Chapter VI

FINDINGS AND CONCLUSION
In the preceding chapter, the role of financial institutions of Gorakhpur division in entrepreneurial development has been discussed. Here in the final chapter of the thesis, the findings and conclusions of the whole work will be presented.

Enterprise is probably as old as human history. The spirit of enterprise makes a man an entrepreneur. In fact entrepreneurs, are persons who initiate, organise, manage and control the affairs of a business unit by combining the factors of production for supplying goods and services. It may pertain to agriculture, industry, trade and other profession. The function of an entrepreneur is a significant activity which reflects in the overall development of the country, states and particular area. An analysis of the growth and development of entrepreneurship in India reveals that industrial entrepreneurs have played a vital role in the economic development.

In U.P. also, the growth of entrepreneurship has acted as a catalyst of development of small scale industrial units in state. During the past few years, there has been faster development of engineering, chemical, electronic and agro-based industries in the state. In order to accelerate the development of small industries in backward region the state
government has taken some concrete steps in recent past. 45 out of 63 districts of the state have been declared industrially backward. The new strategy adopted by the state Government is to strengthen the DIC’s and other functionaries so that the establishment of new small industries in backward region could be properly assisted and supervised.

The objective of this study is to evaluate the performance of financial institution in the development of entrepreneurship among backward communities. A brief and selective review of the literature on entrepreneurship may not be out of context. Many scholars have shown greater interest in studying the various aspects of entrepreneurship in India. Among these studies of entrepreneurship notable are those of N. Gangadhar Rao, Gupta, M.C., Murthy, BEVV Narsimha, Bhanushali, S.G., Sharma, R.A., Karulkar, R.P., Tandon, B.C., Mishra, M.N., Katridayal and Awasthi, Gaikwad & Tripathi, Jinna and Saxena, Small Industry Extension Training Institute.

All the above studies helped in evaluating the characteristics qualities of regional and ethnic groups in the pursuit of entrepreneurship. A look at the studies made so far, give a clear indication that most of them have studied about the entrepreneurship in a particular sector or entrepreneurship in particular segment of such sector. There
are also studies confined to entrepreneurship either among particular caste groups or among particular families.

As a part of the study, it is proposed to test the following hypothesis. Hypothesis (1) The entrepreneurship of backward communities could not avail of the facilities (2) Entrepreneurs of backward communities have done something in the field of trading and farming rather than in industries.

The study has been based on the primary as well as secondary data. The source of secondary data are as journals, reports, periodicals, statements, government publications and other literature. The primary data collected from the entrepreneurs of backward communities of Gorakhpur division.

The social base of entrepreneurship is an important factor influencing the pace of economic development. In several countries entrepreneurs have emerged from a particular socio-economic class. In India entrepreneurship is confined to a few groups as communities. The spirit of enterprise did not permeate among backward communities of the society. Backward communities are such castes and classes
that have been declared socially and educationally backward. In this study, scheduled castes, scheduled tribes and other backward classes (DBCs) are included in backward communities.

The entrepreneurial development in a country depends to some extent on the supply of finance. In India like other countries, the big and established industrialists can always raise money for their projects. But new entrepreneurs and fresher had to depend upon a limited circle of friends and relatives for raising money. It is, therefore, necessary to have special agencies to provide industrial finance for this groups of entrepreneurs.

After independence, starting with the establishment of Industrial Finance (IFCI) in 1948 a number of development banks (IDBI, ICICI, IRCI, SIDBI etc.) have been set up at all India level for accelerating the development of large medium and small scale sectors by providing financial and various other development assistance.

It has been observed that the IFCI provide medium and long term credit to large scale industries organised as Public limited companies or Co-operative societies incorporated in India engaged as proposed to engage in manufacturing, preservation and processing of goods, mining, generation and distribution of electric power or any other
form of power, transport, shipping and hotel industries. The IFCI has made a significant contribution to the growth and development of Indian industry during the last 40 or more years of its existence.

It has been observed that almost all states and union territories have been covered by the IFCI's assistance during the past forty two years except the state of Mizoram and Union Territories of Daman Diu and Lakshadeep. Under the leadership of IDBI, the IFCI conducted industrial potential surveys of less developed states and union territories in the country. Assistance sanctioned to projects in backward areas during 1990-91 amounted to Rs.1406.8 crore registering a growth of 38.9% and increasing their share in total assistance to 47.4% from 44.1% 1989-90. The IPCI contribute a sum of Rs.5 lakhs to Xavier Institute of Social Service, Ranchi for setting up Village and Tribal Entrepreneurship Development Centre. It has been also observed that IFCI plays a significant role in the development of entrepreneurship along with other financial institutions. The IFCI has served the purpose of entrepreneurial development in the country especially among the backward communities.
The Industrial Development Bank of India (IDBI) played a significant role in entrepreneurial development in India. The IDBI has been assigned a special role in the matter of planning, providing and developing industries to fill vital gaps in industrial structure. The IDBI provides various kinds of facilities and services to entrepreneurs of backward communities and backward region.

It has been observed that cumulative net financial assistance sanctioned by the IDBI during the period of 27 years, ended 31st March 1991 amounted to Rs.45841.6 crore including assistance to small sector upto 1989-90 of which a sum of Rs.34656.6 crore was disbursed. The assistance sanctioned by IDBI to backward areas aggregated Rs.2685.5 crore in 1990-91 recording a growth of 61.4% over the assistance of Rs.1663.3 crore sanctioned in 1986-87. On a cumulative basis upto end March 1991, sanctioned to projects in backward areas aggregated Rs.19062.1 crore more than 41% of total amount sanctioned in backward area for development of industrial projects in India by the IDBI.

Industrial Credit and Investment Corporation of India (ICICI) was set up for promoting industrial enterprises in
The ICICI provides project finance assistance to industrial concerns by way of rupee and foreign currency loan, underwriting and direct subscription to shares/debentures and guarantees.

It is pointed out that assistance sanctioned by ICICI in 1990-91 aggregated Rs.3861.1 crore, recording a growth of 35.4% on top of a growth of 38.6% in 1989-90. Disbursements went up by 45% to Rs.1967.5 crore in 1990-91. The industries which received bulk of ICICI's project finance sanction in 1990-91 were chemical and chemical products Rs.572.5 (20.2%); basic metals Rs.385.4 crore (13.6%) electrical and electronic equipment Rs.3615 crore (11.2%), Textiles Rs.247.2 crore (18.7%) and Cement Rs.237.8 (8.4%). It is also pointed out that total financial assistance sanctioned to backward areas by ICICI up to 31st March 1991, Maharashtra claimed highest assistance of the order of Rs.920 crore (17%) followed by Uttar Pradesh with assistance of the order of Rs.724.6 crore (12.42%) Gujrat with an assistance of 719.7 crore (12.34%) Andhra Pradesh with assistance of Rs.535.8 crore (9.18%) and Madhya Pradesh with an assistance of Rs.43.50 crore (7.45).

Small Industries Development Bank of India (SIDBI) is setup as a wholly-owned subsidy of Industrial Development Bank of India (IDBI). It is designed to function as the
Principal financial institution for promotion, financing and development of Industry in the small sector. The SIBDI's sanction and disbursement amounted to Rs.2823.8 crore and 2253.2 crore respectively. It has been observed that assistance sanctioned to units in backward areas aggregated Rs.896.6 crore. Of the total financial assistance disbursed to backward areas by Small Industries Development Bank of India during 1990-91, U.P. has received largest share of assistance Rs.795 crore (11.44%) followed by Tamil Nadu with 68.3 crore (9.84%), Gujrat and Andhra Pradesh have received Rs.68 crore (9.78%) and 62.5 crore (8.99%) respectively. It is also observed that SIDBI provides assistance to financial well industrial developed states rather than in backward states. Nearly 40 per cent of total assistance sanctioned and disbursed by SIDBI went to industrial developed state Maharashtra, Gujarat, Tamil Nadu, Karnataka and Uttar Pradesh. In the light of above observation, the industrial backward states Assam, Bihar, Orissa, Madhya Pradesh and Arunachal Pradesh should be given more assistance eradicating the regional imbalance.
The Life Insurance Corporation of India occupied a unique position among the financial institutions that operate in India money market. The LIC have been playing a key role in Capital market as a buyer of Industrial securities and as underwriters of new issues in the private sector.

It has been observed that cumulative net financial assistance sanctioned by Life Insurance Corporation of India upto end 31st March 1991 amounted Rs.4334 crore of which a sum of Rs.3296.2 crore was disbursed. The assistance sanctioned by LIC to the industrial sector during 1990-91 increased by 19 per cent to Rs.6881 crore from Rs.578.2 crore in 1989-90. Disbursement however declined by 6.1 per cent to Rs.427.4 crore from 455.2 crore in 1989-90. It has been also observed that LIC formed well industrial developed states viz. Maharashtra, Gujarat, West Bengal, Tamil Nadu rather than industrial backward states like Bihar, Orissa, Rajasthan, and Assam. Nearly 60% of total assistance sanctioned and disbursed. It has been found that the business of a commercial banks is primarily to hold deposits and loan and investment with the object of security profit for its shareholder. For development of entrepreneurship, the commercial bank designed and implemented various schemes. Under Self-employment Scheme for Educated Unemployed Youth (SEEVY), 30% of beneficiaries should belong to scheduled
castes and scheduled tribes. In 1990-91, 54700 educated youth are benefitted as against 97000 in 1989-90.

It has been observed that under the Integrated Rural Development Programme (IRDP) banks had assisted 28.98 lakh beneficiaries in 1990-91 and disbursed a total amount of Rs.1190.3 crore as loan and Rs.808.87 crore as subsidy. Out of the 28.98 lakh beneficiaries assisted during the year 14.46 lakh belonged to scheduled castes and scheduled tribes.

In the light of above observation it can be pointed out various financial institutions like IFCI, IDBI, ICICI, LIC and LITI etc. are investing their mobilised money in different sector and areas of the country for development of entrepreneurship. These institutions provide financial assistance to entrepreneur of backward communities and backward areas. But these institutions have inclined towards industrial developed states. No satisfactory steps have been taken to eradicate the regional imbalance in industrial development.

Uttar Pradesh is still one of the industrially backward states in the country. The most districts of state are still industrially and economically backward. The entrepreneurial activity are captured by upper castes (viz. Brahmin, Kshatriya, Vaishya 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 accelerate steps. The most backward districts have been declared industrially backward.

The U.P. State Industrial Development Corporation Ltd. develops land in industrially potential areas and provides sites or sheds to entrepreneurs on easy term. The corporation provides infrastructural facilities to the entrepreneurs by developing industrial areas.

It has been observed that the UPSIDC has acquired 38978 acres of land in 50 districts of the state and has established approximately 120 industrial areas at different location. The Corporation has allotted 19684 acres to entrepreneurs up to end of March 1991 while 38978 acres land were acquired during 30 years. The Corporation has acquired 2566 acres land in 1990-91 as against 1491 acres land in 1982-83 showing 72% increase during 9 years. 802 acres was allotted to entrepreneurs by the Corporation by 1982-83. Now it has grown to 1615 acres in 1990-91.

The Uttar Pradesh Financial Corporation has played a pivotal role in entrepreneurship development in U.P. The Corporation caters to need of the Handloom Weavers of the
It has formulated Transport Operator Scheme to assist the drivers in Hill Areas to acquire new vehicles by providing term loan to the extent of 85% of the Chasis and body. Assistance under the scheme is also available to SC/ST and Ex-servicemen in other areas of 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.

It has been observed that the Corporation has sanctioned Rs.172.37 lacks and Rs.1166.84 lacs to entrepreneurs of backward and minority communities respectively. The Corporation disbursed a amount of Rs.116.93 lacs and Rs.811.64 lacs to entrepreneurs of backward class and minority communities. The UPFC sanctioned Rs.326.38 lacs in 1970-71. It has risen to Rs.19968.85 lacs in 1990-91. The total disbursement was Rs.27.63 lacs in 1970-71 which has risen to Rs.12165.54 lacs in 1990-91. The UPFC has disbursed highest amount to Rs.15276.60 lacs in 1989-90.

U.P. Scheduled Castes Finance and Development Corporation provides various scheme and services for entrepreneurial development among backward communities
especially scheduled castes. It was pointed out that entrepreneurs of scheduled castes are benefitted with scheme of Margin Money Loan. The total number of benefitted 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 Rs.122.00 lacs in 1980-81 which has increase in Rs.190.23 lacs in 1985-86, showing an increase of 47.7 per cent.

U.P. Minorities Financial & Development Corporation was set up in 1984. The main object of the Corporation is to ensure all round socio-economic development of minorities (Muslim, Sikh, Christian, Parsi and Buddhist). The UPMFDC has provided various schemes and services for development of entrepreneurship among minorities communities of the State.

It has been observed that assistance provided by U.P. 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% over the assistance of Rs.28.00 lacs to 149 units provided in 1986-87. The UPMFDC has organised 4 training camps in 1990-91 under Entrepreneurial Development Programme as against 3 camps have been organised in 1989-90.
The fifth chapter is devoted to highlight the role of financial institutions of Gorakhpur division in Entrepreneurial development among backward communities. In this study an effort has also been made to identify the sources of capital at the time of inception of the business units and the present composition of the total capital etc. in enterprise. On the whole, 105 units have been selected from seven districts of Gorakhpur division viz. Gorakhpur, Deoria, Basti, Siddhartnagar, Maharajganj, Mau and Azamgarh. 15 units have been selected from each district in order to make a comparative study relating to entrepreneurship among backward communities of these selected districts.

It has been observed that in Gorakhpur division individual proprietorship is the most popular of all kinds of organisation. It could be seen that 53.3% of entrepreneurs at Gorakhpur, 53.3 per cent at Deoria, 46.6 per cent at Basti, 46.6 at Azamgarh, 66.6 per cent at Maharajganj and 53.3 per cent at Siddharth Nagar were proprietary concerns. Partnership is also a popular form of organisation in Gorakhpur division. Out of 105 entrepreneurs 40 (38.9%) entrepreneurs are engaged in partnership form.
So far as private limited company is concerned, Gorakhpur and Siddharth Nagar districts have claimed highest number of units 2 (13.3 per cent) while the Deoria, Basti, Mau to Azamgarh have only one units (6.6%) of private limited company form of organisation. In Maharajganj no unit is found in private limited company form.

It has been reported that out of 105 respondents covered in the study 71 (67.6 per cent) entrepreneurs belong to other backward communities except minority backward communities, 25 (23.8 per cent) entrepreneurs to minority backward communities and 9 (8.5 per cent) entrepreneurs to scheduled castes. There is no tribal entrepreneurs in Gorakhpur division under this study. Bannias are traditionally engaged in trade and other entrepreneurial activities. The entry into business activities is mostly confined to certain castes of backward communities.

Entrepreneurs of backward communities of Gorakhpur division are not well educated 45 (42.8 per cent) are high school plus, 30 (28.5 per cent) are less than high school, 26 (24.7 per cent) are graduates and post-graduates and remaining 4 (3.8 per cent) are found in the degree or diploma in engineering. So in Gorakhpur division 101 (96.2%) entrepreneurs of backward communities are non-technical and
the remaining 10 (9.5 per cent) are technically qualified as they hold degrees or diploma in engineering.

It has been observed that 37 (35.2%) units are situated in the industrial estates, 19 (18.9%) in the industrial areas and the rest 49 (46.6 per cent) units outside the industrial estates and industrial areas. It was also observed that most of the units which located inside the town are old.

It was observed that most of the entrepreneurs in all districts of Gorakhpur division were motivated by self/wife and family members. In Azamgarh district 8 (53.3%) entrepreneurs and Gorakhpur and Maharajganj district 7 (46.6%) entrepreneurs were motivated self and wife. In Deoria and Siddhartnagar districts 5 (33.3%) entrepreneurs were motivated by family members. The role of Government agencies as the prime motivation of entrepreneurship was insignificant. So there is inherent zeal and voluntary acceptance of entrepreneurship in all districts of Gorakhpur division.

The entrepreneurs of backward communities of Gorakhpur division were asked to rank the different ambition in order of importance. It has been found that the ambition of
continuing family activity was ranked first by 8 (53.3\%) entrepreneurs in Gorakhpur district whereas securing self employment was ranked first by 9 (60\%) units in Azamgarh district. So far as making money ambition is concerned 4 (26\%) entrepreneurs are ranked first in Basti and Mau district. In Gorakhpur, Mau and Azamgarh districts, 2 (13.3\%) units ranked first to Gaining social prestige. For most of the entrepreneurs in all districts of Gorakhpur division, the ambition of continuing family occupation, securing self employment and making money are the lead ambition.

Finance holds the key to all business activity. It is the life blood of business in any productive sphere and works. In this study an efforts has been made to identify the source of capital at the time of the inception of the units and at present, composition of the total capital etc.

It has been found that 20 (19\%) entrepreneurs relied exclusively on their own funds and remaining ones sought outside assistance also in building up the capital structures of their entrepreneurs. It was also found that 34 (32.3 per cent) entrepreneurs obtained financial assistance from Commercial banks, 22 (20.9 per cent) entrepreneur borrowed from term lending institution (development banks) and 18 (17.1\%) entrepreneurs sought financial assistance from their friends and relatives and 11 (10.4 per cent) entrepreneurs
managed their finance by borrowing from the indigenous bankers.

It has been observed that out of 41 entrepreneurs who established their units before 1980, 14 (34.1 per cent) entrepreneurs started their units exclusively with their own fund. Out 64 entrepreneurs who set up their units after 1980 only 6 (9 per cent) entrepreneurs depended totally on their own capital. The majority of entrepreneurs of backward communities who started their units after 1980 took financial help of the outsiders. In the same way, out of 41 entrepreneurs, 10 (24.3%) entrepreneurs took loan from commercial banks before 1980, while 24 (37.5%) entrepreneurs started their units with the borrowings from banks. It was also observed that the entrepreneurs who set up their units before 1980, depended much on borrowings from the indigenous bankers in comparison to the entrepreneurs who set up their units after 1980. Out of 41 entrepreneurs 8 (19.5 per cent) entrepreneur was took loan from the indigenous bankers while only 3 (4.6 per cent) entrepreneur took loans from the indigenous bankers after 1980.
It has been observed that 33 (32.2%) units have an investment from Rs.25000 to Rs.50000, 30 (28.5 per cent) units from Rs.50000 to 100000, 26 (24.7 per cent) units from Rs.100000 to 500000 and 16 (15.2 per cent) units from Rs.500000 to above. In Gorakhpur district highest amount has been invested while in Siddharthnagar and Azamgar districts lowest amount has been invested by entrepreneurs of backward communities.

In the light of above observation it can be pointed that entrepreneurs are facing the financial problems. The short term and long term financial needs of the entrepreneurs of backward communities are met from their own resources and through the loan provided by various Commercial bank and developments banks (UPFC and UPSIDC) respectively. The entrepreneurs are not aware of the institutional financing facilities in the Gorakhpur division, only a few entrepreneurs of backward communities have availed of the facilities.

The financial institutions and banks are not taking proper interest in promoting the entrepreneurs of backward communities by which the new entrepreneurs are not coming into existence. Some existing units of backward communities have become sick due to the problem of financial availability of raw material and mismanagement.
In conclusion, it may be observed that for the development of entrepreneurship in Gorakhpur division the main obstacles are the lack of capital and finance. Short term financial needs of entrepreneurs are met from the own resources and through the loans provided by Commercial banks and rural banks, but they can not take loans for long term from Commercial banks. The role of development banks in Gorakhpur division is not satisfactory. The entrepreneurs of backward communities in general are not aware of the institutional financial facilities in the state and Gorakhpur division. Most of the entrepreneurs have depended on own resources. The entrepreneurial activities are confined to some castes of backward communities. The entrepreneurs of scheduled castes and muslim prefer to opt profession over business. As a result of this the role of financial institutions are not satisfactory in the promotion of entrepreneurship among backward communities. These institutions should liberalise the terms and conditions for generating the financial assistance to entrepreneurs of backward communities.