs. 2,900-00 where the disbursements were of Rs. 1,419-00 being (48.9%) of sanctions and 50% was for commercial purposes amounting to Rs. 2,900-00 where disbursements were of Rs. 2,732-00 being (94.2%) of sanctions.

Punjab and Sindh Bank in 1996-97 sanctioned Rs. 000-00 and disbursed Rs. 1,401-00 being (35.0%) of sanctions. Out of this 15.0% was sanctioned for SSIs amounting to Rs. 600-00 where disbursements were of Rs. 95-00 being (15.8%) of sanctions and 85.0% was for commercial purposes amounting to Rs. 3,400-00 where the disbursements were of Rs. 1,306-00 being (38.4%) of sanctions. In 1998-99 the sanctions increased by 1.5% to Rs. 4,700-00 where the disbursements were of Rs. 4,116-00 being (94.0%) of sanctions. Out of this 14.9% was sanctioned for SSIs amounting to Rs. 700-00 where the disbursements were of Rs. 516-00 being (73.7%) of sanctions and 85.1% was for commercial purposes amounting to Rs. 4,000-00 where the disbursements were of Rs. 3,900-00 being (88.3%) of sanctions. In 1998-99 the sanctions
increased by 12.8% to Rs.5,300-00 where the disbursements were of Rs.6,266-00 being (118.2%) of sanctions. Out of this 15.1% was for SSIs amounting to Rs.800-00 where the disbursements were of Rs.415-00 being (51.9%) of sanctions and 84.9% was for commercial purposes amounting to Rs.4,500-00 where disbursements were of Rs.5,851-00 being (130.0%) of sanctions.

Bank of Maharashtra sanctioned Rs.3,300-00 and disbursed Rs.6,909-00 being (209.9%) of sanctions. Out of this 60.6% were sanctioned for SSIs amounting to Rs.3,000-00 where the disbursements were of Rs.6,346-00 being (317.5%) of sanctions and 39.4% was for commercial purposes amounting to Rs.1,300-00 where the disbursements were of Rs.563-00 being (43.3%) of sanctions. In the year 1997-98 the sanctions increased by 15.2% to Rs.3,800-00 where the disbursements were of Rs.5,838-00 being (153.6%) of sanctions. Out of this 57.9% was sanctioned for SSIs amounting to Rs.2,200-00 where the disbursements were of Rs.1,600-00 where the disbursements were of Rs.697-00 being (43.6%) of sanctions. In the 1998-99 the sanctions increased by 15.8% to Rs.4,400-00 where the disbursements were of Rs.725-00 being (16.5%) of sanctions. Out of this 54.4% was sanctioned for SSIs amounting to Rs.2,400-00 where nothing was disbursed and 45.5% was for commercial purposes amounting to Rs.2,000-00 where the disbursements were of Rs.725-00 being (36.3%) of sanctions.

Dena Bank sanctioned Rs.2,800-00 and disbursed Rs.290-00 being (10.4%) of sanctions in 1996-97. Out of this 53.6% was sanctioned for SSIs amounting to Rs.1,500-00 where the disbursements were of Rs.60-00 being (4.0%) of sanctions and 46.4% was for commercial purposes amounting to
Rs.1,300-00 where the disbursements were of Rs.230-00 being (17.7%) of sanctions. In 1997-98 the sanctions increased by 35.7% to Rs.3,800-00 where the disbursements were of Rs.1,363-00 being (35.9%) of sanctions. Out of this 47.4% was sanctioned for SSIs amounting to Rs.1,800-00 where the disbursements were of Rs.360-00 being (20.0%) of sanctions and 52.6% was for commercial purposes amounting to Rs.2,000-00 where the disbursements were of Rs.1,003-00 being (50.2%) of sanctions. In 1998-99 the sanctions increased by 7.9% to Rs.4,100-00 where the disbursements were of Rs.3,991-00 being (97.3%) of sanctions. Out of this 46.8% was sanctioned for SSIs amounting to Rs.2,000-00 where disbursements were of Rs.2,419-00 being (121.06%) of sanctions and 51.2% was for commercial purposes amounting to Rs.2,100-00 where the disbursements were of Rs.1,572-00 being (74.9%) of sanctions.

Corporation Bank sanctioned Rs.3,800-00 and disbursed Rs.5,986-00 (157.3%) of sanctions. Out of this 17.1% was sanctioned for SSIs amounting to Rs.650-00 where nothing was disbursed and 82.9% was for commercial purposes amounting to Rs.3,150-00 where the disbursements were of Rs.5,986-00 being (190.0%) of sanctions. In 1997-98 the sanctions increased by 5.3% to Rs.4,000-00 where the disbursements were of Rs.4,872-00 being (121.8%) of sanctions. Out of this 20% was sanctioned for SSIs amounting to Rs.800-00 where the disbursements were of Rs.749-00 being (93.6%) of sanctions and 80% was for commercial purposes amounting to Rs.3,200-00 where disbursements were of Rs.4,123-00 being (128.8%) of sanctions. In 1998-99 the sanctions remained the same amounting to Rs.4,000-00 where the disbursements were of Rs.7,136-00 being (178.4%) of sanctions. Out of this 25% was sanctioned for SSIs amounting to Rs.1,000-00 where the disbursements were of Rs.2,343-00 being (234.3%) of sanctions and 75% was
for commercial purposes amounting to Rs.3,000-00 where the disbursements were of Rs.4,793-00 being (159.8%) of sanctions.

State Bank of Bikaner and Jaipur sanctioned Rs.3,480-00 and disbursed Rs.18,087-00 being (519.7%) of sanctions in 1996-97. Out of this 41.1% was sanctioned for SSIs amounting to Rs.1,430-00 where the disbursements were of Rs.5,270-00 being (368.5%) of sanctions and 58.9% was for commercial purposes amounting to Rs.2,050-00 where the disbursements were of Rs.12,817-00 being (625.2%) of sanctions. In 1997-98 the sanctions decreased by 10.9% to Rs.3,100-00 where the disbursements were of Rs.14,067-00 being (453.8%) of sanctions. Out of this 35.5% was sanctioned for SSIs amounting to Rs.1,100-00 where disbursements were of Rs.938-00 being (85.3%) of sanctions and 64.5% was for commercial purposes amounting to Rs.2,000-00 where the disbursements were of Rs.13,129-00 being (656.5%) of sanctions. In the year 1998-99 the sanctions further decreased by 6.5% to Rs.2,900-00 where the disbursements were of Rs.3,763-00 being (129.8%) of sanctions. Out of this 27.6% was sanctioned for SSIs amounting to Rs.800-00 where the disbursements were of Rs.492-00 being (61.3%) of sanctions and 72.4% was for commercial purposes amounting to Rs.2,100-00 where the disbursements were of Rs.3,271-00 being (55.8%) of sanctions.

United Bank sanctioned Rs.7,900-00 and disbursed Rs.4,681-00 being 59.3% of sanctions in 1996-97. Out of this 36.7% was sanctioned for SSIs amounting to Rs.2,900-00 where the disbursements were of Rs.2,190-00 being (75.5%) of sanctions and 63.3% was for commercial purposes amounting to Rs.5,000-00 where disbursements were of Rs.2,491-00 being (49.8%) of sanctions. In 1997-98 the sanctions decreased by 41.4% to Rs.4,630-00 where the disbursements were of Rs.3,405-00 being (73.5%) of sanctions. Out of this
14.3% was sanctioned for SSIs amounting to Rs.660-00 where the disbursements were of Rs.594-00 being (90.0%) of sanctions and 85.7% was for commercial purposes amounting to Rs.3,970-00 where the disbursements were of Rs.2,811-00 being (70.8%) of sanctions. In 1998-99 the sanctions decreased by 43.8% to Rs.2,600-00 where disbursements were of Rs.2,448-00 being (94.2%) of sanctions. Out of this nothing was sanctioned and disbursed for SSIs and Rs.2,600-00 was sanctioned for commercial purposes where disbursements were of Rs.2,448-00 being (94.2%) of sanctions.

Bareilly Corporation Bank sanctioned Rs.2,550-00 and disbursed Rs.910-00 being (35.8%) of sanctions in 1996-97. Out of this 31.4% was sanctioned for SSIs amounting to Rs.800-00 where the disbursements were nothing and 68.6% was for commercial purposes amounting to Rs.1,750-00 where the disbursements were of Rs.910-00 being (52%) of sanctions. In the year 1997-98 the sanctions increases by 17.6% to Rs.3,000-00 where the disbursements were of Rs.3,022-00 being (100.7%) of sanctions. Out of this 33.3% was sanctioned for SSIs amounting to Rs.1,000-00 where the disbursements were of Rs.1,910-00 being (191.0%) of sanctions and 66.7% was for commercial purposes amounting to Rs.2,000-00 where the disbursements were of Rs.1,112-00 being (55.6%) of sanctions. In 1998-99 the sanctions decreased by 16.7% to Rs.2,500-00 which were for commercial purposes only and nothing was disbursed in the year.

Vijya Bank sanctioned Rs.1,100-00 and disbursed Rs.2,076-00 being (188.7%) of sanctions in the year 1996-97. Out of this 63.6% was sanctioned for SSIs amounting to Rs.700-00 where disbursements were of Rs.60-00 being (8.6%) of sanctions and 36.4% was for commercial purposes amounting to Rs.400-00 where disbursements were of Rs.2,016-00 being (504.0%) of sanctions.
sanctions. In 1997-98 the sanctions increased by 63.6% to Rs.1,800-00 where disbursements were of Rs.3,215-00 being (178.6%) of sanctions. Out of this 66.7% was sanctioned for SSIs amounting to Rs.1,200-00 where the disbursements were of Rs.197-00 being (16.4%) of sanctions and 33.3% was for commercial purposes amounting to Rs.600-00 where the disbursements were of Rs.3,018-00 being (503.0%) of sanctions. In the year 1998-99 the sanctions increased by 19.4% to Rs.2,150-00 where the disbursements were of Rs.5,028-00 being (233.9%) of sanctions. Out of this 65.1% was sanctioned for SSIs amounting to Rs.1,400-00 where disbursements were of Rs.1,133-00 being (80.9%) of sanctions and 32.8% was for commercial purposes amounting to Rs.700-00 where the disbursements were of Rs.3,895-00 being (556.4%) of sanctions.

Andhra Bank sanctioned Rs.3,300-00 and disbursed Rs.847-00 being (25.7%) of sanctions in 1996-97. Out of this 51.5% was sanctioned for SSIs amounting to Rs.1,700-00 where the disbursements were of Rs.149-00 being (8.8%) of sanctions and 48.5% was for commercial purposes amounting to Rs.1,600-00 where the disbursements were of Rs.698-00 being (43.6%) of sanctions. In 1997-98 the sanctions decreased by 20.3% to Rs.2,630-00 where the disbursements were of Rs.1,171-00 being (44.5%) of sanctions. Out of this 41.8% was sanctioned for SSIs amounting to Rs.1,100-00 where disbursements were of Rs.443-00 being (40.3%) of sanctions and 54.4% was for commercial purposes amounting to Rs.1,430-00 where the disbursements were of Rs.728-00 being (50.9%) of sanctions. In 1998-99 the sanctions further decreased by 37.3% to Rs.1,650-00 where the disbursements were of Rs.976-00 being (59.2%) of sanctions. Out of this 30.3% was sanctioned for SSIs amounting to Rs.500-00 where disbursements were of Rs.334-00 being (66.8%) of sanctions and 63.6% was for commercial purposes amounting to
Rs.1,050-00 where disbursements were of Rs.642-00 being (61.1%) of sanctions.
### Table 1: Capital Investment in the Enterprises

<table>
<thead>
<tr>
<th>Capital Investment (Rs. in Lakhs)</th>
<th>BHADOI</th>
<th>MIRZAPUR</th>
<th>MUGHAL SARIA</th>
<th>MEWADA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 3</td>
<td>8</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>(32)</td>
<td>(48)</td>
<td>(44)</td>
<td>(40)</td>
<td>(41)</td>
</tr>
<tr>
<td>3-5</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>(32)</td>
<td>(28)</td>
<td>(36)</td>
<td>(20)</td>
<td>(29)</td>
</tr>
<tr>
<td>5-7</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>(20)</td>
<td>(16)</td>
<td>(4)</td>
<td>(32)</td>
<td>(19)</td>
</tr>
<tr>
<td>7 and above</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>(16)</td>
<td>(8)</td>
<td>(9)</td>
<td>(8)</td>
<td>(11)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
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FINANCING THE ENTERPRISES

Finance is the life blood and nerve centre of any business. It plays pivotal role in the development of entrepreneur. It may as well be the most important determinant in the establishment and growth specially of small manufacturing enterprises. It takes money to prepare a project report, purchase raw materials, buy a plant with required machines and infrastructural facilities, sell the products, invest in the expansion of the unit and do almost anything for the unit. It is however, not easy to raise the required capital especially for a small unit whose financing is of a special type.

(a) Small firms have limited poor of management capabilities and business experience.

(b) They are highly vulnerable to environmental pressure.

(c) They are not always able to provide sufficient collateral to comply with assured repayment.

However the capital market is generally out of bound for them. The problem of financing small scale units in therefore totally different.

In the light of the above, we have tried to study here the financing pattern adopted by our sample units. Our enquiries revealed that initial capital investment was below Rs.3 lakhs in 41% cases, Rs.3 to 5 Lakhs in 29% cases; Rs.5 to 7 Lakhs in 19% cases and above seven lakhs in11% cases. Thus from the viewpoint of the size of capital investment, most of the sample units are small.
District wise, in Mirzapur, Mughal Sarai and Mewada in average 44% of intial capital investment has been below or upto Rs.3 lakhs from 3 to 5 lakhs of capital investment was mostly done in the district of Bhadohi, Mirzapur and Mughal Sarai being 32%, 28% and 36% respectively. Under the category of 5 to 7 lakhs Mewada district 32% cases were found and where the investments were more than 7 lakhs the district was of Bhadoi with 16% cases.

As regards the personal share of the entrepreneurs in the total capitalisation of the units, (Annexure shows that as many as 24% of entrepreneurs have themselves contributed upto 25% of total capital; in case of 25-50%, 24% contributed themselves; in case of 50-75% self contribution 26% cases were identified and in case of 75-100% 26% cases were identified.

District wise, it is found that as Bhadoi, Mirzapur and Mewada the number of entrepreneurs at Mughal Sarai who brought upto 25% of capital as their own stake was much larger i.e.32%. In case of 25-50% the district of Mewada topped with 32% entrepreneurs bringing their own share of capital. In case of 50-75% the district of Bhadoi was on the first rank with 32% entrepreneurs engaging their own capital the above rank and in case of 75-100% it was the district of Mughal Sarai with 32% cases in its hand where the entrepreneurs contributed their own capital of the above range.

We have also found out the entrepreneurs own share in quantitative terms kin (Table 1). We have assumed that the entrepreneurs contributed towards the upper limit of their percentage share. For example, if the initial capital invested in an enterprises ranged from Rs.5-7 lakhs, and the and the entrepreneurs own share was between 50-75% then it was assumed that out of an initial capital investment of Rs.7 lakhs the entrepreneurs own contribution
TABLE 2: ENTREPRENEURS OWN SHARE IN THE TOTAL CAPITAL STRUCTURE

<table>
<thead>
<tr>
<th>PERCENTAGE SHARE OWN CAPITAL</th>
<th>BHADOI</th>
<th>MIRZAPUR</th>
<th>MUGHAL SARIA</th>
<th>MEWADA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 25%</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>(16)</td>
<td>(20)</td>
<td>(32)</td>
<td>(28)</td>
<td>(100)</td>
<td>(100)</td>
</tr>
<tr>
<td>25-50%</td>
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<td>6</td>
<td>3</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>50-75%</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>(32)</td>
<td>(28)</td>
<td>(24)</td>
<td>(20)</td>
<td>(26)</td>
<td>(26)</td>
</tr>
<tr>
<td>75% and above</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>(24)</td>
<td>(28)</td>
<td>(32)</td>
<td>(20)</td>
<td>(26)</td>
<td>(26)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
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</table>

Figures in brackets are percentages of the totals.
TABLE 3: SOURCES OF INITIAL CAPITAL (Long Term)

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>BHADOI N = 25</th>
<th>MIRZAPUR N = 25</th>
<th>MUGHAL SARAI N = 25</th>
<th>NAWADA N = 25</th>
<th>TOTAL N = 100</th>
</tr>
</thead>
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<tr>
<td><strong>A. OWN CAPITAL</strong></td>
<td></td>
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</tr>
<tr>
<td>Agriculture</td>
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<td>6 (24)</td>
<td>8 (32)</td>
<td>7 (28)</td>
<td>26 (26)</td>
</tr>
<tr>
<td>Business/Trade</td>
<td>15 (60)</td>
<td>17 (68)</td>
<td>12 (48)</td>
<td>13 (52)</td>
<td>57 (57)</td>
</tr>
<tr>
<td>Sale of Property</td>
<td>15 (60)</td>
<td>11 (44)</td>
<td>13 (52)</td>
<td>14 (56)</td>
<td>53 (53)</td>
</tr>
<tr>
<td>Employment</td>
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<td>8 (32)</td>
<td>8 (32)</td>
<td>5 (20)</td>
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</tr>
<tr>
<td>Others*</td>
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<td>8 (32)</td>
<td>5 (20)</td>
<td>3 (12)</td>
<td>22 (22)</td>
</tr>
<tr>
<td><strong>B. BORROWERS</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INSTITUTION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks</td>
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<td>14 (56)</td>
<td>8 (32)</td>
<td>7 (28)</td>
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</tr>
<tr>
<td>Money Lenders</td>
<td>8 (32)</td>
<td>8 (32)</td>
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<td>8 (32)</td>
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</tr>
<tr>
<td>Others **</td>
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<td>5 (20)</td>
<td>- ( - )</td>
<td>3 (12)</td>
<td>11 (11)</td>
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<tr>
<td></td>
<td>5 (20)</td>
<td>3 (12)</td>
<td>5 (20)</td>
<td>2 (8)</td>
<td>15 (15)</td>
</tr>
</tbody>
</table>

Figure in brackets are percentage to the total.

* Wife's income, saving from employment of father etc.

** Friends and relatives.
was 75%. Though this may not depict the correct picture but one has to keep in mind the limitations of entrepreneurs furnishing such information to a researcher. This has been done to arrive somewhere near the average share of the respondents in the capital of the enterprises and to relate the same with the education and lomiciallary character of the entrepreneurs.

**SOURCE OF INITIAL CAPITAL:**

Most of the studies on Indian small-scale industries have emphasized the lack of adequate funds of their own among small entrepreneurs to establish, to develop and to expand their enterprises.

Though the information about sources of finance for small enterprises in India are varied yet no complete and accurate information is available. One of the studies on SSIs made in the fifties and sixties estimated that 10-20 percent entrepreneurs utilise no external sources of funds, 50-60 percent obtain some finances from inter business creditors, money lenders, friend and relatives and the remaining 20-30 percent obtain funds from banks or government institutions. But with various institutions and banks having concentrated their efforts on providing finance to priority sector units (which includes SSI) in recent years it would be interesting to examine the sources from which the entrepreneurs in the industrial estate in Varanasi have raised the initial capital. The information in this regard is presented in (Annexure.

The (Annexure shows the reliance of entrepreneurs on a number of sources for their long term requirements. Business or trade was the most important source (57% entrepreneurs relying on it) followed by sale of property on which 53% entrepreneurs relied on; Employment on which 31% entrepreneurs relied on; agriculture on which 26% entrepreneurs relied.
Dhar, P.N. and Lydall, H.F.; The role of small enterprises in Indian Economic Development, Asia Publishing House Bombay.

(ANNEXURE: SOURCES OF INITIAL CAPITAL (Long Term)

District wise, in case of agriculture as a source of own capital 32% entrepreneurs in Mughal Sarai relied on it followed by 28% in Mewada; 24% in Mirzapur and 20% in Bhadoi. In case of business trade as a source of own capital 68% entrepreneurs relied on it followed by 60% in Bhadoi; 53% in Mewada and 48% in Mughal Sarai. Sale of property as an option for collecting own capital was adopted by 60% entrepreneurs in Bhadoi followed by 56% in Medada; 52% in Mughal Sarai and 44% in Mirzapur. Employment as a source of own capital was adopted 40% entrepreneurs in Bhadoi 32% each in Mirzapur and Mughal Sarai and 20% in Mewada. The other sources comprising of wife's income, saving from employment of father etc were utilised as own source of capital by 32% entrepreneurs in Murzapur followed by 24% in Bhadoi, 20% in Mughal Sarai and 12% in Mewada.

Looking at the sources of Borrowed Capital long term requirement one finds that 41% of the entrepreneurs have relied on the financial institutions such as the UPFC and PICUP. Commercial banks also contributed significantly towards requirements of entrepreneurs and as many as 36% entrepreneurs relied on them. Apart from these the other sources comprising of friends and relatives also played significant role in supporting their entrepreneurial career by providing financial help (15%) and at last came the help from the private money lenders (11%).

District wise, in case of financial institutions help to assist in providing financial support to entrepreneurial development in Mirzapur accounted for
TABLE 4: DIFFICULTIES ENCOUNTERED IN ESTABLISHING ENTERPRISES

<table>
<thead>
<tr>
<th>PROBLEMS</th>
<th>BHADOI</th>
<th>MIRZAPUR</th>
<th>MUGHAL SARAI</th>
<th>MEWADA</th>
<th>TOTAL</th>
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<tr>
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<td>(40)</td>
<td>(36)</td>
<td>(44)</td>
<td>(32)</td>
<td>(38)</td>
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<tr>
<td>Raw Material</td>
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<td>12</td>
</tr>
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<td>(12)</td>
<td>(16)</td>
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<td>(12)</td>
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</tr>
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<td></td>
<td>(8)</td>
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<td>(12)</td>
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<td>(100)</td>
<td>(100)</td>
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</tbody>
</table>

Figures in brackets are percentage of total.

* Others includes allotment of plot, shed etc.
56% followed by Bhadoi 48% Mughal Sarai 32% and at last Mewada 28%. In case of financial help from commercial banks the highest cases were reported from Mughal Sarai (48%) followed by the other three districts with each reported to have 32% cases. In case of other sources comprising of borrowing from friends and relatives 20% cases each were reported from Bhadoi and Mughal Sarai, 12% in Mirzapur and 8% in Mewada. At last in case of money lenders help in borrowing capital 20% entrepreneurs depended on them in Mirzapur, 12% each in Bhadoi and Mewada and nobody relied on them in Mughal Sarai.

**DIFFICULTIES ENCOUNTERED IN ESTABLISHING ENTERPRISES**

Promotion of enterprises in no doubt an uphill task involving numerous hurdles and difficulties. We therefore, tried to collect information about the types of difficulties faced by the sample entrepreneurs in promoting their enterprises and the sources of help, if any, for removing these difficulties. The information is presented in (Annexure.

The (Annexure depicts that the largest number of entrepreneurs i.e. 38 out of 100 or 38% were affected by the problem of availability of long term financing which is a lengthy process in the country. These were 12 entrepreneurs (12%) who complained that availability of raw material, labour, allotment of plot sheds etc in installation of a business unit 13 out of 100 entrepreneurs of 13% entrepreneurs were satisfactory in all matters and said that they did not face any problem in establishing their units. 9% entrepreneurs complained to be facing the problem of availability of technical knowledge and only 4% said that the registration procedure was complicated one in the state.
<table>
<thead>
<tr>
<th>PROBLEMS</th>
<th>BHADOI</th>
<th>MIRZAPUR</th>
<th>MUGHAL SARAI</th>
<th>MEWADA</th>
<th>TOTAL</th>
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</tr>
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<td>3</td>
<td>11</td>
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<td>(12)</td>
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<td>(11)</td>
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<td>6</td>
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<td>(8)</td>
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<tr>
<td></td>
<td>(4)</td>
<td>(8)</td>
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<td></td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

Figures in brackets are percentages of totals.

Miscellaneous includes lack of infrastructural facilities, withdrawal of subsidies and incentives sales tax affecting prices.
MAJOR PROBLEMS OF ENTERPRISES

Almost each and every small-scale enterprises operating in the country especially in the state of Uttar Pradesh are not free from the several problems faced by these enterprises in other parts of the country. The magnitude of these problems are high in this state. In the study, it will be appropriate to review the main problems which entrepreneurs face in their efforts to develop the enterprises they have established. Their achievement in this respect sever to complete the picture of growth presented earlier in this chapter. The district wise analysis of major problems has been attempted here. Though entrepreneurs were facing multitude of problems it was asked to state the most critical problems-ranking in top order which was hindering their growth. The problems in general will be dealt later on.

The Bandoi district entrepreneurs ranked marketing as the most critical problem faced by them (28%) followed by finance and power (16%) each labour and miscellaneous comprising of lack of infrastructural facilities, withdrawal of subsidies and incentives, sales tax affecting their prices etc (12% each) Technical and managerial functioning. The entrepreneurs in Mirzapur ranked marketing as the biggest bottleneck (32%) in their functioning followed by finance and power (16% each); labour, raw material and miscellaneous (8% each); technical and managerial know low (4%) and 8% of entrepreneurs said they were facing no problems. In case Mughal Sarai the problem of finance was given weightage by 32% entrepreneurs followed by marketing *24%); power (20%) labour (12%)[ technical and managerial assistance (8%); raw material (4%) and none of the entrepreneurs complaint about miscellaneous problem an none said that they were not facing any problem. In Mewada district 36% entrepreneurs complaint that marketing was
the severe constraint in their growths; (28%) complaint for finance; (12%) for labour; (8% each) for power and technical and managerial assistance and (4% each) for raw material and miscellaneous and none said no problem.

Overall the maximum entrepreneurs were facing the problem of marketing (30%) followed by finance (23%); power (15%); labour (11%); Raw material, technical and managerial assistance and miscellaneous (6% each) and on 3 out of 100 or 3% said they were facing no problem.

Though the tabular analysis made in the above (Annexure cannot present the innumerable problems being faced by entrepreneurs at the four district. To examine in detail the various problems, we classified them into following categories:

(a) Marketing :

Most of the entrepreneurs faced problems in marketing their products. Their operation at less than optimum scale prevented them from bringing economy in the product which in a finished form may be qualitative much better but cost wise it loses its demand in market. With the larger among small scale and competition in the same line in medium scale resorting to publicity campaigning of their product, majority of the entrepreneurs failed to do so. Many among them at the time of marketing the product find that they have entered a wrong line where the market is already over burdened with similar products and the scope for him and his product is not present.

They complained that non existence of market intelligence and survey report was also a problem. At least such information help hem to device a sui(Annexure strategy to face and counter cut throat competition. The
government assurance for purchase of SSIs products seems ambitions on paper as minimal number of entrepreneurs were enjoying such a facility.

(b) Financed:

Finance is the most crucial aspect for an unit. The problem of non-availability of finance was the most prevalent problem in all the district. Majority of the entrepreneurs complained that most of the time of there is spent in dilly-dallying (running) for availability of finance. Most of the entrepreneurs complained that the only Bank which in their area, lacks even basic facilities to support industrial consumers by their services. Thus it is not able to supplement their minimum monetary needs, not complain of working capital.

Though entrepreneurs felt that a lot of institutional agencies claim to be the purveyor of industrial development by supplementing the efforts of SSIs mainly through finance yet the reach of its coffers is miles away from SSIs. Their dilatory and cumbersome procedures, kill the initiative and enterprises in the promoter. Most of the entrepreneurs complained about the functioning of UPFC and commercial banks, etc. they complain that the file containing requests for loans more at a show pace, some of the formalities and procedures are rigid and some are intentionally created. He has to pass through many an ordeal and consequent delay. One of the entrepreneur even went to the extent of complaining that most of institution treated them as if they were beggars.

Even if someone is lucky enough to get a loan sanctioned its disbursement is not systematized and thus remains irregular UPFC they complain, takes the state law of recovery of loans in a very easy way and at
the slightest default they become harsh and initiate action to close the unit. These actions through the industrial spirit.

As for working capital, majority of the unit complained that the commercial Banks flout RBI norms and do not sanction working capital on the pretext of 'credit squeeze': Instead of weighing the ability and profitability of the unit, they (banks) still relied on old procedures of amount and a quality of the security offered against the loan, the entrepreneurs complained. Enhancement of working capital limit is not done in time and as per request preventing the units from going for expansion, diversification etc. Most of the sample units could not operate an overdraft limit with banks for meeting working cost, replacement of worn-out parts etc hence they have fallen prey in the hands of money lenders.

Even if a unit is lucky enough to have found out a source, an agency from where the funds are available, the high interest rates, which sometimes prove more than the problem profit, stalls their more for loan.

It was found that most of the units did not receive payment from big companies, good customers or even government bodies. In fact there prevails a situation where these small units are not getting credit facilities from raw material supplies and where they have to extend credit facilities to their customers. Many of the units blocked their funds in fixed assets and in raw materials which led them to a vicious cycle of difficulties at the time of running the unit. They remain ignorant about the proper utilisation of working capital funds due to lack of financial knowledge. In nutshells the finance procurement is proving an uphill task for these entrepreneurs.
(c) Power:

Entrepreneurs complained that erratic power supply where the rise and fall in voltage and frequency was abrupt resulted in under utilization of capacity of the units. It also resulted into poor labour management relations caused due to frequent cut of power or non supply of power resulting into closure of the unit. He is in paradox situation where if the power is available the labour is not these and vice-versa. Generally the power was not available in day which forced them to operate either during early morning hours or late in night.

The entrepreneurs complained that first and foremost it was an uphill task to go through the order and procedural difficulties of getting power connection. The entrepreneur has to wait for power connection in spite of depositing the requisite amount in time.

The plea mode for this by government when a complained in this regard is made, is do get installed on D.G. set. The small units who can not purchase a D.G. set as it is highly capital intensive are worst affected. Thus they have to work whenever power is available. The innumerable supply problems to the unit were such enormous that it was great to expect street lights in the area.

(d) Labour:

Most of the entrepreneurs complained about their difficulty in procuring and retaining qualified and skilled people. Even if such labours are available, the strong small scales was them away by learning them with more wage etc. ultimately it’s the small entrepreneurs who were suffering. Also
labour absenteeism, low labour turnover etc were the problems which they were facing in large number.

(e) Raw Material;

Availability of raw material also seems to be a major problem of entrepreneurs. Most of the entrepreneurs complained that the quota facility by the government agencies and the distribution were to a major extent man made problems, since it was found that the quota was issued to bogus industries and the government pretended to have no knowledge of such malpractices. None of the firm had adequate quota. The entrepreneurs at all the places felt that the requirement of units should be assessed by field officials and not the general managers and regional managers sitting in their air conditioned chambers. Their under assessment proves a deterrent for the unit to remain competitive in the market. Moreover the depots of UPSIC the entrepreneurs complained, had poor quality of raw material. So they were forced to buy from market where the prices are usually high. Availability of poor and dear raw material resulted into a poor quality product, which limits the market. Moreover, institutions engaged in raw material supply till them to lift material in a single shift or lot, instead of doing it in phased manner. The limited financial resources of entrepreneurs blocked in such pursuits and actions create working capital problems later on. They complain that these depots sell the raw material to dummy entrepreneurs who in turn resell in market, the price in turn soars high and its the hapless entrepreneur who falls in the vicious cycle of high priced raw material resulting into costly product and non-acceptance in the market of the product as the end result.
(f) Technical and Managerial Assistance:

The problem of technical and managerial assistance is a general problem of each and every economic sector of the country but in case of the SSIs this problem has grown up to be a pivotal problem. Neither the SSIs have adequate funds to get accustomed to the changing technologies in the respective fields they are engaged in nor do they have well qualified staff to handle these modern sophisticated technologies. The government on its part makes it is objective in every budget and five year plan to provide SSIs with up-to-date technologies through various means but all is left on paper and never gets materialised.

On the other hand the SSIs do not have well qualified managerial staff because they could not offer these staff the remuneration the manager desire because of already high cost of production and operation of the organization. Due to inefficiency of managerial staff these organizations generally faces the problem of labour unrest, cost escalations, improper marketing, sales, production, general administration of the business etc. Even they faces the problem of non-achievement of the laid targets. Most of the entrepreneurs have complained that the laxity on the part of technical knowledge and managerial skills and expertise they are not able to meet out their desired goals and request the government to help them to get these facilities available at cheaper costs.

(g) Miscellaneous:

It was an common complaint of some entrepreneurs, though not insignificant that basic infrastructure facilities live proper roads, hospitals, water supply (drinking as well as commercial use), good communications
system sewerage disposal (often choked sewerages are common sight), transport and recreational facility and lack of quality education and training which compels workers and employees to live elsewhere and commute daily were lacking in the districts.

Most of the entrepreneurs have their own bore wells which was at time not potable and thus created more problems.

Another complained which was commonly heard about the lack of basic facilities in the common service and testing centres. The machines installed were mostly worn-out or out dated. Other host of problems included excessive control and corrupt practices of governments, innumerable laws and regulations, large number of agencies handling a equally similar number of schemes confused him as regards the proper agency and schemed, heavy sales tax etc. Some entrepreneurs felt that expansion limit, slow withdrawal of various subsidies and incentives were also a determent in their growth.

Thus the entrepreneurs are facing lot of problems and one thing that was common that entrepreneurs were encouragingly outspoken about their problems.

**FUTURE PROSPECTS:**

The analysis of growth would remain incomplete if an attempt is not made to look into the future aspirations of the entrepreneurs as regards their entrepreneurial career.

In the four districts 27% entrepreneurs visualised their future prospects to be very bright and 38% as bright. On the other hand 24% entrepreneurs looked
<table>
<thead>
<tr>
<th>PROSPECTUS</th>
<th>BHADOI</th>
<th>MIRAZPUR</th>
<th>MUGHAL SARAI</th>
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</table>
into their future as moderate and 11% as doubtful as depicted by (Annexure below.

District wise, in Mirzapur 36% entrepreneurs as estimated their future to be very bright followed by Mughal Sarai (32%) Bhadoi 24% and Mewada (16%). The entrepreneurs estimating their future to be bright were mostly from Mughal Sarai (52%) followed by Mirzapur (44%), Bhadoi (32%) and Mewada (20%). Those who thinks their future to be moderate were mostly from Mewada (40%) followed by Bhadoi (28%) Mughal Sarai (16%) and Mirzapur (12%). 24% entrepreneurs were doubtful in Mewada about their future prospects followed by Bhadoi (16%), Mirzapur (4%) and no one was doubtful about their future prospects in Mughal Sarai.

Thus we can say that (34%) entrepreneurs from Mirzapur and Mughal Sarai combindly estimated their future to be very bright and (48%) planed their future to be bright.

Overall majority of the entrepreneurs had bright or very bright visualization of their future which is significant. Position thinking moulds and conditions the mind and body in positive direction only. The bright aspiration and inclination this towards better performance in future.