Chapter IV

ROLE OF STATE FINANCIAL INSTITUTIONS IN ENTREPRENEURIAL DEVELOPMENT
In the previous chapter the role of All India Financial Institutions i.e. (IDBI, IFCI, ICICI, SIDBI, UTI & LIC) in the development and growth of entrepreneurship has been analysed. The purpose of the present chapter is to highlight the functions and the role of state level financial institutions of Uttar Pradesh i.e. (UPFC, UPSIDC & PICUP) in entrepreneurial development among backward communities and backward regions of the state.

Entrepreneurial Profile of U.P.

Uttar Pradesh is one of the leading states in the country in manufacturing hand made items and far exporting the same to the foreign countries. It is useless to say that leather goods of Agra and Kanpur, Dari and gold works of Varanasi, Carpets from Bhadoi, brasswares of Moradabad, Lock of Aligarh, the Chicken embroidery of Lucknow, Scissors and knives from Meerut and Rampur, soap-stone ware from Agra and Jhansi, Glass works of Firozabad and Industrial goods of Ghaziabad are supplied to every part of the country and same to foreign countries also. Uttar Pradesh's share is about one sixth in total production of handicrafts in India. About seven lakh persons are employed in this section producing

articles worth Rs.810 crore annually. Article worth Rs.400 crore are exported.

The leather industry in the state has carved out a place for itself in the country both for its employment potential and foreign exchange earning capacity. The tanning industry is concentrated at Kanpur and the footwear industry both at Kanpur and Agra. For development of leather Industry U.P. Leather Development and Marketing Corporation has been established. The turn over of this Corporation in 1989-90 touched the mark of Rs.275.30 lakh.

Handloom Industry holds an important place in the cottage industry in the state. About 15 lakh weavers are engaged in this industry. This industry produced 66.02 crore meters of cloth during 1988-90 and its turn over touched Rs. 105 crore. Twenty four spinning mills in public and co-operation sectors are functioning in U.P. for providing yarn. These mills provided yarn in adequate quantity to the weavers of the decentralised sector. About 44000 person have been provided employment in this sector.

1. India 1991, Publication Division, Ministry of Information and Broad casting, Govt. of India p.943.
2. Ibid. p. 943.
3. Ibid. p. 9434.
Thirty five sugar mills provide livelihood to more than 25 lakh families of sugar cane cultivators in the state. The economy of the state is, therefore, largely dependent on the health of the sugar industry. In 1988-89 sugar production went up to 58 lakh quintals, with several lakh tonnes of uncrushed sugar cane. By the end of VIIIth five years plan 216251 Small Industrial units were set up. Articles worth Rs.418.6 crore were produced by this units providing employment to 14,45060 person. Similarly 939 medium and large scale industrial units were set up. These units produced articles worth Rs.10980 crore and provided employment to 448,938 persons. The total investment in these units is around Rs.7842.98 crore. The following table indicates the annual progress of small scale industrial units in Uttar Pradesh from 1985-86 to 1991-92.

Table 4.1
Development of Small Scale Industries in U.P. From 1985-86, 1990-91

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Small Industrial Units</th>
<th>Estimated production (Rs.in crore)</th>
<th>No. of persons employed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Achievement</td>
<td></td>
</tr>
<tr>
<td>1985-86</td>
<td>16000</td>
<td>16584</td>
<td>321.00</td>
</tr>
<tr>
<td>1986-87</td>
<td>18000</td>
<td>18893</td>
<td>366.00</td>
</tr>
<tr>
<td>1987-88</td>
<td>20000</td>
<td>20875</td>
<td>404.00</td>
</tr>
<tr>
<td>1988-89</td>
<td>22000</td>
<td>23150</td>
<td>448.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>24000</td>
<td>26039</td>
<td>504.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>30000</td>
<td>30246</td>
<td>285.12</td>
</tr>
</tbody>
</table>


As is reflected in the above table the total number of small units in Uttar Pradesh was 16584 in 1985-86 which has risen to about 30246 in 1990-91. In other words there has been nearly 2 times increase in the number of small units during the period under review. The target to establish small scale industrial units was 16000 in 1986-86 which has risen to 30,000 in 1990-91. In 1990-91 30246 small industrial units were set up. These industries were providing employment to 146967 people accounting for production of
Rs.285.12 crore in the same year, as against 16584 units were set up in 1985-86, which were providing employment to 8074 persons accounting for a production of Rs.321.0 crore.

Despite the above mentioned development, Uttar Pradesh is still one of the industrially backward state in the country. It is irony of fate that the most populous state in India i.e. Uttar Pradesh occupies an insignificant place on the Industrial map of the country. The most of the districts of state are still industrially and economically backward. The entrepreneurial activities are captured by Upper Castes (viz. Brahmin, Kahatriya, Vishya etc) while backward communities are inclined toward agricultural activities rather than industrial activities. In order to accelerate the development of industries in backward regions the state government has taken some concrete steps. The most backward districts have been declared industrially backward. The districts of the state have been classified into four categories by the Central Government. The new industrial policy has retained this classification. The most backward districts are classified as category A, less backward

1. See Table 4.1.
districts as category "B" least back districts as category "C" and non backward districts as category "D" as under:-

**Category "A" (Most Backward Districts)**

- Banda
- Jalaun
- Jaunpur
- Kanpur (Rural)
- Chomoli
- Tehri Garhwal
- Pithoragarh
- Nainital
- Hamirpur
- Fatehpur
- Sultanpur
- Almora
- Pauri Garhwal
- Uttar Kashi
- Dehradun

**Category "B" (Less backward districts)**

- The trans Yamuna area of Allahamad Except Naini.
- Allahamad Except Naini.
- Basti
- Siddarthnagar
- Faizabad
- Jhansi
- Lalitpur
- Raebareli
- Ballia

**Category "C" (Least backward districts)**

- Azamgarh
- Deoria
- Etawa
- Gonda
- Mathura (remaining area)
- Mau
- Barabanki
- Farrukhabad
- Hardoi
- Moradabad
- Bahraich
- Etah (remaining area)
- Ghazipur
- Mainpur (remaining area)
- Pilibhit
Pratapgarh | Rampur | Shahjahanpur  
Badaun  | Sitapur | Unnao  

**Category "D" (Non backward districts)**  
Kanpur city | Agra (remaining Ferozabad area) | (Remaining area) Bareily  
Meerut | Ghaziabad | Bijnor  
Lakhimpur | Kheri | Aligarh (remaining area)  
Varanasi | Mirzapur | Sonbhadra  
Gorakhpur | Maharjganj  

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**Source:** UPSIDC-Adds a New Chapter in Industrial Promotion, Issued by UP State Development Corporation Limited Kanpur.

Before a decade there was no facilities available for finance to backward communities and backward region due to which the development of entrepreneurship was not possible among backward classes and areas. The development of entrepreneurship among these communities depends upon the banking and financial institutions. Without having these institutions the development of entrepreneurship is not possible. So the government of Uttar Pradesh has set up various financial Institution with the help of central Government for development of entrepreneurship in the state.
The U.P. State Industrial Development Corporation (UPSIDC), U.P. Financial Corporation (UPFC), Pradeshik Industrial and Investment Corporation of Up Ltd (PICJP), UP Minority Financial & Development Corporation, UP Scheduled Castes Financial and Development Corporation and District Industries Centres (DICs). Beside these institutions nationalised commercial banks, Regional Rural Banks, Co-operative banks and Mandal Vikas Nigams are in service to promote entrepreneurship in the state. We will discuss the role of the state institutions in the development and growth of entrepreneurship in the state with special reference to backward regions and communities.

UP State Industrial Development Corporation Ltd (UPSIDC)

UP State Industrial Development Corporation Ltd. is a government company registered under the companies Act 1956. It was incorporated in March 1961. UPSIDC is a government agency desired to serve as a special instrument for planned and rapid industrialization. The Corporation develops land in industrially potential areas and provides sites on sheds to entrepreneurs on easy terms. Mainly it provide infrastructural facilities to the entrepreneurs by developing industrial areas. The Corportion also provides financial
assistance to entrepreneurs in the form of under-writing of share capital for the projects located in the state.

The head office of the UPSIDC is at Kanpur. The corporation has five regional offices at Gorakhpur, Kanpur, Agra, Bareily, Ghaziabad and Lucknow and 8 Engineering Construction divisions at different places in UP. The management of UPSIDC vests in a Board of Directors consisting of seventeen Directors including a part time chairman and a full time Managing Director, who is appointed by State Government.

The Corporation was setup with the primary objective of accelerating the place of Industrial development in the State. The main objectives and functions that the corporation has broadly set for itself through its Memorandum of Association are as follows:

1. To promote or advance industrial development of Uttar Pradesh through establishment, promotion, execution of industries projects, entrepreneurs for manufacture and production by the corporation itself as through companies and associations.

2. To aid, assist and finance the industrial undertaking project on enterprise in any sector viz Government

statutory body, private etc, with capital, credit and other means on resources etc.

3. To produce capital for and to provide machinery equipment and other facilities, to subscribe for or underwrite, on otherwise deal with shares, debentures as securities of any such company.

4. To seek for and secure opening for the employment of capital in Uttar Pradesh.

5. To carry on all kinds of exploration business and in particular explore mines, areas supposed to contain minerals, precious stones etc.

6. To acquire suitable tracts of land in various districts of state and to offer these sites to desirous parties on sale, on lease of on hire purchase, after providing if necessary, basic infrastrutural facilities like water, road, power, sewerage etc.

7. To enter into any partnership arrangement for joint working in business.

8. To grant a guarantee loans as advances to any company or concern to assist its development, expansion or to start a new industry.

Role of UPSIDC in Entrepreneurial Development

The Uttar Pradesh State Industrial Development Corporation, has been the chief motivating force of industrial ventures since 1961. Its major promotional and development activities in the sphere of entrepreneurial development can be seen in the following pages:-

1. Acquisition of land and its development into Industrial areas in different district of Uttar Pradesh.
2. Identification and promotion of Industrial projects in joint/Assisted sector.
3. Financial assistance to limited companies through equity participation and underwriting.
4. Execution of Civil construction works for Public and semi public organisations.
5. Provisions of institutional support by way of escort services for speedy clearance, consultancy etc.

Land Development/Infrastructure Availability

one of the Prime objective of UPSIDC is to develop industrial areas and provide primary infrastructure facilities like roads, drains, inter power lines, street lights etc. Efforts have also been made to provide need based

support and facilities like industrial housing, telecom, water supply, common facility centres, Banks, Post Offices, Dispensaries, Shops, Business Development Centres for housing, modern communication and business centres. Allotment of lands in industrial areas is made by UPSIDC on lease for 90 years on the following terms and conditions: -

a) On allotment of land the entrepreneur has to deposit an amount equal to 10% of the total premium.

b) The le-see is bound to take possession, get the lease executed and registered within 30 days from the date le-see gets an intimation from the Corporation that the allotted plots is ready for delivery.

c) The payment of the balance premium in eight equal yearly instalments starts after two years from the date of allotment with an interest at the rate of 9 percent per annum. A rebate of 0.5 percent on interest is allowed on prompt payment of the instalments with interest.

d) The lesee has to pay rent at the rate of Rs.100 per acre per year during the first thirty years, Rs.150 per acre per year during the next thirty years and Rs.225 per acre per year for the last thirty years.
2. 29th Annual Report of UPSIDC.
Table 4.2

Yearwise Land Acquisition Development and Allotment by the UPSIDC

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Acquisition</th>
<th>Land Development</th>
<th>Land Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>1491</td>
<td>137</td>
<td>803</td>
</tr>
<tr>
<td>1983-84</td>
<td>359</td>
<td>425</td>
<td>1262</td>
</tr>
<tr>
<td>1984-85</td>
<td>643</td>
<td>1072</td>
<td>870</td>
</tr>
<tr>
<td>1985-86</td>
<td>3304</td>
<td>1625</td>
<td>1392</td>
</tr>
<tr>
<td>1986-87</td>
<td>4961</td>
<td>2350</td>
<td>2220</td>
</tr>
<tr>
<td>1987-88</td>
<td>2302</td>
<td>2290</td>
<td>2588</td>
</tr>
<tr>
<td>1988-89</td>
<td>4017</td>
<td>1157</td>
<td>2016</td>
</tr>
<tr>
<td>1989-90</td>
<td>5105</td>
<td>3093</td>
<td>2610</td>
</tr>
<tr>
<td>1990-91</td>
<td>2566</td>
<td>1501</td>
<td>1615</td>
</tr>
<tr>
<td>Cumulative upto the end March 1991</td>
<td>32086</td>
<td>29476</td>
<td>19684</td>
</tr>
</tbody>
</table>

Source: Compiled with various Annual Reports of UPSIDC

Table 4.2 reveals that the corporation has acquired 25.6 acres land in 1990-91 as against 1491 acres land in 1982-83 showing 73 percent increase during 9 years. 803 acres of land was allotted to entrepreneurs by the
Corporation by 1982-83. Now it has grown to 1615 acres in 1990-91. The Corporation has developed 137 acres land as Industrial area in 1982-83 which has risen to 1501 acres in 1990-91 showing 90.9 percent increase during the period under review. The year 1989-90 can be called as a glorious year because in this year the largest land was acquired, developed and allotted by the UPSIDC. Upto the end of March 1991, the Corporation has established 117 Industrial area on 32.86 acres land in 49 districts, out of 117 industrial areas, 82 industrial areas are in 35 backward districts of the state. The Corporation has allotted 23504 acres aldn to entrepreneurs up to end March 1991 since its inception. The important projects which were allotted land during 30 years are M/s Tata Engineering and Locomotive Company Limited, India Rayon Corporation, Hindustan Lever Ltd. Orient General Industries Ltd. DCM Toyota, Escorts, Bharat Electronics, Dobar, BHEL, Indo Gulf Fertilizers, LML Asian Paints, Nima and viland India. Some other are in advanced stage of completion fiz. Reymond synthetics and Hindustan Cables (Nashi) Tata Fertilizers and Gulshan Fertilizers (Babra and Badaun) Bindal Fertilizers (Shahjahanpur) Usha Rectifier

Projects in Joint Sector

The Corporation plays a significant role in identifying various projects in priority industries such as textile industry, agro-based industry, mineral based industry, export based industries, consumer industries etc. UPSIDC has the privilege of promoting projects in high technology field such as automotive sector. Auto electrical special machining sectors consumer durables, special fabrication, casting forgings etc. UPSIDC has been promoting industrial projects under its joint/assisted sector schemes, wherein it provides 26% and to 15% of equity under joint sector and assisted sector respectively. It has already promoted 19 projects in joint/assisted sector with a capital outlay of Rs.950 million employing latest foreign technology. Two of these projects in the areas of polyester Film and Leather Board are the first of their kind in the country. Till the close of the year 1990-91, the Corporation has invested about Rs.7.75

1. See Progress Review, Development of Industries in UP pp.73-74.
2. UPSIDC Adds A New Chapter in Industrial Promotion.
crores to establish 18 projects in joint/assisted sector projects, 14 projects out of 18 projects were established in backward areas. These project have provided employment to about 4000 persons. Table 4.3 shows assistance provided by UPSIDC to joint/assisted sector projects from the year 1984-85 to 1990-91.

Table 4.3
Assistance to joint/Assist. Sector Projects
(From the year 1984-85 to 1990-91)
(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Assistance</th>
<th>Growth rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>153.47</td>
<td>-</td>
</tr>
<tr>
<td>1985-86</td>
<td>276.94</td>
<td>79.14%</td>
</tr>
<tr>
<td>1986-87</td>
<td>175.42</td>
<td>-36.19</td>
</tr>
<tr>
<td>1987-88</td>
<td>231.92</td>
<td>32.20</td>
</tr>
<tr>
<td>1988-89</td>
<td>171.00</td>
<td>26.26</td>
</tr>
<tr>
<td>1989-90</td>
<td>250.00</td>
<td>46.19</td>
</tr>
<tr>
<td>1990-91</td>
<td>251.00</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: Compiled & compared from various Annual Reports of UPSIDC.

The 4.3 indicates that UPSIDC has provided Rs.251 lacs to joint/assisted sector projects in 1990-91 as against
Rs.153.47 lacs in 1984-85, showing 63.54% increase during the period under review.

The corporation has taken steps for promotion of projects in the areas of Petrochemicals, drugs, and pharmaceuticals, chemicals, Prio-Energy and Electronic Industries.

Equity Participation - UPSIDC also extends assistance by way of participation in equity capital of a venture with project cost exceeding Rs.5.00 million to meet the unbridgeable gap in promoter's contribution. Preferential treatment is given to units promoted by NRIs units coming up in backward districts and No Industry Districts, Export oriented units and import substitution units etc. More than 143 units have been granted assistance to the tune of Rs.1075 crores under this scheme upto the end of March 1991. This scheme generated an investment of Rs.4000 million in the State. Table 3.4 shows financial assistance sanctioned and disbursed by UPSIDC under equity participation to entrepreneurs of U.P.

1. See table 3.15.
Table 4.4: Financial Assistance Sanctioned and Disbursed by UPSIDC under Equity Participation (For the years 1981-82 to 1990-91)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sanctioned</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>162.30</td>
<td>117.66</td>
</tr>
<tr>
<td>1982-83</td>
<td>123.16</td>
<td>85.79</td>
</tr>
<tr>
<td>1983-84</td>
<td>68.50</td>
<td>87.79</td>
</tr>
<tr>
<td>1984-85</td>
<td>112.05</td>
<td>67.58</td>
</tr>
<tr>
<td>1985-86</td>
<td>57.00</td>
<td>63.46</td>
</tr>
<tr>
<td>1986-87</td>
<td>223.00</td>
<td>89.69</td>
</tr>
<tr>
<td>1988-89</td>
<td>167.00</td>
<td>103.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>253.00</td>
<td>10.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>202.00</td>
<td>101.0</td>
</tr>
</tbody>
</table>

Source: Compiled from various Annual Reports of UPSIDC

Table 4.4 shows that the Corporation sanctioned financial assistance to the tune of Rs.202 lakhs in 1990-91, recording an increase of 24.3% over the assistance of Rs.162.38 crores sanctioned in the year 1981-82. Disbursements declined by 14.15 percent to Rs.101.00 lacs during 1990-91 from Rs.117.66 lakhs in 1981-82. The Corporation has sanctioned Rs.162.38 lakhs to 27 companies in 1981-82. Disbursement during the year amounted to Rs.117.66.
lakhs to 14 individual units. In 1985-86 disbursement during the year amounted to Rs.63.66 lakhs of which 94% amount to Rs.59.95 lakhs was disbursed to units being set up in backward areas. During the year 1987-88 the Corporation accorded sanctions of Rs.137.80 lakhs in favour of 18 companies of which Rs.122.80 lakhs went to backward areas.

Underwriting scheme - Under this scheme UPSIDC provides financial assistance to the entrepreneurs in the form of underwriting of the shares. The assistance is ordinarily limited upto 15% of the issued capital. Upto the end of March 1991 since its inception, the Corporation has been extending underwriting assistance to companies setting up projects in the state or those going in for expansion of their existing units. The corporation has assisted various units though this scheme and holds shares worth Rs.582 lakhs in 54 companies which include prestigious companies such as M/S Modipur, Kanaria chemicals, Automatic products of India, Rathi Alloys & Steels, Shri Ram Piston & Rings, Somaiya organics etc. The Corporation has sanctioned Rs.3 lakhs in

1989-90 under this scheme, and some amount has been disbursed during the same period.

Table 4.5 shows financial assistance sanctioned and disbursed by the UPSIDC under all schemes from the year 1985-86 to 1989-90.

Table 4.5

Financial Assistance Sanctioned and Disbursed by UPSIDC under All Schemes (From the year 1985-86 to 1989-90)

(Rs. in crore)

| Year   | Sanctions | | Disbursement | |
|--------|-----------|-----------------|-----------------|
|        | Backward area | Total | Backward area | Total |
| 1985-86 | 75.24 | 92.13 | 34.86 | 41.80 |
| 1986-87 | 50.34 | 82.34 | 49.16 | 47.49 |
| 1987-88 | 66.71 | 97.85 | 26.80 | 67.24 |
| 1988-89 | 77.48 | 130.10 | 44.95 | 77.71 |
| 1989-90 | 68.14 | 141.47 | 60.61 | 101.30 |


Table 4.5 reveals that the assistance sanctioned under all schemes by UP State Industrial Development Corporation during 1989-90 aggregated Rs.141.47 recording a 53.55% growth over 1985-86 (Rs.92.13 crore). Disbursements during 1989-90 registered a growth of 142.34 percent to aggregate Rs.101.30...
FINANCIAL ASSISTANCE SANCTIONED AND DISBURSED BY UPSIDC (FROM 1985-86 TO 1989-90)

Rupees in Lakhs

<table>
<thead>
<tr>
<th>Years</th>
<th>Total Sanction</th>
<th>Sanctioned in BA</th>
<th>Total Disbursement</th>
<th>Disbursement in BA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987-88</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1988-89</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989-9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
crore. Assistance sanctioned to entrepreneurs of backward area under sanctioned to entrepreneur of backward area under all schemes by UPSIDC decreased by 9.8 percent to Rs.68.14 crore in 1989-90 from Rs.75.24 crore in 1985-86. Disbursement, however, increased by 142.24 per cent to Rs.60.61 crore from Rs.34.86 crore in 1985-86. In 1988-89, a large portion of this sanctioned amount has gone to backward areas and communities.

From the foregoing analysing it can be concluded that UP State Industrial Development Corporation is investing its mobilised money in different sectors and areas of the state especially in backward areas. The contribution of UPSIDC to the growth of small entrepreneurship is not satisfactory. Under land development scheme, the Corporation is inclined toward big industrialist rather than fresher and new entrepreneurs. In order to foster the growth of entrepreneurship among backward castes, the corporation should take bold steps in identify the potential entrepreneurs among backward communities and develop in them the traits and abilities required for entrepreneurial success.
The Pradeshiya Industrial and Investment Corporation of UP Ltd (PICUP)

The Pradeshiya Industrial and Investment Corporation of UP Ltd. (popularly known as PICUP) was established as a public limited Company on March 29, 1972 by the Government of Uttar Pradesh for the promotion of medium and large scale industries in the state with the primary function of a State Industrial Investment Corporation undertaking such activities as may be necessary to analyse industrial investment. PICUP undertakes activities such as Industrial Development Banking in medium and large scale industries, direct promotion of Industrial projects technical services and institutional support for growth of industry.

PICUP has set for it self the following basic objectives and functions:

1) To carry on the business of an investment company for providing finance to industrial enterprises in U.P. for starting, running, expanding, modernising or otherwise.

2) To establish companies and associations for starting conducting and taking over industrial enterprises of any description.

3) To encourage and promote the expansion of capital in Industrial enterprise of U.P.

1. The Singh Source Udyog Bandhu Lucknow.
4) To encourage and promote the expansion of investment market in U.P.

5) To sponsor and underwrite, new issue of share and debentures and other securities.

6) To buy, underwrite, investment in holding of shares, debentures, bonds etc. issued as guaranteed by any company.

7) To lend with or without recovery and to make advances.

8) To conduct market surveys to identify various industrial projects that could be established in the state including undertaking feasibility studies preparing reports etc.

9) To encourage new entrepreneurs with the various facilities available in the state and to persuade them to locate their projects in the state.

10) To provide all types of assistance viz managerial technical, administrative and financial to medium and large industries.

11) The management of PICUP vests in a Board of Directors consisting of fifteen Directors including a part time chairman and a full time Managing Director. Other Directors are eminent persons from Government and

Industry. Besides Managing Director, the Corporation has a Deputy Managing Director, two General Managers, 15 Managers and 75 Executives.

The registered office of the Corporation is at Lucknow. The Corporation has two regional office at NOIDA and Lucknow.

Role of PICUP in Entrepreneurial Development

The Pradeshiya Industrial and Investment corporation of UP Ltd. provides financial assistance, technical services and institutional support for the development of entrepreneurship in the state. PICUP undertakes the following activities in furtherance of the objectives with which it has been created:

a) Provide term loans to medium and few small scale units either on its own as jointly with other central and state financial institutions and Banks.

b) Extends direct equity participation to provide and public limited companies through private placement to meet the gap in equity.

c) Undertakes underwriting of shares issue of companies getting up industries in the state.

d) Undertakes rehabilitation of sick industrial units through preparation of suitable rehabilitation package

1. Ibid.
and syndication of necessary financial assistance from institution and banks.

e) Provides assistance to entrepreneurs by operating agency schemes such as interest free sales tax loan scheme, central as well as state capital subsidy scheme, feasibility study, subsidy scheme and seed capital assistance.

PICUP's Financial Assistance under various scheme

PICUP provides financial assistance by way of secured term loans to medium and large scale units either on its own or jointly with other central and state Financial Institutions and Banks. The financial assistance is provided for setting up new, medium and large scale industries and also for expansion, modernisation and diversification to existing units in the state of Uttar Pradesh.

Term Loan -

Term loans are provided by PICUP up to a maximum of Rs.150 lakh either on its own as jointly with other central/state Financial Institutions and Banks for Industrial projects of medium Scale costing up to Rs.500 lacs. All India Financial Institutions viz. IFCI, ICICI, SBI, Mutual Fund

1. Ibid pp. 144-145.
etc. can also be associated in tying up the equity requirements for the project. The rates of interest presently being charged by PICUP on rupee term loans are as sunder:

a) 12.5% with refinance and 14% without refinance from IDBI, in backward areas.

b) 14% with refinance and 15% without refinance from IDBI in non backward areas.

PICUP provides term loans to such industries which are not in the negative list of Industrial Development Bank of India and these Industries should not be power intensive. Table 4.6 shows yearwise sanctions and disbursements of term loans provided by the PICUP.

Table 4.6

Year wise Sanctions and Disbursements of Term loan

(From the Year 1982-83 to 1991-92)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sanctions</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>1924.16</td>
<td>1301.07</td>
</tr>
<tr>
<td>1983-84</td>
<td>2334.52</td>
<td>1701.24</td>
</tr>
<tr>
<td>1984-85</td>
<td>4684.26</td>
<td>2407.35</td>
</tr>
<tr>
<td>1985-86</td>
<td>7011.50</td>
<td>3304.33</td>
</tr>
<tr>
<td>1986-87</td>
<td>9671.99</td>
<td>5171.94</td>
</tr>
<tr>
<td>1987-88</td>
<td>11578.12</td>
<td>6310.08</td>
</tr>
<tr>
<td>Year</td>
<td>Disbursement Amount</td>
<td>Assistance Amount</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1988-89</td>
<td>10171.80</td>
<td>6890.70</td>
</tr>
<tr>
<td>1989-90</td>
<td>13827.29</td>
<td>9231.67</td>
</tr>
<tr>
<td>1990-91</td>
<td>15945.60</td>
<td>9640.26</td>
</tr>
<tr>
<td>1991-92 (till sept. 1991)</td>
<td>5378.74</td>
<td>3553.28</td>
</tr>
<tr>
<td>Commulative upto end September 1991</td>
<td>92044.74</td>
<td>53515.28</td>
</tr>
</tbody>
</table>

Source: Computed from various Progress Reports, Development of Industries in U.P. Directorate of Industries U.P.

Table 4.6 indicates that Pradeshiya Industrial Investment Corporation of U.P. sanctioned financial assistance under term loans of Rs.15945.60 lacs in 1990-91 as against Rs.1924.16 lacs in 1982-83 showing 728% overall increase during last nine years. PICUP sanctioned Rs.5738.74 lacs in six months from 1st April to 30th September 1991. The Table also shows that upto end of September 1991, PICUP has sanctioned term loan to the tune of Rs.92044.74 lacs.

1) The disbursement amount have been consistently increasing from 1303.07 lacs in 1982-83 to Rs.9640.26 lacs in the year 1990-91. It has grown at an average rate Rs.926.3 lacs per year. PICUP has disbursed term loans to the tune of Rs.53515.28 lacs upto the end of September 1991. In first six months of the financial

1. See table 4.6.
year 1991-92 Rs.3553.28 are disbursed by the Corporation.

2) Bridge loans for speedy implementation of the project, PICUP provides bridge loan pending completion of regular legal formalities upto a maximum 75% of term loan sanctioned by it. The formalities required for availing bridge loans can be completed in one day. The rate of interest of bridge loans is one percent higher than the rate of interest applicable to the term loan. However, if the loan is refinanced by IDBI, a higher rate of interest will be charged only if bridge loan is not converted into regular within one year. Bridge loans are required to be secured only by hypothecation of assets and personal guarantees of promoters.

3) Seed Capital Scheme - Seed Capital assistance is the financial assistance provided to the new but potential entrepreneurs towards meeting their margin money/owners contribution for raising loan from financial institutions like commercial banks, PFC etc. PICUP acts as agent of IDBI in operation of seed capital scheme. Projects upto Rs.3 crore set up by various categories of entrepreneurs are eligible for seed

1. See table 4.6.

2. The Singh Source "Udyog Bandhu, Lucknow."
capital upto Rs.15 lacs. Assistance is generally by way of soft loan carrying a service charge of 1% repayable as per the generation capacity of the project with a period not exceeding five years.

Underwriting of Capital Issue and Equity participation:

PICUP considers providing underwriting assistance for public issue of the share capital generally in projects which fall in the purview of state Financial Institutions.

The amount of underwriting assistance can be a maximum of 25% public issue for units in backward subsidy districts, 20% in backward non subsidy areas and 15% of public issue in non backward districts. Underwriting commission charged is 2.5% in non backward districts and 1.25% in backward districts. PICUP has disbursed Rs.89.77 lacs in 1987-88 under seed capital/equity participation/underwriting of share capital schemes, as amongst Rs.53.10 lacs in 1986-87.

Equipment Leasing: PICUP also provides financial assistance by way of leasing of equipment for modernisation, expansion, diversification and for balancing requirements of existing industrial units with a sound financial base. The terms and


2. Ibid.
conditions for assistance under the leasing scheme are decided on a case to case basis. In 1987-88, the Corporation has sanctioned Rs.182.55 lacs under this scheme and Rs.263.19 were disbursed in that year.

Equipment Financing Scheme of IDBI: Loans up to 80% of the cost of capital good/equipment (other than second hand, @ 14% per annum, are available through PICUP to existing industrial concerns who fulfill the following criteria.

1) Have been in operation for at least four years
2) Have earned profits and/or declared dividend on equity shares during the preceding two years
3) Are not in default to institutions/banks in payment of their dues.

The maximum amount of loan under this scheme is 1 crore. The branches of the company will have to meet the minimum of 20% of the cost of equipment and allied expenditure out of their own resources. The loan is not applicable to new projects. The most important feature under this scheme is that the sanction is given by PICUP with a maximum period of 15 days from the date of receipt of application and disbursement can be made within 3 days of the sanction of the loan under this scheme.

1. Ibid.
Joint/Assistant Sector Project

The Corporation plays a significant role in identifying various projects in priority industries such as textile industry, agro-based industry, mineral-based industry, export-based industries, consumer industries. PICUP has been promoting industrial projects under its joint/assisted sector schemes. Till the close of the year 1990-91, the PICUP promoted 59 projects under joint assistant sector project scheme, out of 58 projects 16 projects are functioning in 1990-91. The PICUP invested Rs.125.71 lacs under this scheme as against Rs.257.36 lacs in 1987-88 showing 51.15% decrease during 3 years.

Investment Subsidies

Central investment subsidy is sanctioned and disbursed by PICUP at the following rates:

1) Category 'A' districts 25% of the investment in land, building plant and machinery, essential miscellaneous fixed assets and technical know how fees (subject to a maximum of 5% of cost of plant and machinery subject to a maximum of Rs.50 lacs for electronic projects in hill districts of U.P. and 25 lakh for other project).

2) Category B districts 15% of the investment as mentioned for category A districts, subject to a maximum of Rs.15 lakh.

3) Category C districts (Least backward districts, 10% of the investment as mentioned for category A districts subjects to a maximum of Rs.10 lakh.

In conclusion it may be stated that PICUP has initiated certain measures for the development of broad based entrepreneurship in the state. PICUP provides financial assistance to medium and large scale Industries. It has also shown a good performance in promotion and development activities of backward areas and rural areas.

Uttar Pradesh Financial Corporation (UPFC)

Though the establishment of Industrial Finance Corporation of India (IFCI) in 1948 bridged a serious gap in institutional finance for large scale industries the problem of long and medium term capital requirements of small scale and medium sized industries was not solved. It was felt that

a separate Corporation at the state level for the above purpose would be desirable. Accordingly the Government of India passed in 1951 The state Financial Corporation Act.

The Uttar Pradesh Financial Corporation was established on November 1st 1954 by the Government of Uttar Pradesh under State Financial Corporation Act 1951. The main aim of the Corporation is to promote the industrial growth of state by providing financial assistance to small and medium sector industrial units. The UPFC can assist not only public limited corporations but also private limited companies, partnership firms, and proprietary concerns. Financial assistance is rendered primarily for block capital requirements of industrial concerns and only in exceptional cases for working capital needs.

The Corporation provides loan amounting from Rs.5,000 to Rs.30 lakh for acquisition of block assets for establishing new units and/ or for renovation, expansion on modernisation of existing units. The loans are secured by mortgage of the entire existing assets of an industrial concern, including plant/ machinery and the fixed assets to be created in the form of a legal or equitable mortgage.

Loans can also be granted against. The guarantee of state Government, co-operative Banks or the scheduled Banks. Indirect financial assistance is also provided by the Corporation by issue of deferred payment guarantee on behalf of industrial units for purchase of indigenous machinery to their manufacturers or suppliers.

Generally the Corporation does not provide loans for working capital. The same can be availed of from commercial Banks. However, the Corporation has recently entered into tie up agreements with some commercial Banks by which after a sanction of loan by the Corporation the working capital requirement of the unit shall be met by the commercial Banks.

The UPFC kept a watch on the progress of the industrial concerns by obtaining periodic reports from them. They are empowered to take over the management of the industrial concerns and to sell the mortgaged property in case of default in repayment of loans.

The general superintendence, direction and control of the Corporation vest in the Board of Directors. The Board of UPFC consists of four nominees of the State Government, two

1. Ibid, p.111.
nominees of Industrial Development Bank of India one nominee of Reserve Bank of India and four directors elected to represent Scheduled banks. Insurance companies/ investment TRusts/ other financial institutions, co-operative banks and shareholders. The Managing Director is appointed by the state Government. The Corporation has jurisdiction over the entire state of Uttar Pradesh in its operation.

The head office of the UPFC is at Kanpur. The Corporation has at present following twenty regional offices and two Branch offices spread all over the state.

**Regional Offices**

1. Agra
2. Aligarh
3. Allahabad
4. Bareilly
5. Bulandshahar
6. Dehradun
7. Etawah
8. Ghaziabad
9. Haridwar

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10. Kanpur
11. Meerut
12. Muzaffarnagar
13. Saharanpur
14. Faizabad
15. Gorakhpur
16. Jhansi
17. Lucknow
18. Moradabad
19. Noida
20. Varansi

**Branch Offices**
1. Almora
2. Sringar (Garhwal)

**Functions**

The Uttar Pradesh Financial Corporation has been assigned the following functions:

1. To extend term loan assistance for setting up industrial units in the tiny, small and medium scale sector.

2. To extend composite loan (inclusive of working capital) assistance to artisans and other with a view to develop cottage, village and traditional industries.
3. To provide term loan both for fixed assets and current assets under single window scheme.

4. To provide assistance under the Rehabilitation scheme of Industrial Development Bank of India.

5. To provide Financial Assistance under the modernization scheme of Industrial Development Bank of India.

6. To act as an agent for implementing various schemes sponsored by the Central and/ or state government.

7. To provide assistance for bridging the gap in equity to small projects and for rehabilitation of potentially viable sick units under National Equity Fund Scheme of Small Industries Development Bank of India.

8. To provide marketing support to small scale units under SIDBI scheme for assistance to marketing outlets.

The various services and schemes have been initiated by the UP Financial Corporation. The detailed schemes scheduled by UPFC in the sphere of entrepreneurial development can be seen in the following heads.

**Corporation Loan Scheme**

The UP Financial Corporation grants long term loans to the extent of Rs.90 lakh for acquisition of fixed assets i.e.

land building, plant and machinery and also for meeting the expenses of stamps and registration interest during the construction period and technical consultancy fee, to small and medium scale units proposed to be located in the state of U.P.

UPFC also sanctions loan in participation with PICUP/Schedules Banks. The paid up capital and free reserve of the industrial concern should not exceed Rs.3 crore UPFC also grants Bridging loan against term loan to facilitate accelerated pace of implementation of its finance projects wherever necessary.

**Composite Loan Scheme**

Under composite loan scheme, the entire requirement of term loan and working capital of village, cottage and tiny industries subjects to a maximum of Rs.50,000 is met by UPFC provided the unit is established with in the identified clusters in rural/urban areas having population less than 5.00 lakhs.

**Handloom Weavers Scheme**

Under its Handloom weavers scheme, the Corporation caters to the need of the Handloom weavers of the State,

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1. Focus on UPFC Financial Assistance, UP Financial Corporation, Lucknow, p.3.
2. Ibid.
Selection of location of the unit as well as of the entrepreneurs is to be done by Director, Handloom and Textiles UP, Managing Director, UP Handloom Corporation after conducting a thorough enquiry. The disbursement of loans for the purchase of loans and yarn shall be made to the entrepreneurs through the Director Handloom and Textiles UP/1 Managing Direction UP Handloom Corporation.

Transport Operators Scheme

The UPFC has formulated Transport operators scheme to assist the Drivers in Hill Areas to acquire new vehicles (Tankers/ Tourist coach) by providing term loan to the extent of 85% of the cost of chasis and Body. Assistance under the scheme is also available to S.C./S.T. and Ex-Servicemen in other areas of the State by way of term loan to the extent of 85% (for SC/ST) and 75% (for Ex-Servicemen) of the cost of chasis and body. Under this scheme, financing is also done for tankers to be used for transportation of petroleum products, oil, milk and chemicals.

Scheme for Nursing Homes/ Electromedical Equipments

UPFC intends to provide better medical facilities to the society particularly to low income groups. For this a scheme for financing of small Hospitals/ Nursing Homes,

1. Ibid.
Electromedical Equipments etc has been formulated on the basis of guidelines of IDBI.

UP Financial Corporation provides term loan assistance to medical practitioners, having MBBS/BAMS/BDS Degree for establishment of X-ray clinic. Under the scheme, maximum loan limit is Rs.5.00 lakh out of which Rs.2.00 lakh for building and Rs.3.00 lacs for machinery is granted. Loans upto Rs.1.00 lacs (for plant only) and Rs.1.50 lacs (both for plant and the room wherein it will be installed) are also granted for setting up X-Ray clinic in rural/semi urban areas having population of 2.00 lacs or less as per census of 1981.

Financial assistance is also provided upto Rs.90.00 lacs for purchase of electro-medical equipment and/or for setting up Nursing Home/Hospital with 20 or more beds having expert services of at least one post graduate Doctors with qualification M.D./M.S. etc. on full time basis. The assistance is also provided for expansion/modernisation of existing Nursing homes.

**Scheme for Women Entrepreneurs**

In order to encourage the women entrepreneurship in the state, U.P. Financial Corporation has formulated a scheme for providing financial assistance on liberal terms. This scheme is based on the guidelines provided by the Industrial
Development Bank of India. UPFC provides financial assistance to all small scale units including cottage village and tiny industries promoted and managed by women entrepreneurs. The minimum promoters' contribution would be 12.5% of project cost for units being setup in 'A' category backward districts and 15% of the project cost in all other cases irrespective of location ('B', 'C', and non backward districts). Women entrepreneurs were sanctioned loan accounting to Rs. 156.17 to 124 units in year 1990-91.

**Single Window Scheme**

U.P. Financial Corporation provides financial assistance to new, tiny and small scale units for fixed assets and working capital requirements whose cost of project does not exceed Rs. 10.00 lacs and total working capital at optimum capacity utilisation is not more than Rs. 5.00 lacs under "Single Window Scheme" of IDBI. The rate of interest as fixed assets term loan is the same as applicable to cases under normal Corporation loan scheme. The effective rate of interest for working capital term loan is 14% in case working capital requirement is up to Rs. 2.0 lacs and 15.5% of the working capital term loan exceeds Rs. 2.00 lacs but not Rs. 5 lacs. The units which are either under implementation and

have already been sanctioned term loan or existing units going for expansion/diversification shall not be eligible for financial assistance under the scheme. The Corporation has sanction Rs.1048.95 crore to 178 units under this scheme.

**SEMFEX Scheme**

Loan assistance upto Rs.9.00 lacs is given to ex-servicemen, widows and disabled service personnel under special scheme called SEMFEX scheme. The maximum cost of project allowed under the scheme is Rs.12.00 lacs. The scheme envisage provision of seed capital assistance to the extent of 15% on soft terms for making up the equity gap having normal 1% rate of interest p.a. and longer repayment period with upto 5 years moratorium period. Promoters contribution is only 10% of the cost.

The UPFC endeavours for ensuring better quality of products of Small Scale Industrial Units. As such, a scheme for financing of testing and quality control equipments on soft terms has been adopted, UPFC provides financial assistance for purchase of quality control equipments to all S.S.I. units, new as well as existing (already financed by the Corporation). In case of new projects component and special component covering testing and quality control facilities. Quantum of special components i.e. the loan for testing and quality control equipment shall not exceed
Rs.7.50 lacs per project. The loan for special component shall be repayable over a period of 8 years including gestation period of 3 years.

**Mahila Udyan Nidhi**

Under the Scheme seed capital assistance to the extent of 15% is provided to women Entrepreneurs if the total cost of project is upto Rs.10 lacs. This soft loan bears only 1% p.a. service charge.

**Equipment Refinance Scheme**

U.P. Financial Corporation provides assistance under the Equipment Refinance Scheme to well established small and medium industrial concerns, having good past record, for acquisition of capital goods/ equipment both indigenous and imported. Concerns should have been in operation for at least 4 years and should have earned profits and/or declared divided on equity shares during preceding two financial years and should not be in default to institution/ banks in the payment of their dues. Assistance under the scheme shall cover upto 77.50% of the cost of capital goods/ equipment to be acquired subject to a ceiling of Rs.1.00 crore. The borrower concern will have to meet the minimum of 22.5% of

the cost of equipment and also allied expenditure out of own resource, which will be in the nature of promoters contribution. Period of repayment shall be between 2 to 5 years inclusive of motorium of 6.12 month.

**ADB line of Credit Scheme**

UPFC also provides financial assistance in terms of rupee as well as foreign currency to industrial concerns under ADB (Asian Development Bank) line of credit scheme under the scheme financial assistance is provided for setting up new industrial project/ expansion and diversification of existing units under small scale and medium scale sectors. The facility is provided to units coming in non backward district.

The rate of interest of rupee loan to small scale industrial units, is the same as applicable to cases under normal Corporation loan scheme and the term loan repayment period should not exceed 10 years by keeping an average DSCR of 1.75.

To medium scale industries to meet full foreign currency requirement for import of equipments and technical know how from member countries of Asia Development Bank, the actual rupee liability of the borrower under foreign currency

1. Ibid p.5.
loan will be determined as per exchange rate by Asian Development Bank.

Financial Assistance for Marketing Activities

U.P. Financial Corporation has formulated scheme for providing long term financial assistance for marketing the products of cottage, village and small scale units. As such as for setting up new sales outlets/show rooms as renovation/modernisation of existing sales, loans to the extent of 75% may be available provided the total cost of project does not exceed Rs.25 lacs.

Financial Assistance for Tourism Related Facilities

UPFC is extending financial assistance for Tourism Related Facilities i.e. for setting up Hotels, Motels, Restaurants, Amusement Parks, Convention Hall of Travelling Agencies in specified areas to promote Tourism in the state. The loan to the extent of Rs.90 lacs may be available for above activities. The maximum debt equity ratio can be 2:1.

Until now we were discussing the services and schemes, which are rendered by UP Financial Corporation. In the pages that follow our aim will be to analyse the role and working of the UPFC in entrepreneur development among backward companies and other communities.
The working and role of the UP Financial Corporation in the sphere of entrepreneurial development can be seen under the following heads.

Sanctions and Disbursements

The financial assistance sanctioned by the U.P. Financial Corporation under various schemes and sectors during 1990-91 have a unique feature that special attention was paid to sanction of (Rupee equivalent Foreign currency) loans under A.D.B. Line of Credit, SEMFEX and Single window Schemes and in order to provide wide spread medical facilities a number of loans were given to Nursing Homes and for Electro Medical Equipments. The UPFC sanctioned Rs.3159.73 lacs for 68 units under ADB line of credit scheme followed by single window scheme, under which the Corporation sanctioned Rs.1046.95 lacs. Entrepreneurs of backward class and minority communities were given special attentions and to encourage these classes of entrepreneurs their applications were speedly disposed off. The Corporation has sanctioned Rs.172.37 lacs and Rs.1166.84 lacs to entrepreneurs of backward class and minority communities respectively. The Corporation disbursed an amount of Rs.116.93 lacs and Rs.811.64 lacs to entrepreneurs of

backward class and minority communities. Table 4.7 shows the financial assistance sanctioned and disbursed by the Corporation from 1971-72 to 1990-91.

Table 4.7
Financial Assistance Sanctioned & Disbursed by UPFC from the year 1970-71 to 1990-91.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount sanctioned</th>
<th>Growth Rate</th>
<th>Amount Disbursed</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>426.38</td>
<td>-</td>
<td>217.63</td>
<td>-</td>
</tr>
<tr>
<td>1971-72</td>
<td>1006.69</td>
<td>136.10</td>
<td>409.78</td>
<td>88.29</td>
</tr>
<tr>
<td>1972-73</td>
<td>999.70</td>
<td>-0.69</td>
<td>451.79</td>
<td>10.25</td>
</tr>
<tr>
<td>1973-74</td>
<td>1102.57</td>
<td>10.29</td>
<td>425.66</td>
<td>-6.22</td>
</tr>
<tr>
<td>1974-75</td>
<td>1289.05</td>
<td>16.92</td>
<td>474.58</td>
<td>12.01</td>
</tr>
<tr>
<td>1975-76</td>
<td>851.50</td>
<td>-33.94</td>
<td>49068</td>
<td>3.39</td>
</tr>
<tr>
<td>1976-77</td>
<td>1863.23</td>
<td>118.81</td>
<td>480.01</td>
<td>-2.17</td>
</tr>
<tr>
<td>1977-78</td>
<td>2017.04</td>
<td>8.25</td>
<td>749.22</td>
<td>56.08</td>
</tr>
<tr>
<td>1978-79</td>
<td>2484.77</td>
<td>23.18</td>
<td>1088.60</td>
<td>45.29</td>
</tr>
<tr>
<td>1979-80</td>
<td>3320.02</td>
<td>33.61</td>
<td>1668.18</td>
<td>53.24</td>
</tr>
<tr>
<td>1980-81</td>
<td>4360.83</td>
<td>31.34</td>
<td>2499.37</td>
<td>49.82</td>
</tr>
<tr>
<td>1981-82</td>
<td>5746.33</td>
<td>31.77</td>
<td>3162.30</td>
<td>26.51</td>
</tr>
<tr>
<td>1982-83</td>
<td>5439.93</td>
<td>5.33</td>
<td>3805.40</td>
<td>20.34</td>
</tr>
<tr>
<td>1983-84</td>
<td>6437.78</td>
<td>18.34</td>
<td>4589.73</td>
<td>20.61</td>
</tr>
<tr>
<td>1984-85</td>
<td>9480.55</td>
<td>47.26</td>
<td>5428.33</td>
<td>18.29</td>
</tr>
<tr>
<td>1985-86</td>
<td>15622.32</td>
<td>64.78</td>
<td>7802.84</td>
<td>43.74</td>
</tr>
</tbody>
</table>
### Table 4.7

<table>
<thead>
<tr>
<th>Year</th>
<th>Sanctioned Amount</th>
<th>Disbursed Amount</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-87</td>
<td>19286.52</td>
<td>23.45</td>
<td>9847.09</td>
</tr>
<tr>
<td>1987-88</td>
<td>17743.58</td>
<td>8.00</td>
<td>12078.34</td>
</tr>
<tr>
<td>1988-89</td>
<td>18214.64</td>
<td>2.65</td>
<td>14277.87</td>
</tr>
<tr>
<td>1989-90</td>
<td>18649.79</td>
<td>2.38</td>
<td>15276.60</td>
</tr>
<tr>
<td>1990-91</td>
<td>19968.85</td>
<td>7.07</td>
<td>12165.54</td>
</tr>
</tbody>
</table>

Source: Compiled and computed from various Annual Reports of UPFC.

Table 4.7 shows that financial assistance sanctioned and disbursed by U.P. Financial Corporation from the year 1970-71 to 1990-91. In 1970-71, the financial assistance sanctioned was Rs.326.38 Lacs, It has risen to Rs.19968.85 lacs in 1990-91 showing 4587.4 percent increase during 21 years.

Total disbursement was Rs.217.63 Lacs in 1970-71 which has risen to Rs.12165.54 lacs in 1990-91 showing over all 5490% increase during last 21 years. The UPFC has disbursed highest amount to Rs.15276.60 lacs in 1989-90. While highest growth rate was 88.29 percent in 1971-72 followed by 56.08 percent in 1977-78. The growth rate of disbursement was negative during the year 1973-74, 1976-77 and 1990-91. 1

The U.P. Financial Corporation has sanctioned Rs.19431.37 lacs to all industries in 1990-91 as against

1. See table 4.7.
Rs.18032.04 lacs in 1989-90. Table 4.2b shows industry wise classification of term loan sanctioned by UPFC during the year 1990-91 and upto the end of March 1990-91.

Table 4.8

Industry wise classification of Term loan sanctioned by UPFC during the year 1990-91

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Type of Industry</th>
<th>1990-91</th>
<th>Since Inception of corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Manufacturing</td>
<td>2486.70</td>
<td>22802.48</td>
</tr>
<tr>
<td>Textiles</td>
<td>1365.73</td>
<td>9677.82</td>
</tr>
<tr>
<td>Paper &amp; Paper products</td>
<td>1266.86</td>
<td>7872.70</td>
</tr>
<tr>
<td>Manufacture of Rubber products</td>
<td>505.77</td>
<td>3071.78</td>
</tr>
<tr>
<td>Basic Industrial chemicals</td>
<td>448.78</td>
<td>7321.00</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>61.46</td>
<td>356.64</td>
</tr>
<tr>
<td>Other chemicals &amp; chemical products</td>
<td>2646.14</td>
<td>11978.81</td>
</tr>
<tr>
<td>Cement</td>
<td>1171.80</td>
<td>2145.02</td>
</tr>
<tr>
<td>Basic Metal Industries</td>
<td>374.40</td>
<td>3970.75</td>
</tr>
<tr>
<td>Metal products</td>
<td>374.440</td>
<td>3970.75</td>
</tr>
<tr>
<td>Service</td>
<td>2453.82</td>
<td>23524.22</td>
</tr>
</tbody>
</table>
Electricity Generation and Supplies 1207.98 6080.77
Other Industries 5442.32 27734.40

Total 19431.37 119132.70

Source: Compiled and computed with various Annual Reports of UPFC.

The table 4.8 reveals that during 1990-91 the largest recipient of financial assistance was chemicals and chemical products accounting to 13.61 percent (Rs.2646.14 lacs) of the total sanctions by the U.P. Financial Corporation followed by Food manufacturing industry accounting for 12.79 percent (Rs.2486.70 lacs) of total sanctions the metal products continued to receive a sizeable assistance accounting for 12.62 percent of the total in 1990-91 of Rs.2455.82 lacs sanctioned to this industry. Industries which received substantial share of assistance during the year were textiles industry (7.02%), paper and paper products (6.51%) and service (6.2%). These six industries together accounted for 58.76 percent of total assistance during the year 1990-91.

The UP Financial Corporation has sanctioned Rs.119132.70 lacs during the last 36 year. Six industries viz metal products (19.74%) food manufacturing (19.14%) Chemical

1. See table 4.8. B.
and Chemical products (10.05%) textiles (8.12) paper and paper products (6.60%) and basic industrial chemical industries (6.14%) accounted for 69.79 percent cumulative assistance of Rs.119132.70 lacs sanctioned by UPFC upto the end of March 1991.

The table 4.9 shows the details of sanctions and disbursement under various scheme/ sectors since the inception of UP Financial Corporation.

Table 4.9
Schemewise classification of Assistance Sanctioned and Disbursed by UPFC upto end March 1991
(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Sanction No. of Units</th>
<th>Amount</th>
<th>Disbursements Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composition loan scheme</td>
<td>7472</td>
<td>1196.92</td>
<td>1121.23</td>
</tr>
<tr>
<td>Single window scheme</td>
<td>462</td>
<td>1267.18</td>
<td>274.15</td>
</tr>
<tr>
<td>Modernisation scheme</td>
<td>61</td>
<td>752.00</td>
<td>480.79</td>
</tr>
<tr>
<td>Rehabilitation scheme</td>
<td>144</td>
<td>696.41</td>
<td>298.35</td>
</tr>
<tr>
<td>Equipment Refinance scheme</td>
<td>122</td>
<td>120966</td>
<td>700.92</td>
</tr>
</tbody>
</table>
Table 4.9 shows that the cumulative financial assistance (term loan) sanctioned aggregating Rs.118859.98 lacs in respect of 31967 units, while amount disbursed to Rs.97961.56 lacs upto end March 1991. The corporation has sanctioned higher loan to 222 units amounting to Rs.7977.22 lacs (6.62%) higher ADB line of credit scheme. Under single window scheme and Equipment and Refinance scheme the corporation sanctioned Rs.1267.18 lacs for 122 units respectively. A sum of

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Units</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality control scheme</td>
<td>10</td>
<td>23.36</td>
<td>6.93</td>
</tr>
<tr>
<td>Women Entreprise scheme</td>
<td>45</td>
<td>189.48</td>
<td>114.90</td>
</tr>
<tr>
<td>Ex-Servicemen scheme</td>
<td>27</td>
<td>76.90</td>
<td>64.02</td>
</tr>
<tr>
<td>SRTOS</td>
<td>235</td>
<td>446.50</td>
<td>412.37</td>
</tr>
<tr>
<td>ADB line of credit</td>
<td>222</td>
<td>7877.22</td>
<td>5009.44</td>
</tr>
<tr>
<td>SEMFEX (Term loan)</td>
<td>325</td>
<td>791.15</td>
<td>458.85</td>
</tr>
<tr>
<td>Mahila Udyan Nidhi Yojana</td>
<td>16</td>
<td>70.43</td>
<td>5.03</td>
</tr>
<tr>
<td>Others</td>
<td>22826</td>
<td>104254.69</td>
<td>88959.58</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>31967</td>
<td>118859.98</td>
<td>97961.56</td>
</tr>
<tr>
<td>Backward class Entrepreneurs</td>
<td>2210</td>
<td>1051.27</td>
<td>665.66</td>
</tr>
<tr>
<td>Minority community</td>
<td>3359</td>
<td>4760.16</td>
<td>3670.35</td>
</tr>
</tbody>
</table>

**Source:** Compiled from various Annual Reports of UPFC.
Rs.5009.44 lacs for 122 units respectively. A sum of Rs.5009.44 lacs (5.11%) was disbursed to 222 units under ADB line of credit scheme followed by composition loan scheme under which Rs.112.23 lacs were disbursed. Under equipment Refinance Scheme and Modernization (.49%) were disbursed by the UPFC during the period under review.

Entrepreneurs of backward communities and minority communities were given special attention. In order to encourage these classes of entrepreneurs, various facilities have been provided to these communities under single window scheme, women entrepreneurs scheme quality control equipment scheme, Nursing Homes/Electro Medical Equipments and other schemes. Only 75% of the processing fee and 50% of the legal service changes are levied on units coming up in backward areas and the entrepreneurs belonging to backward classes under the various schemes, while a sum of Rs.4760.16 lacs has been sanctioned to entrepreneurs of minority communities, the UPFC has disbursed Rs.665.66 lacs and Rs.670.35 lacs to entrepreneurs of back communities and minority communities under various schemes and services during the period under review 1. The Corporation sanctioned loan to various sectors and areas viz small scale sector, backward districts, Hill

1. See table 4.9.
TABLE 4.10

FINANCIAL ASSISTANCE SANCTIONED TO VARIOUS SECTORS BY UPFC DURING THE YEAR 1986-87 TO 1990-91

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Units</td>
<td>Amount</td>
<td>No. of Units</td>
<td>Amount</td>
<td>No. of Units</td>
</tr>
<tr>
<td>1.</td>
<td>Small Scale Sector</td>
<td>2379</td>
<td>167.37</td>
<td>1749</td>
<td>159.50</td>
<td>2128</td>
</tr>
<tr>
<td>2.</td>
<td>Backward District</td>
<td>1550</td>
<td>132.04</td>
<td>1140</td>
<td>112.63</td>
<td>1491</td>
</tr>
<tr>
<td>3.</td>
<td>Eastern Districts</td>
<td>252</td>
<td>23.60</td>
<td>240</td>
<td>21.44</td>
<td>295</td>
</tr>
<tr>
<td>4.</td>
<td>Hill Districts</td>
<td>260</td>
<td>32.41</td>
<td>254</td>
<td>24.11</td>
<td>284</td>
</tr>
<tr>
<td>5.</td>
<td>Bundelkhand Districts</td>
<td>69</td>
<td>375</td>
<td>89</td>
<td>5.73</td>
<td>58</td>
</tr>
</tbody>
</table>

SOURCE: Compiled from various Annual Report of the UPFC.
SANCTION TO SMALL SCALE SECTOR AND BACKWARD AREAS BY UPFC

Rupees in Crore

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanction to SSS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Backward Areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

180A
districts and Bundelkhand districts. The following table 4.10 shows the financial assistance sanctioned to various sectors during the year 1985-86, 1990-91.

As is evident from the above table sanction to small scale Industries was Rs.142.99 crore to 1645 units during 1990-91 as against Rs.167-57 crore to 2077 units during 1986-87 indicating an over all decrease of nearly 14.66 percent. The loan sanctioned in backward areas to the extent of Rs.97.06 crore (to 881 units) in 1990-91 register at a decrease of 26.14 percent over the performance of the year 1985-86. It showed that adequate attention was not given to the promotion of industries in small scale sector and backward areas. During the year 1990-91 the corporation has contributed Rs.142.99 crores for the development of small and medium industries in the state. Loans amounting to Rs.97.07 crores accounting for 48.16% of the total financial assistance sanctioned, were given to backward areas. The Corporation during the year 1990-91 sanctioned Rs.18.13 crores in the Eastern districts Rs.7.22 crores (3.61%) to Bulandshahr districts of state. The loan has not been sanctioned to the entrepreneur of various section in 1990-91 as much as it was sanctioned in 1980-81. It shows that the U.P. Financial Corporation is not working in proper way and not helping the persons who are interested to become new entrepreneurs.

The UPFC's coverage extends to all 63 districts of Uttar Pradesh. In the time with national policy it has been giving priority treatment in the matter of granting assistance to entrepreneurs of backward areas and backward communities. Table No.4 shows sector-wise distribution of net financial assistance sanctioned and disbursed by UPFC since its inception.

Table 4.11
(Rs. in lakh)

<table>
<thead>
<tr>
<th>Name of Sector</th>
<th>No. of units</th>
<th>Sanctions</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backward District</td>
<td>5032</td>
<td>28815.16</td>
<td>25201.79</td>
</tr>
<tr>
<td>Category A</td>
<td>2759</td>
<td>6357.15</td>
<td>5536.91</td>
</tr>
<tr>
<td>Category B</td>
<td>11773</td>
<td>36451.15</td>
<td>30114.42</td>
</tr>
<tr>
<td>Category C</td>
<td></td>
<td>47509.24</td>
<td>37291.02</td>
</tr>
<tr>
<td>Non Backward District</td>
<td>12869</td>
<td>119132.70</td>
<td>98144.14</td>
</tr>
<tr>
<td>Total</td>
<td>32323</td>
<td>119132.70</td>
<td>98144.14</td>
</tr>
</tbody>
</table>

Source: Compiled from various Annual Reports.
Table 4.11 reveals that of the total financial assistance sanctioned by the U.P. Financial Corporation upto March 1991, the nonbackward district with 12869 with claimed assistance of the order of Rs.47509.24 lacs (39.87%) followed by least Backward Districts (Category "C") 11663 units with the assistance of the order of Rs.36451.15 lacs (30.59%) under non backward districts Ghaziabad district claimed first position with Rs.14046.04 lacs followed by Muzaffarnagar district with Rs.5630.40 lacs under least backward district, Noida/Ghaziabad claimed first position with Rs15726.02 lacs followed by Bulandshahar district with Rs.3530.82 lacs. Most Backward District (Category A) have been sanctioned Rs.28815.16 lacs (24.18) with 5032 units and less Backward Districts” Rs.6357.15 lacs (5.3%) with 2759 units.

UPFC has disbursed the financial assistance of Rs.37291.02 lacs (37.09) to entrepreneurs of nonbackward districts, while entrepreneurs of least backward districts (category 'C') have claimed assistance of the order or Rs.30114.42 lacs (30.69%). The Corporation has also disbursed financial assistance to entrepreneurs of Most Backward District (Category A) of Rs.25201.79 lacs (25.67%) and entrepreneurs of less backward districts (category B) of Rs.553.91 lacs (5.64%).
The UPFC has played a significant role in eradicating regional imbalance. To accelerate the growth of industrialisation, this corporation provided more assistance to entrepreneurs of most backward districts and less backward districts. The Corporation has succeeded in attracting big industrial houses of the country to set up projects in backward districts.

Financial Assistance to Backward Communities

The U.P. Financial Corporation has provided various facilities to entrepreneur of backward class. The Corporation centers to the need of Handloom weavers (mostly belonging to backward class) of the state under its Handloom weavers scheme. Besides this, the UPFC has formulated transport operations scheme to assist the Divers of backward class (ST/SC) to acquire new vehicles by providing term loan to the extent of 85 percent of the cost of chasis and body.

The UPFC charges only 75% of the processing fee and 50% of the legal service charge on units coming up in Backward areas and the entrepreneur belonging to scheduled caste/schedule Tribe other backward class. These facilities are provided on taking of term loan under any scheme/service rendered by UPFC to promote entrepreneurial activities among backward communities, the UP Financial corporation adopted Two Tier Interest Rate Structure. In the first tier, interest
rate structure. In the first tier, interest rate would be applicable on non backward areas on entrepreneur of nonbackward communities, and the second tier will be applicable to entrepreneurs of backward communities (SC/ST) and backward areas as under:-

Rates of Interest with Reference

i) For small scale Industrial units
   a) Backward areas @ 12.5%
   b) Non backward area @ 13.5% on 14%

ii) For Medium and large Scale units
   a) Backward areas @ 10%
   b) Non backward area @ 12%

iii) Composite loan scheme (upto 50,000)
    a) Backward area @ 10%
    b) Non backward areas @ 12%

iv) Interest applicable on loan upto Rs.25000/- for scheduled caste/Tribe Entrepreneur @ 10% (both for backward and non backward district)

Additional Rebate

i) Backward class employees and technicians are entitled to a rebate @ 1/2 % on the prevailing rate of interest.

Scheme wise and Amount-wise Assistance Provided to Backward class (SC/ST) Entrepreneurs during the year 1988-89 to 1990-91 and as on 31st March 1991.
ii) Schedule caste/ Tribe Entrepreneur are entitled to a rebate @ 1/2% an interest.

The above structure shows that entrepreneur of backward class are provided loans on less rate of interest compared to entrepreneurs of non backward class. Additional rebate is also given to entrepreneurs of backward class. Table 4.12 shows scheme wise and amount wise assistance provided to backward class entrepreneur.

As is evident from the above table during 1990-91 sanctions to entrepreneur of backward class (SC & ST) under composite loan scheme was 647%. Lower than the last year's achievement in this sector. A sum of Rs.29.94 lacs was sanctioned in 1990-91 as against Rs.1.44 lacs in 1989-90 under small Road Transport Operation Scheme. The assistance sanctioned under corporation's Main loan accounting for Rs.159.40 lacs in 1990-91 as against Rs.121.86 lacs in 1989-90. No assistance sanctioned under Handloom weavers scheme to entrepreneurs of scheduled caste and scheduled tribe in 1989 to 1991. Cumulative assistance sanctioned under compare loan scheme Rs.172.51 lacs (16.50%) Handloom weavers scheme Rs.76.12 lacs (7.24%) SRTOS scheme Rs.97.84 lacs (9.30%) and corporations Main loan Rs.704.80 lacs up to end March 31,1991.
## TABLE-4.12

**SCHEME WISE AND AMOUNT-WISE ASSISTANCE PROVIDED TO BACKWARD CLASS (S.C./ST) ENTREPRENEURS DURING THE YEAR 1989-90 TO 1990-91 AND AS ON 31ST MARCH 1991.**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the Scheme</th>
<th>1989-90</th>
<th>1990-91</th>
<th>As on 31st March '91</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Sanctions</td>
<td>Disbursement</td>
<td>Sanctions</td>
</tr>
<tr>
<td>(a) i) Composite Loan Scheme</td>
<td>6.58</td>
<td>2.92</td>
<td>0.88</td>
<td>1.62</td>
</tr>
<tr>
<td>(a) ii) Handloom Weavers Scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(a) iii) Small Road Transport Operator Scheme</td>
<td>1.44</td>
<td>1.44</td>
<td>29.94</td>
<td>2.97</td>
</tr>
<tr>
<td>(a) iv) Corporation Main Loan</td>
<td>121.86</td>
<td>75.56</td>
<td>159.40</td>
<td>112.34</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>129.88</td>
<td>79.92</td>
<td>190.22</td>
<td>116.93</td>
</tr>
</tbody>
</table>

(a) **Amountwise Breakup:**

<table>
<thead>
<tr>
<th></th>
<th>1989-90</th>
<th>1990-91</th>
<th>1990-91</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Upto Rs.25000</td>
<td>0.46</td>
<td>1.14</td>
<td>0.20</td>
</tr>
<tr>
<td>2) Above Rs.25000</td>
<td>17.07</td>
<td>10.23</td>
<td>1.98</td>
</tr>
<tr>
<td>to Rs.2 lacs.</td>
<td>1.98</td>
<td>3.00</td>
<td>137.10</td>
</tr>
<tr>
<td>3) Above Rs.2 lacs. up to Rs.10 lacs.</td>
<td>37.75</td>
<td>37.68</td>
<td>89.84</td>
</tr>
<tr>
<td>4) Above Rs.10 lacs.</td>
<td>74.60</td>
<td>30.87</td>
<td>98.20</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>129.88</td>
<td>79.92</td>
<td>190.22</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled from various Annual Reports of UPFC.
Financial assistance disbursed by UPFC to entrepreneurs of backward class (ST/SC) was Rs.412.87 lacs (62.02%) under C.M.L. scheme while assistance disbursed under SRTO scheme was Rs.59.56 lacs (8.94%) upto the end of March 1991. The Corporation has disbursed Rs.67.12 (10.08) under Handloom weavers scheme and Rs.126.11 lacs (18.94) under composite 1 loan scheme during the period under review.

The table also reveals that the U.P. Financial Corporation has sanctioned and disbursed highest assistance by loan which are given upto Rs.10 lacs from Rs. 10 lacs to 2 lacs to each persons.

Under the Handloom weavers scheme financial assistance continued to be provided by the Corporation for the upliftment of weaker sections of the society especially to the backward classes.

Table 4.13 shows regionwise financial assistance sanctioned and disbursed under Handloom weavers scheme to Backward communities by UPFC since its inceptions.

Table 4.13
Regionwise financial assistance sanctioned and disbursed under Handloom weavers scheme to Backward communities by UPFC since its inception

<table>
<thead>
<tr>
<th>Name of Region</th>
<th>No.</th>
<th>Sanction Amount</th>
<th>Disbursement Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agra Region</td>
<td>229</td>
<td>6.99</td>
<td>3.55</td>
</tr>
<tr>
<td>2. Aligarh Region</td>
<td>228</td>
<td>7.53</td>
<td>7.53</td>
</tr>
<tr>
<td>3. Allahabad Region</td>
<td>79</td>
<td>5.47</td>
<td>5.47</td>
</tr>
<tr>
<td>4. Bareilly Region</td>
<td>683</td>
<td>29.41</td>
<td>29.41</td>
</tr>
<tr>
<td>5. Bulandshahar Region</td>
<td>396</td>
<td>16.19</td>
<td>16.19</td>
</tr>
<tr>
<td>6. Dehradun Region</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9. Ghaziabad Region</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10. Gorakhpur Region</td>
<td>225</td>
<td>9.08</td>
<td>9.08</td>
</tr>
<tr>
<td>11. Halwani Region</td>
<td>126</td>
<td>4.86</td>
<td>4.86</td>
</tr>
<tr>
<td>12. Jhansi Region</td>
<td>500</td>
<td>31.64</td>
<td>31.64</td>
</tr>
<tr>
<td>13. Kanpur Region</td>
<td>132</td>
<td>9.06</td>
<td>7.03</td>
</tr>
<tr>
<td>14. Lucknow Region</td>
<td>1186</td>
<td>95.05</td>
<td>95.05</td>
</tr>
<tr>
<td>15. Meerut Region</td>
<td>481</td>
<td>27.80</td>
<td>26.94</td>
</tr>
<tr>
<td>16. Moradabad Region</td>
<td>731</td>
<td>47.13</td>
<td>47.13</td>
</tr>
<tr>
<td>17. Muzaffar Nagar Region</td>
<td>47</td>
<td>5.10</td>
<td>4.34</td>
</tr>
</tbody>
</table>
Table 4.13 reveals that cumulative assistance sanctioned under the Handloom weavers scheme mounted to Rs.335.21 lacs during the period under review. The UP Financial Corporation has disbursed under such scheme to entrepreneurs of backward class to Rs.328.12 lacs. Since its inception, the UPFC's coverage extended to 17 regions out of 20 regions under the Handloom weavers scheme. Dehradun and Ghaziabad regions have not received any financial assistance under the above said scheme. Table also reveals that of the total financial assistance sanctioned by the UPFC under the Handloom Weaver scheme up to 31st March 1991, Lucknow region with its 1186 units claimed assistance of the order of Rs.95.05 lacs (28.35%), followed by Moradabad Region 731 with assistance of the order of Rs.47.13 lacs (14.05%), Jhansi region 600 units with assistance of Rs.31.64 lacs (9.43%), Bareilly region 683 units with assistance of Rs.29.41 lacs (8.77%), and Faizabad region 473 units with assistance of Rs.29.14 lacs (8.77%).
assistance of Rs.26.40 lacs (7.81%). The remaining 31.32 percent of the assistance was shared by other regions of the state.

Of the total disbursements amounted upto 31st March 1991 Lucknow region also claimed first position with Rs.93.05 lacs (28.96%) disbursed followed by Moradabad region with Rs.47.13 lacs (14.36%) disbursed. For Jhansi region Rs.31.64 lacs (96%) have been disbursed the remaining amount was shared by other regions except Dehradun and Ghaziabad region. Above analyses reveals that entrepreneur of Mau (under Gorakhpur region) Tanda (under Gaizabad region) and Gorakhpur have not availed facilities of financial assistance provided by the UPFC.

The UP Financial Corporation has played a significant role in the field of development of entrepreneurship among backward communities and other communities. This is continuous growth in both sanctions and disbursement. The Corporation continued to maintain good performance in its all promotional activities such as development of SSI sector and various scheme of entrepreneurial development like assistance to backward communities (SC - ST) entrepreneur, entrepreneur ex-servicemen entrepreneur, the scheme of

1. See table No.4.13.
equipment finances, modernisation etc. It has also shown good performance in promotional and development activities of backward area and rural areas. This is evident from the growth of entrepreneurial activity in the backward regions and among the background communities of U.P.

U.P. Scheduled castes Finance & Development Corporation Ltd.

Before 1975 financial assistance was provided by the Government of u.P. to the weaker sections of the scheduled castes for their agriculture, cottage industries and technical professions in districts through the Director, Harijan and Social Welfare. With a view to increase the activities under these programmes the UP Scheduled castes Finance and Development Corporations was set up by the State Government in March 1975 under section 617 of the companies Act 1956. The registered office of the Corporation is situated at Mahanagar Lucknow. The main objectives of the Corporation are:

1. To promote, assist, organise, finance and develop the task of socio-economic and educational upliftment of the scheduled castes in the state of UP.

To manage, establish, operate and conduct small scale industries for the benefit of scheduled castes.

3) To provide financial, technical, managerial and marketing assistance to scheduled castes entrepreneurs.

4) To procure loans though institutional finance and sanction grants to the scheduled castes entrepreneurs.

Management:

The management of the UP scheduled castes Finance and Development Corporation vests in a Board of Directors consisting of 75 members including a part time chairman and full time Managing Director. The Managing Director is assisted by three General Managers, Company secretary and Senior Finance and Accounts Officer in managing day to day affairs of the company at corporate office. The corporation managed its work from its head quarter situated in Lucknow without any branch a administrative set up at district level but when the scheme of special component plan was enforced during the year 1980-81, it established its district offices and linked its margin money loan and subsidy scheme with

1. Ibid.
2. A Hand Book of UP State Public Sector Enterprises p.322
other agencies involved in economic development of the weaker section.

Role of UP Scheduled Castes Finance and Development Corporation in Entrepreneurial Development

The UP Scheduled castes Financial and Development Corporation provided various schemes and services for entrepreneurial development among backward communities especially scheduled castes. The details of schemes are as follows:

1) Margin Money Loans Scheme

Margin Money Loan and subsidy on Bankable scheme" was introduced under the director of the central Government for attracting scheduled caste entrepreneurs for undertaking schemes financed by a bank or financing institution for their own economic development. Under this scheme each beneficiary is required to take loan either from banks or U.P. Financial Corporation or District Industries centre. The scheme is intended to facilitate scheduled caste entrepreneur under taking various entrepreneurial activities in respect of small scale and cottage industries including diary animal husbandry piggery, goat rearing, transport, agricultural development, land development, small business, as well as all schemes approved by the Agriculture Refinance and Development Corporation (IRDC). This scheme has been linked
with the grants of special central assistance. The corporation has assisted to following schemes under the marginal money loan.

1) All schemes approved by the ARDC
2) Broiler unit
3) Diary scheme
4) Back yard Poultry keeping
5) Poultry scheme
6) Piggery scheme
7) Goat rearing scheme
8) Scheme for shoes makes
9) Scheme for weavers (including carpet weavers)
10) Laundry scheme
11) Cottage and small scale industries
12) Small business schemes
13) Scheme for Rickshaw Pullers
14) Dunlop cart scheme
15) Bullock cart scheme
16) Horse driven Kharkhara scheme
17) Scheme in hills for two mules
18) Any other income generating scheme

Entrepreneurs of scheduled castes are benefited with scheme of Margin Money Loan. Table 4.14 highlights the
financial assistance provided by the U.P. Scheduled castes Financial and Development Corporation under the scheme of Margin Money loan from the year 1980-81 to 1985-86.

Table 4.14
Financial Assistance Provided by the UPSCFC under scheme of Margin Money loan from the year 1980-81 to 1985-86
(Rs in lacs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target Benefited</th>
<th>No. of families benefited</th>
<th>Amount given by the Corporation Margin Money Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>30092</td>
<td>30011</td>
<td>122.00</td>
</tr>
<tr>
<td>1981-82</td>
<td>81576</td>
<td>111169</td>
<td>170.14</td>
</tr>
<tr>
<td>1982-83</td>
<td>90000</td>
<td>68904</td>
<td>21.80</td>
</tr>
<tr>
<td>1983-84</td>
<td>90000</td>
<td>48592</td>
<td>117.06</td>
</tr>
<tr>
<td>1985-86</td>
<td>50000</td>
<td>49428</td>
<td>190.23</td>
</tr>
</tbody>
</table>


As is reflected in the above table the total number of benefited families under Margin Money Loan was 30011 in 1980-81 as the target was 30092 has risen to about 49428 in 1985-86. The entrepreneurs of scheduled class were provided financial assistance of Rs.122.00 lacs in 1980-81 which has increased to Rs.190-23 lacs in 1985-86, showing an increase
of 47.7 percent. In order to accelerate the development of entrepreneurship among scheduled castes the Corporation has not taken satisfactory steps. Besides the Margin Money Loan scheme, the Corporation has provided other schemes which are as under:-

1) Setting up, typing and stenography centres for educated scheduled castes youths.

2) Scheme for benefiting skilled educated entrepreneur of the scheduled castes living below poverty line.

3) Scheme for benefiting scheduled castes persons living below poverty line for cottage industries, agriculture development, to medical engineering and Law graduate to start their profession under state govt fund.

The UP scheduled castes Financial and Development Corporation has played a significant role in development of entrepreneurship among schedules castes. Efforts of corporation are helpful in removing unemployment low standard of living any entrepreneur of schedule castes. Members of scheduled caste, however, could not avail all the facilities provided by the Corporation. In fact this Corporation should have played a better role in the development of

entrepreneurship among the backward communities, but the role of the Corporation in such a field has been quite limited. There is a need to re-orient. This Corporation towards creating a conjunial atmosphere for growth of entrepreneurship among backward communities of U.P.

U.P. Minorities Financial and Development Corporation Ltd.

UP Minorities Financial and Development Corporation was incorporated and registered under the companies Act 1956 on 7th November 1984. Certificate for the commencement of the business was issued on 27th December 1984. The registered office of the Corporation is at Lucknow.

The main object of the Corporation is to ensure all round socio-economic development of the minorities (Muslim, Sikh, Christian, parsi and Buddhist). The Corporation assist such members of minority communities who are capable of setting up new Industrial units/ Business or service enterprises but can not secure loan assistance from financial institutuents.

As far the organisation of the Corporation is concerned the general superintendence and direction of business of the corporation vests in Board of Directors consisting of

Chairman and Managing Director and other six directors. Managing Director is assisted by a General Manager, and additional General Manager, one accounts officers and 10 field officers. In addition a representative of the Bureau of Public Enterprises, UP and the Chairman of the UP Minorities Commission are also invited to attend the meetings of the Board as special invites.

Role of Corporation in Entrepreneurial Development

The UP Minorities Financial and Development Corporation Ltd. has provided various schemes and services for development of entrepreneurship among minorities communities (including backward classes of these communities) of the state. The detailed activities of the Corporation in the sphere of entrepreneurial development can be seen under the following heads:

1) Margin Money Loan Scheme

The Corporation introduced the margin money loan scheme for minorities in November 1986. The object of this scheme is to help such members of minority communities who can set up new industrial units/ Business on service enterprises but can not secure loan assistance from financial assistance like UPFC, UPSIDC, PICUP etc. because they can not provide Margin Money for this purpose. The salient feature of this scheme is as under:-
1) The margin money assistance shall be available in respect of only Industrial units of Business or service on which total outlay of the project shall not exceed Rs.2.00 lacs. In case of transport the margin money will be available for Temp; Taxi and Jeep, Maruti Van (to be used as taxi).

2) In deserving cases existing units/enterprises can also be extended. This assistance for expansion of installed capacity on business but in such cases also the total outlay after expansion should not exceed Rs.2.00 lacs, there should be an increase of 25% in the share capital on won involvement of the applicant.

3) The small project ranging between Rs.5000/- Rs.10,000 will however, be entitled to get 100% margin money to the extent of 30% of the project at 4% interest.

4) Margin Money loan shall carry 7.5% simple Interest.

5) In case of artisans who have got central Government or State Government awards for excellence, technicians who have excelled in their trade and officially recognised and degree or diploma holders in engineering who have no resources of their own can get margin money assistance to the extent of 20% of the total cost of the project or to the full extent of margin money required which ever is higher.
6) In case of partnership firm / societies they can avail this assistance provided all partners/ members shall belong to minority communities.

7) A person who is a Muslim, Sikh, Parsi Christian or Buddhist shall be eligible for assistance under this scheme. Table 4.15 shows financial assistance provided by U.P. Minorities Financial and Development Corporation under 'Margin Money Loan Scheme' to entrepreneurs of Minority Communities from the year 1986-87 to 1991-92.

Table 4.15
Financial Assistance Provided by UPMFDC to Minority Communities from the year 1986-87 to 1991-92
(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-87</td>
<td>149</td>
<td>28.00</td>
</tr>
<tr>
<td>1987-88</td>
<td>681</td>
<td>90.00</td>
</tr>
<tr>
<td>1988-89</td>
<td>1132</td>
<td>123.66</td>
</tr>
<tr>
<td>1989-90</td>
<td>1932</td>
<td>189.40</td>
</tr>
<tr>
<td>1990-91</td>
<td>1317</td>
<td>120.77</td>
</tr>
<tr>
<td>1991-92</td>
<td>1035</td>
<td>101.41</td>
</tr>
<tr>
<td>Cumulative upto end march 1992</td>
<td>6246</td>
<td>653.19</td>
</tr>
</tbody>
</table>
Source: Data collected from the Corporations registered office Lucknow.

Table 4.15 indicates that assistance provided by UP minorities Financial and Development Corporation under Margin Money Loan Scheme aggregated Rs.101-41 lacs to 1035 units in 1991-92 recording a growth 262.17 percent over the assistance of Rs.28.00 lacs in 149 units provided in 1986-87. Cumulatively upto the end March 1992 the Corporation provided assistance Rs.653.19 lacs to 6246 units under such scheme. The table also reveals that the Corporation provided higher loans Rs. 189.40 lacs (28.89%) to 1935 units to entrepreneurs of minority communities in 1989-90. It shows that upto 1980-90 the financial assistance has declined (See Figure 2). It is a matter of surprise that the Corporation provided only Rs.6.53 crore under this scheme during six years. While the population of minority communities have touched more than 10% of total population.

Entrepreneurial Development Programme

Recognising the lack of entrepreneurial skills and tradition among the minorities the U.P. Minorities Financial and Development Corporation has taken up Entrepreneurial development programme (EDIs) under EDP Multi disciplinary
inputs are made available to young participants by officers of the Industries department technical institution etc.

The basic features of the EDPs are listed as below

1) Identification and careful selection of entrepreneurs of minority communities for training.

2) Development of the entrepreneurial capabilities of the trainees.

3) Equipping the trainees with basic managerial understanding.

4) Ensuring a viable industrial project for each political entrepreneurs.

5) Helping to secure necessary financial infrastructural and related assistance by the Corporation.

6) Training cost is highly subsided and only a taken fee is charged.

The UP Minority Financial and Development Corporation has organised 4 training camps in 1990-91 under Entrepreneurial Development Programme as against 3 camps have been organised in 1989-90.

2. Data Collected by the scholar from UPMFDC's registration Office, Lucknow.
3) Rickshaw Puller Scheme

Under the rickshaw puller scheme the Corporation has provided rickshaws to those members of minority communities who are pulling rickshaw on a time basis. The rickshaw pullers are required to pay Rs. 5 to 6 per day to the Corporation in repayment of money invested by the Corporation in purchasing their rickshaw. The pullers will be the role owner of the rickshaw provided to them by the Corporation. At present, this scheme has been introduced in Lucknow.

U.P. Minority Financial and Development Corporation has played a crucial role in the development of entrepreneurship among minorities communities by providing various schemes like Margin Money Loan, Scheme, EDPs and Rickshaw Puller Scheme etc. Besides this Hawkers Scheme and Scheme for providing Kiosks to unemployed persons of Minority have been provided by the Corporation. In comparison to other financial institution, the role of this is not satisfactory because the corporation has provided less financial assistance to entrepreneurs of minority communities.

CONCLUSION

From the foregoing analysis it can be concluded that various financial institution of Uttar Pradesh like UPFC, UPSIDC, PICUP, U.P. Minorities Financial and Development Corporation are investing their mobilised money in different sector and areas of the state for development of entrepreneurs. These institutions provide financial assistance to entrepreneurs of backward areas and backward communities. UPFC has invested their money to small land medium scale industries while PICUP invested to medium and large scale industries. These institutions maintain good performance in all the promotional activities such as development of small scale industrial sector, and the various schemes of entrepreneurial development like assistance to backward communities (SC/ST/Other backward communities) women entrepreneurs ex-serviceman entrepreneurs etc. In spite of the fact that these state agencies cater to the overall needs of backward communities in the sphere of entrepreneurial growth, the role is still very limited. The next chapter will show the extent of achievement in the sphere in Gorakhpur Division of U.P.