

Economic Evaluation of Financing and Promotional Bodies for Industrial Development in Uttar Pradesh

DISSERTATION

Submitted To
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)
LUCKNOW

BABASAHEB
BHIMRAO
AMBEDKAR
UNIVERSITY



प्रज्ञा शील करुणा
ESTABLISHED 1996

In Fulfillment for the Award of
Master of Philosophy
in
ECONOMICS

Submitted By :
Shweta Singh
Enrollment No. 1242/16

Under the Supervision of :
Dr. L.C Mallaiah
DEPARTMENT OF ECONOMICS
SCHOOL FOR AMBEDKAR STUDIES
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)
VidyaVihar, Raebareli Road Lucknow-226025(U.P), India

2017

A pink scroll graphic with a black outline, featuring a rolled-up top edge and a rolled-up bottom-left corner. The text is centered on the scroll.

*Dedicated
To My
Revered Parents*

बाबासाहेब भीमराव अम्बेडकर विश्वविद्यालय
(केन्द्रीय विश्वविद्यालय)
विद्या विहार, रायबरेली रोड, लखनऊ - 226025
Babasaheb Bhimrao Ambedkar University
(A Central University)
Vidya Vihar, Raebareli Road, Lucknow-226025


Letter No. : 06/DE/BBAU/18

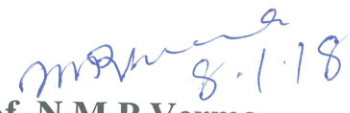
Date : 8.1.18

CERTIFICATE

This is to certify that the M.Phil Dissertation entitled “**Economic Evaluation of Financing and Promotional Bodies for Industrial Development in Uttar Pradesh**” submitted in fulfillment for the award of Master of Philosophy in Economics has been carried out under my supervision and no part of the dissertation has been submitted for any degree or diploma to any other University.

The dissertation is forwarded for the submission to Babasaheb Bhimrao Ambedkar University (A Central University) Lucknow, for the award of Master of Philosophy in Economics.


Dr. L.C Mallaiah
Research Supervisor
Department of Economics
BBAU, Lucknow


Prof. N.M.P Verma
Head of the Department
Department of Economics
BBAU, Lucknow

DECLARATION

I hereby, declare that this Dissertation entitled “**Economic Evaluation of Financing and Promotional Bodies for Industrial Development in Uttar Pradesh**” submitted to Babasaheb Bhimrao Ambedkar University (A Central University), Lucknow in fulfillment for the award of Master of Philosophy in Economics is my original work. It has not been submitted in part or full for any other diploma or degree of any other University. The indebtedness of the candidate to others has been duly acknowledged at relevant places.

This study is carried out under the supervision of **Dr. L.C Mallaiah** Department of Economics, School for Ambedkar Studies (SAS), Babasaheb Bhimrao Ambedkar University (A Central University) Lucknow, Uttar Pradesh, India. The Dissertation is essentially free from all kinds of plagiarism.

Place: Lucknow

Date: 28/12/2017



Signature of Candidate

Shweta Singh
Research Scholar
Department of Economics,
Babasaheb Bhimrao Ambedkar University
Lucknow, Uttar Pradesh

Acknowledgements


All praises and thanks to Almighty. The Omnipresent, the Cherisher and the Sustainer of Universe. His Mercy Blessings in accomplishing this M.Phil work. An enthusiastic guidance, dexterous work and dynamic cooperation have been provided by a number of people during the entire course of M.Phil. I feel contented to acknowledge those concerned.

I stand indebted for the knowledgeable supervision, excellent evaluation and embossing nature of Dr. L.C Mallaiah. The support he rendered with fruitful suggestions and unstinted guidance, keen interest, constructive criticism, comprising healthy discussions during the M.Phil work is heartily appreciated. I thankful to the State Financial Corporation of Uttar Pradesh, State Industrial Development Corporation Of Uttar Pradesh and Directorate of Industries Of Uttar Pradesh for helping me to complete this task by supporting and providing me the Data sources and other relevant.

I express my sincere thanks to my Head of the Department, Prof. N.M.P Verma, for providing the necessary facilities during the course of M.Phil. I am highly grateful for his kind and helping nature. Moreover, I feel delighted in expressing my gratitude to teachers of this department Prof Sanatan Nayak, Dr. Surendra Meher, Dr D.K Yadav and Dr Pranav Anand for their continuous encouragement and moral support throughout my research work along with this; I express my gratitude to my seniors Parual Verma, Pragya Aparana, Firdous, Ruchi, Arshi for their constant help in making the work worthwhile Bundle of thanks goes to my bosom near and dear ones and family members for their well wishes, supplications, timely help and encouragement especially to my elder brother Aditya Prakash Singh.

I am highly obliged and present my sincere pearls of acknowledgements to Suhail Ahmad Bhat for him continuous and unending support in every aspect.

I express extraordinary gratefulness and appreciation, although mere words are inadequate to express my feelings of indebtedness from the core of my heart towards my beloved Parents Dr. J.D. Singh and Mrs. Shashi Singh as they are the real pivots of my life. I thank them for moulding me with the grace of Almighty into what I am today. Lastly, I would like to thank one and all, whose best wishes kept me afloat amidst the storm.


Shweta Singh

CONTENTS

1. Certificate	i
2. Declaration	ii
3. Acknowledgement	iii
4. List of Table	v-vi
5. List of Graph	vii-viii

Chapter	Chapter Title	Page No
Chapter 1	Introduction	1-21
Chapter 2	Theoretical and Conceptual Framework	22-49
Chapter 3	Uttar Pradesh State Financial Corporation	50-93
Chapter4	Uttar Pradesh State Industrial Development Corporation	94-132
Chapter 5	Summary, Conclusions and Recommendations	133-143

LIST OF TABLES

S. No.	Title	Page No.
Table 2.1	Growth of Large Scale Industries in Uttar Pradesh	31
Table. 2.2	Classification of Small and Medium Industries in India	32
Table 2.3	Growth Investment Employment and Production in Small Scale Industries of U.P	32
Table 2.4	Group-wise Status of Industries in U.P. (Up to March, 2012)	33
Table.3.1	Year Wise Sanction, Disbursement And Profit & Loss of State Financial Corporation of Uttar Pradesh	82
Table.3.2	Socio Economic Contributions Assisted State Financial Corporation	82
Table.3.3	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation	83
Table 3.4	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation(Developed District)	84
Table 3.5	Area Wise Distribution of Disbursed Of Term Loan of State Financial Corporation	85
Table 3.6	Area Wise Distribution Of Disbursed Of Term Loan Of State Financial Corporation (Developed District)	86
Table 3.7	Area Wise Distribution of Term Loan Sanctioned of SSI Sector	87
Table 3.8	Area Wise Distribution Of Term Loan Sanctioned of SSI Sector(Developed District)	88
Table 3.9	Area Wise Distribution Of Term Loan Disbursed of SSI Sector	89
Table 3.10	Area Wise Distribution Of Term Loan Disbursed of SSI Sector(Developed District)	90
Table 3.11	Industry Wise Classification Of Term Loan Sanctioned	91
Table 3.12	Industry Wise Classification Of Term Loan Disbursed	91
Table 3.13	Recovery of loans	92
Table 3.14	Recovery Position	92
Table 4.1	Income of Uttar Pradesh Industrial Development Corporation	115
Table 4.2	Various Expenditures of Uttar Pradesh State Industrial Corporation	115

Table 4.3	Various Sources of Funds of the Uttar Pradesh State Industrial Corporation	116
Table.4.4	Utilization of Funds of Uttar Pradesh State Industrial Development Corporation	116
Table.4.5	Expenditure incurred under various projects	117
Table 4.6	Profit and Losses	118
Table 4.7	Industrial Land Under Development	119-120
Table 4.8	Development Expenditure	121-122
Table 4.9	Amount Received From U.P Government For Disbursement /Expenditure	123
Table 4.10	Land Possession	124-127
Table 4.11	Land Conveyance	128-131

LIST OF GRAPHS

S. No.	Title	Page No.
Graph 3.1	Year Wise Sanction, Disbursement And Profit & Loss of State Financial Corporation of Uttar Pradesh	55
Graph 3.2	Socio Economic Contributions Assisted State Financial Corporation	57
Graph 3.3.1	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation(Category A)	59
Graph 3.3.2	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation(Category B)	60
Graph 3.3.3	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation(Category C)	60
Graph 3.4	Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation(Others)	61
Graph 3.5.1	Area Wise Distribution of Disbursed Of Term Loan of State Financial Corporation(Category A)	63
Graph 3.5.2	Area Wise Distribution of Disbursed of Term Loan of State Financial Corporation(Category B)	64
Graph 3.5.3	Area Wise Distribution of Disbursed of Term Loan of State Financial Corporation(Category C)	64
Graph 3.6	Area Wise Distribution Of Disbursed Of Term Loan Of State Financial Corporation(Developed Districts)	66
Graph 3.7.1	Area Wise Distribution of Term Loan Sanctioned of SSI Sector(Category A)	68
Graph 3.7.2	Area Wise Distribution Of Term Loan Sanctioned of SSI Sector(Category B)	68
Graph 3.7.3	Area Wise Distribution Of Term Loan Sanctioned of SSI Sector(Category C)	69
Graph 3.8	Area Wise Distribution Of Term Loan Sanctioned of SSI Sector(Developed Districts)	70
Graph 3.9.1	Area Wise Distribution Of Term Loan Disbursed of SSI Sector(Category A)	72

Graph 3.9.2	Area Wise Distribution Of Term Loan Disbursed of SSI Sector(Category B)	72
Graph 3.9.3	Area Wise Distribution of Term Loan Disbursed of SSI Sector(Category C)	73
Graph 3.10	Area Wise Distribution Of Term Loan Disbursed In SSI Sector(Developed Districts)	74
Graph 3.11	Industry Wise Classification Of Term Loan Sanctioned by UPSFC	75
Graph 3.12	Industry Wise Classification Of Term Loan Disbursed by UPSFC	77
Graph 3.13	Recovery of loans	78
Graph 3.14	Recovery Position	79
Graph 4.1	Income sources of Uttar Pradesh Industrial Development Corporation	98
Graph 4.2	Various Expenditures of Uttar Pradesh State Industrial Corporation	100
Graph 4.3	Sources of Funds	101
Graph 4.4	Utilization of Funds	102
Graph 4.5	Expenditure incurred under various projects	103
Graph 4.6	Profit and Losses	105
Graph 4.7	Industrial Land Under Development	107
Graph 4.8	Development Expenditure	109
Graph 4.9	Amount Received From U.P Government For Disbursement /Expenditure	111
Graph 4.10	Possession and Conveyance of Land by Uttar Pradesh State Industrial Corporation	113

CHAPTER 1

Introduction

Industrial development is nowadays considered as a precondition for economic development. That is why all the countries throughout the globe whether developing or developed are channelizing their resources to promote rapid Industrial development in their economies. Therefore Industrial development is regarded as the life-blood of every economy. This is due to the fact that it involves the production and manufacturing of output in a large scale which simply opens up the economy to the outside world. As the production of the output of the economy increases it results the mass production of goods and services in the economy. With the use of better utilization of technologies, materials and good labour capabilities, there is incidence of capital formation which invariably increases the economic performance of the country, increases the Gross Domestic Product (GDP), increases per capita income, expands employment opportunities, brings increasing returns builds a self-reliant and self-sustained economy, generates modern attitudes, ensures growth with stability, more job opportunities are created, provides expanding market and increases national income which in the long run reduces the rate of unemployment to the lowest minimum and also increase the foreign earning of the country as a result of huge receipts from goods export abroad. As nowadays, the whole world is globally integrated world so the better industrialization not only advances the economic development of the country but also improves both the balance of trade and balance of payment of that nation and also improves the foreign exchange performance of its currency in the market.

Hence, economic growth and development are strongly determined by the prevailing industrial infrastructure of every country and this truth is accepted almost without any controversy in all nations of the world. Industrialization plays a prominent role in economic development of any nation. Strong and world leading economy had improved over the years as a result of industrialization. It has been proved that industrial development is the corner stone of structural change that is required for economic advancement of the country. For a nation to tend towards economic development, it needs to adjust its economic structure with the hope of improving the productive capacity of its industrial sector from low to high. Fundamentally, all cases of high, rapid, and sustained economic growth in modern economic development have been associated with

industrialization, particularly growth in manufacturing sector of the economy. Therefore, Industrialization plays a pivotal role in the economic development of both developing and developed countries because it solves the problems of general poverty, unemployment, backwardness, low production, low productivity and low standard of living in these countries. The per-capita incomes gap between the developed and underdeveloped countries are largely reflected in the disparities of industrial structure of their economies, the developed economics are largely industrial economies, while in under-developed the production is confined predominantly to agriculture. Moreover, industrial development has played an important role in the economic growth of countries like USA, UK, Canada, Germany, China, the Republic of Korea, Taiwan Province of China Taiwan, and Indonesia etc. they have achieved the heights in-terms of industrial development and their economics has grown with manifold. Hence, along with accelerated growth, the poverty rates in these countries have declined and have achieved self-sufficiency.

Nonetheless, industrialization can simply be described as a shift in the direction of an economy from a predominantly agrarian economy to manufacturing and industry based economy. Industrialization is generally characterized with the increase in production output as a result of mechanized system of production, the increase in Gross Domestic Product and also income growth, improved standard and cost of living. Therefore Industrial development can then be regarded as the advance use of mechanized system of production in order to boost production output so as to achieve certain macro-economic objectives such objectives are favorable for improving balance of payment, stability in foreign exchange, strong global economic presence, improved standard of living of the populace, and so on. A nation do not just attain industrial development, it takes the nation to consciously design strategies that will put its economy on the path of achieving it aims. For an economy to attain industrial development there is need for its manufacturing production output to have a positive effect on its Gross Domestic Product.

Hence, the Industrialization is termed as a key for economic development of every country throughout the globe and same is true for an underdeveloped economy like India where the industrialization produces possibilities for absorbing the excess labor force and also ensures the availability of mass consumption goods for a vast population. Moreover, the process of industrialization helps in transforming the raw resources into useful consumer products and effective means and tools of production and in the development of creating vibrant infrastructure

in the economy. The industrial sector possesses a relatively high marginal propensity to save and invest, contributes significantly to the achievement of a self-sustaining economy with continued high levels of investment, increase in levels of income and employment. Apart from this, Industrialization increases per capita income, expands employment opportunities, brings increasing returns builds a self-reliant and self-sustained economy, generates modern attitudes, ensures growth with stability, provides expanding market and increases national income.

Industrial development was recognized significant soon after Independence. Nonetheless, in 1951 India's Prime Minister Jawaharlal Nehru announced that India had to become most advanced and industrialized country and that as fast as possible. India has yet to become a manufacturing power house like China. India's post-independence development plans emphasized industrialization as a very important instrument for sustained growth and development in the country. In Jawaharlal Nehru's statement he said "It is only when India has acquired the ability to design, fabricate and erect its own plants without foreign assistance that it will have become a truly advanced and industrialized country" gives the importance of industries in national economy (Dantwala M. L.1964).

However, soon after independence the first industrial policy was announced on April 6, 1948 by the union Industry Minister later on the new industrial policy 1956 was declared which helps to boost the industrial development in India many financial institutions were setup for providing the finance for making rapid industrial development in India at center level such as industrial development bank of India, industrial finance corporation of India and at state level the state industrial development corporation and the state financial corporation has been setup due to which a large number of medium and large scale industries were established in India such as steel coal aluminum, copper, heavy and light engineering products fertilizers, basic chemicals drugs, minerals, petroleum products aircrafts, and ships. After 1980s, many branches of manufacturing like automotive industry, cement, cotton spinning, food processing, and polyester filament yarn, were increased and witnessed with modernization and expansion of scales of production. Industrial export growth also improved in the second half quarter of the 1980s as the import restrictions were moved from quotas to tariffs (as a first phase of trade reforms) although at very high levels and a steady depreciation of the currency in nominal terms. The turnaround in industrial output growth in this decade has been variedly attributed to liberalization,

improvement in public investment and public sector performance. Nevertheless, The Indian Government had undertaken policy reforms since 1980, but the most radical reforms have occurred since 1991, after the severe economic crisis in fiscal year 1990-91. The rupee was depreciated in order to expand exports. At the same time, many capital goods added to the list of products where imports do not need to be cleared by the government authorities. Moreover, import-licensing restrictions for a wide range of industrial inputs either eased or lifted while the maximum rate of import duties lowered. The number of factories during 1991–92 to 2006–07 for the manufacturing sector as a whole has increased by 30.37 per cent or 1.90 per cent per annum. However After independence the industrial growth particularly in manufacturing sector has increased to 8 percent in 1951 percent which were increased to 9.5 percent in 1979-80 and has later increased to 11.0 percent in 2009-10. While as the growth rate of the Industrial production in case of Basic goods were 5.94 percent in 1991-92 which has increased to 5.87 percent in 2009-2010. Similarly in case of capital goods it was 3.60 percent in 1991-92 which has increased to 8.09 percent in 2009-2010.

Nonetheless, the growth of India's industrial sector is sluggish because of the large chunk of problems which are mainly associated with the industrial infrastructure, industrial finance, problem of industrial sickness, shortage of raw material, higher cost of production lack of institutional organization and unbalance industrial structure which results differences in the extent of industrialization of state wise in India. Due to which the share of manufacturing in the Gross State Domestic Product (GSDP) varies very widely among the Indian states. In terms of this indicator, Gujarat is the most industrial developed state in India which comprises about 30 per cent share of manufacturing in GSDP followed by Other major states which had a higher than the national Maharashtra 23.46 per cent, Tamil Nadu 23.32 per cent, Haryana 20.0 percent, Karnataka 19.85 percent and Orissa (17.04 per cent). Kerala had the lowest 9.96 per cent of its SDP originating in manufacturing. Andhra Pradesh followed by Bihar and Uttar Pradesh were other states with low level of industrialization with only 12 to 14 per cent of their GSDP originating in manufacturing.

Therefore, development of industries is indispensable for India, as India has a good scope for the development of industries because India has many favorable factors for flourishing the industrial development in the country these factors are mainly in the form of industrial inputs as it is rich in natural resources, such as minerals, forests, fisheries, commercial crops, sugar-cane, raw cotton,

raw jute, tobacco, oil seeds, coal, hydro-electricity, atomic energy, etc. which is required for turning the wheels of industries.

Uttar Pradesh, accounts 200 million population is not only the largest and most important state of India but also the largest consumer market of the country (Census 2011). The Uttar Pradesh is largely agriculture based economy. Where agriculture still provides employment to 70 percent work force of the state and its contribution to the State Gross Domestic Product is 25 percent. Moreover, the state of Uttar Pradesh is home to a range of world famous traditional industries along with large scale industrial units throughout the country. (Uttar Pradesh: State Development Report September 2014.) The industrial sector is the second largest sector of UP's economy. Its contribution to GSDP currently stands at 20 percent which employs 5.67 per cent of the workforce in the state. Nevertheless, given the huge human resources coupled with natural assets, Uttar Pradesh holds enormous industrial potential, which is yet to be fully realized (Papola, T. S.1985). The Government of Uttar Pradesh aims at achieving industrial growth rate of 11.2 per cent. No doubt, it demands focused approach and unrelenting efforts to create investor-friendly environment by providing all possible facilities and transparent services. To make the State the most preferred investment destination, the new policy comprises of not only the best possible concessions and incentives but it also contains important provisions for improving ease of doing business in the (State Infrastructure and Industrial Investment in Uttar Pradesh report2013).

The industrial sector of Uttar Pradesh has recorded an upward trend and is almost developed in all districts of Uttar Pradesh but has not increased with the accelerated pace. There is much disparity in industrial development among district wise of Uttar Pradesh. Some of the districts have achieved significant growth in-terms of industrial development where as other districts are still lagging in-terms of industrial development. Development of heavy and medium industries in the state has maintained a constant trend in the state. By the end of the Seventh Five Year Plan, 935 big and medium industrial units had been set up in Uttar Pradesh with a total capital investment of Rs. 4, 48,938 persons. There are 2616 heavy and medium industries which are functioning in Uttar Pradesh. The investment has gone up to Rs. 41,266.20 crores and opportunities of employment have been created for 7, 38,582 persons. Under the new industrial policy regime the Investment has been increased from 306.36 crores in 2000-2001 to 1930.79 crores in 2009-2010 similarly the employment has increased from 78901 lakhs in 200-2001 to

132971 lakhs in 2009-2010 while as, the Production has increased from 675.56 crores in 2000-2001 to 5965.77 crores in 2009-2010 in the state.

Nonetheless, the structure of industrial economy of Uttar Pradesh has traditionally been dominated by small enterprises; in fact, the lack of large scale units has been considered as one of the factors in the lag of the industrial progress in the state. Predominance of traditional and agro-based industries like textiles and sugar has been another feature of the state's industrial structure, constraining its growth in comparison with the states with a large modern industrial sector. Apart from this, availability of the sufficient funds is recognized as the life-blood of the industries. Lack of adequate industrial finance is one of the major industrial drawbacks for creating the industrial environment and to make the existing industries more vibrant in the state. Therefore the state government is focusing to take more additional efforts to make easily availability of finance for industrial development so that 12.5 percent of the industrial growth can be achieved in the Uttar Pradesh State. However, the efforts to improve the industrial climate and promote industrial development in general have been made in the past, but they seem to have lacked as because of the inadequate availability of finance and lack of proper policies did not bring any structural changes in the industrial sector to render it more dynamic and growth-oriented(Jain, S. K., & Singh, P. 2000).

At present, the Uttar Pradesh, is a state with an access of 15 industrial areas, 12 specialized parks, four growth centres and an Industrial Infrastructure Development Centres (IIDC). As of March 2015, the state had 18 notified Special Economic zones (SEZs). Out of the notified SEZs, 18 are for IT/ITES sector. The development of integrated agro/food processing zones has been proposed at Hapur, Various Integrated logistics hubs (free-trade warehousing zones) have been expected to be developed in collaboration amidst Mitsui (Japan), Mineral and Mining Trading Corporation and IL&FS, Under central government scheme, various integrated industrial development centres have been developed so as to boost the development of micro small and medium industries at Etawah, Banthar (Unnao), Kosi Kotwan (Mathura), Kursi Road (Barabanki) and various other places.(Pathak S.V *et.al*).

Therefore, for making the state more industrially flourish the Government of Uttar Pradesh has setup various Promotional bodies and Development Agencies which are providing the financial support for industrial development in Uttar Pradesh such as Uttar Pradesh State Financial

Corporation. The Uttar Pradesh Financial Corporation was established on 1st November 1954 under the state financial corporation Act 1951. Uttar Pradesh financial corporation took a principle step for the industrial development at the state of Uttar Pradesh by providing financial assistance to upcoming small and medium scale industries in the state of Uttar Pradesh and also for modernization, diversification and expansion of existing Industrial units. UPFC plays a vital role in the order to make the financing activities efficient & thereby develops the economy of the state. UPFC has 19 Regional Offices that are spread throughout the state of U.P. The objective of Regional Offices is to ensure greater efficiency and providing quicker, faster, and quality services with regard to sanction and disbursement of loans.

Uttar Pradesh State Industrial Development Corporation (UPSIDC) is a state enterprise which promotes industries and develops industrial infrastructure in the State. The Corporation has developed 159 Industrial areas and 23 residential areas encompassing 41948 acres of land with a wide range of infrastructure facilities UPSIDC was incorporated as a company limited by shares on March 29, 1961. Its authorized capital is rupees 40 crores and paid-up share capital is rupees 24,07,51,000 as on March, 2015.

Department of Infrastructure and Industrial Development which is jointly responsible for the development of industrial infrastructure in the state, the Department of Industrial Development was established to create enabling environment for industrial growth in Uttar Pradesh. It has been reconstituted as Infrastructure & Industrial Development Department (IIDDD) in the year 2007 with the merger of newly created Infrastructure Development Department the Department has acquired the role of an industrial and investment facilitation body. IIDDD functions as the government arm to formulate and implement industrial and infrastructure development policies and strategies according to the specific needs and objectives of enabling socio-economic development of Uttar Pradesh. In this endeavor, the Department is guided by the newly announced Infrastructure & Industrial Investment Policy-2012. In tune with its role as a facilitator of infrastructure & industrial development and investment, the Department works for investment promotion through dissemination of information on opportunities in the State. Ensuring regional balance in industrial development and level playing field for entrepreneurs, IIDDD is continuously working towards creating congenial business environment in the State. Moreover, redressed of grievances and mitigation of hurdles in setting of industrial units is one its main responsibilities. Industrial development involves the Primary sector, comprising of largely raw material

extraction industries such as mining and farming; the Secondary sector, involving manufacturing, refining, and construction; and the Tertiary sector, which deals with services along with distribution of manufactured goods.

Udyog Bandhu is an organization of the State Government of Uttar Pradesh dedicated to facilitate Investment in Industrial and Service Sectors, besides solving various problems of existing & up-coming industries as well, related to different Government departments. Proactively contributing in policy formulation for rapid development of infrastructure, manufacturing and service sectors, the organization facilitates resolution of problems of prospective and existing entrepreneurs by providing them advisory services and taking up their issues at the appropriate level in the Government of Uttar Pradesh and other public bodies, institutions and organizations. Udyog Bandhu functions with transparency and swift responsiveness and serves its clients with a friendly and courteous approach."

Therefore, the Government of Uttar Pradesh is consistently taking various measures for making Uttar Pradesh more industrially vibrant state in India. Hence, it would be important to see how the recent additions to the industrial sector have affected the Industrial development in Uttar Pradesh. Therefore, the present study is going to evaluate the five financing and promotional bodies for industrial development in the state in-terms of production, investment, employment and export. These industries have been supporting entrepreneurs to establish industrial development in Uttar Pradesh by providing financial assistance, technical support, marketing support and providing basic infrastructure for industrial development. Hence this study is an attempt to study the role of financing and promotional bodies for industrial development in Uttar Pradesh.

Review of Literature

Review of literature constitutes an important part of research due to the fact that it deals with the critical examination and analysis of various published and unpublished works of different individuals and institutions related to the study under consideration. A thorough review and survey of related literature forms an important part of the research. Knowledge of related research enables the researcher to define the cutting edges of his fields; it helps in comparing the

efficiency of various procedures and instruments used. Further, review of literature avoids unintended reproduction of previous studies and also places the researcher in a better position to interpret the implications of his own outcome.

There have been many researches and studies conducted dealing with different aspects of industrial development in Uttar Pradesh at international, national, regional and local level. But unfortunately, very few studies have been found relating to role of Industrial financial and promotional bodies for industrial development in Uttar Pradesh. As the Uttar Pradesh is the second largest state contributor of national income in India therefore it is important to examine the role and performance of these financial and promotional bodies for creating the industrial development in Uttar Pradesh. Some of major studies on industrial development in Uttar Pradesh have been reviewed here.

Tiwari, R. T. (1983)., analysis the district-wise industrial performance and industrial structure in Uttar Pradesh. The author point out that the Uttar Pradesh is one of the industrially backward states of India, therefore the state Government has taken a variety of promotional as well as protective measures during the period of Fourth and Fifth Plans for industrialization of backward districts. But the overall performance of industrial sector in this state still does not show any marked improvement. Nonetheless the contribution of secondary sector to the state Gross Domestic Product has increased from 11 per cent to only 16 per cent during the last two decades. Further, the percentage contribution of industrial sector to total net domestic product at the national level during 1975-76 was 15.70 as against the corresponding percentage of 9.7 for Uttar Pradesh. These percentages in case of other states were 10.86 Punjab, 24.18 Maharashtra, 15.51 Madhya Pradesh, 19.10 Gujarat, 13.22 Bihar and 16.48 Andhra Pradesh.

Taori, K., & Singh, S. N. (1991)., examined the Khadi and Village Industries the author point out that the Khadi and Village Industries Corporation was constituted under the Act of Parliament to take overall responsibility for the development of the KVI sector in India in order to generate more employment opportunities and to utilize the local resources. However the author highlights that the Khadi and Village Industries Board, UP, is a statutory body of the State government entrusted with the responsibility of the development of KVI in the State. The board started giving serious thought to the marketing of rural industry products in mid1998 but unfortunately the state government fails to make these Khadi and Village industries much vibrant as these industries are still facing the problem of finance marketing and infrastructure

bottlenecks so there is a need of financial package to make these industries much profitable and bring vibrancy in them

Dangwal, R. C., & Negi, K. S. (1999)., examined the industrial finance in Uttar Pradesh . The author point out the availability of finance is the life-blood of the industries. The state finance corporation of India is ensuring the industrial development in the country. However the Uttar Pradesh Financial Corporation is playing a crucial role in promoting the small and medium industrial development in Uttar Pradesh. The author has analyzed the financial assistance sanctioned and disbursed by the UPFC in its various Financial Schemes of 12 years from 1978 to 1990. The result find out that the total financial assistance made by UPFC In 1978 was 8174.38 lakhs which has increased to 15276.60 lakhs in 1990 which means the financial assistance has been doubled in this period. Further the Author highlights that the UPFC was setup for to provide the finance assistance to both small and medium industries but it has given importance to only small scale industries and the finance assistance disbursed for small scale industries was 5175.98 lakhs in 1978 which has increased to 15152.20 lakh in 1990. Apart from this, the main objective of the UPFC is to promote industrial development at backward areas and the UPFC has Sanctioned 98 percent of its Finance assistance under main loan scheme. This study is based on secondary data.

Kaur, P. (1999)., analysis the Performance of various development banks which are scheduled for promoting the industrial development in India. The author point out that these development banks functions as an investment agency for providing the finance to industrial sector. However, after the independence the Government of India has setup has many development banks such some of them are working at national level and some at state level which consists mainly agricultural development banks, Import-Export development banks and Industrial Development banks. This study is based on the secondary data. He find out that these banks are providing the state wise financial assistance for promoting industrial development. The share of financial assistance provided to Uttar Pradesh up to 1990 by different development banks are 4263.30 crores by IDBI followed by IFCI 1124.33, and ICICI 149.12 which comprises total 6332.67 crores rupees up to 1990. Apart from this, the state financial corporation has disbursed 1055.81 crores up to 1990 for industrial in Uttar Pradesh. Similarly, the State industrial development

corporation (SIDC) has sanctioned 684.52 crores rupees upto 1990 for industrial development in Uttar Pradesh.

A.K. Singh, A. Joshi and G. S. Mehta (2004)., examined the employment structure, conditions and productivity in micro and small enterprises through field survey in Uttar Pradesh. The study found that the female workers constitute a much smaller proportion of total workers in MSME of Uttar Pradesh. Further, family workers constitute about one-third of total workers in MSME. Apart from this, Micro enterprise can generate much higher employment per unit of capital as compared to small and large enterprises. Output capital ratio is also favorable in case of micro enterprises though small enterprises have a slight edge. Labor productivity levels are marked lower in micro enterprises as compared to small enterprises.

M.V. Srinivasa Gowda (2004)., examined the Industrial development in Uttar Pradesh. The author points out that the extent of sickness in small industries is a matter of serious concern. There is a need to revitalize small industrial units, which are basically viable but are facing huge problems. However the state government is putting efforts and for this purpose Udyog Bandu is being activated to declare the identified sick units and to prepare and implement rehabilitation packages. Therefore there is a need create such conditions which should meet the needs of these sick units and help to make these sick units much vibrant and viable. Therefore the Directorate of Industries and commerce (DIC) and the concerned state financial institutions, should come forward and to provide consultancy and consoling to these sick units. Through PCUP and. Such units need to be provided assistance, through a package of services, including infusion of additional capital under the new scheme for rehabilitation of sick industries called laghu udyog punarjevan yojana.

Damodaran, H., & Singh, H. (2007)., examined the performance of sugar cane industries in Uttar Pradesh. The author point out that the sugar cane industries are the old industries in Uttar Pradesh which exists before independence the study is based on secondary and takes three phases of the evolution of UP's sugar industry: the pre-1947 rise, the decline from the 1960s to the 1990s,. The first two phases are dealing with the opening section, which also examines regional patterns within UP, Further the author highlights that the beginning of 1990s marked a slow but steady revival of the sugar industry in UP. This coincided with the advent of economic reforms and the gradual loosening of licensing and other controls. Apart from this the author

point out that the sugar cane industries start declining because of the lack of investment and finances in these industries with comparison to other states like Madhya Pradesh, Maharashtra etc.

Kumar, N. P. (2010)., examined the industrial development in Uttar Pradesh in the era of economic reforms of 1991. The author Point out that the Uttar Pradesh has started many initiatives for creating industrial development after the announcement of industrial policy of 1998 which aims the accelerating industrial growth in U.P. The objective of his study is to identify the characteristic pattern of industrial progress in the state in the last few years since 1998-99 till date. For conducting study the author has collated data from various reports of the Annual Survey of industries (ASI) covering all factories registered under Sections 2m (i) and 2(ii) of the Factories Act, The results reveals reveal that the new industrial policy has given a boost to the industrial sector in U.P. As 90 percent of the industrial sector is made up of Small Scale industries the major policy shifts in the State's policy are directed towards this sector only. However, the SSI is traditional in nature, existing in rural or semi-urban areas and largely is dependent on local raw material, skill and labor intensive technology. But unfortunately the SSI of Uttar Pradesh suffers from myriad of problems that include information gap, lack adequate skill etc. so there is a need of providing finance and marketing facility assistance to these small scale industries so that a proper industrial development can take in Uttar Pradesh.

Kumar, S., & Arora, N. (2011)., examined the performance of sugarcane industries in Uttar Pradesh. The author point out that sugar industry in of Uttar Pradesh is a major agro-based industry which played a significant role in state economy in terms of resource mobilization, income generation, employment generation, generating substantial forward and backward linkages especially with agricultural sector, and creation of social and physical infrastructure in rural areas. It provides direct employment to over 70 thousand people which constitute about 12 percent of total workforce of the manufacturing industry in Uttar Pradesh. The author concludes that the poor efficiency performance of public sector sugar mills in the state has been noticed suggest that efforts should be made to remove the inherited constraints like shortage of sugarcane supply, obsolete technology, low capacity utilization, and discriminatory government practices, etc. Removal of these constraints would generate a more conducive environment for sugar firms to carry out their production operations.

Mehta G.S. (2011)., examined the agro based industries in Uttar Pradesh and highlights that the agro based industries are playing a vital role in growth and development and has a large potential for achieving increasing employment opportunities and income level and thus to overcome the emerging challenges of unemployment and poverty in rural areas of the State. The author examined the emerging structure, pattern and growth of different food processing industries across the district, regional and state level in U.P. The study is based on primary data and the author point out that the size of employment in agro based industries of Uttar Pradesh per unit has increased from 17 workers in 2005 to 20 workers in 2011. However, it been significantly varying across the different product groups of industries in both un-organized and organized as well. On the other hand, per unit employment in organized units reported as high as 32 workers as against 9 workers in un-organized units. However the problems of inadequacy in the supply of raw material, poorly developed marketing facilities, lacking of financial facilities for running the units, irregular supply of power, and shortage of skilled labour were the important factor limiting the scope of development of these agro based industrial sector.

Pandey, A. P. (2012)., analysis the industrial development of Uttar Pradesh in the era of globalization. The author in this paper point out that in the era of globalization the industrial development has shown upward trend in the Uttar Pradesh but more positive is seen in the small scale industries. The State government of Uttar Pradesh has setup various schemes and promotional bodies for creating the industrial environment in the state. However, Development of Heavy and medium industries in Uttar Pradesh has maintained a progressively upward trend in state. By the end of seventh Five year plan, 935 big and medium industrial units have been setup in the state, with a total capital investment of Rs. 7843 crores , and with an employment potential of 4,48,938. At present, there are more than 2616 heavy and medium industries functioning in Uttar Pradesh. The investment has gone up to Rs. 41,266.20 crores and opportunity of employment have been created for 7, 38,582 people. For making industrial development more vibrant in the state the government of Uttar Pradesh has setup various Promotional bodies in the state which flourish the industrial development in the state such as Industrial Advisory Service, Fund Entrepreneurship Development Programme, Single Table System, Udyog Bandhu, Industrial and Financial Institutions, Financial Corporation, Kanpur Pickup, Lucknow U.P. State

Handloom Corporation Limited, and Uttar Pradesh State Industrial Development Corporation Limited.

Pandey, V. (2013)., analyses the performance and problems of small scale industries in Uttar Pradesh. The author find out that the small scale industries of Uttar Pradesh are suffering from various problem which mainly consists the problem of finance and the problem of finance is one of the major constraint towards industrial growth in Uttar Pradesh. Apart from this, the Small scale industries of Uttar Pradesh are also facing the problems of Marketing constraints, problems regarding raw materials and infrastructural Bottlenecks. Therefore, the government of Uttar Pradesh should come forward and take various measures such as strengthening the Industrial infrastructure improving the transport facilities, raw materials facilities, providing more financial help in the form of loans by establishing more co-operative banks and also opening the branches of various other nationalized banks which could meet both the short term and long term credit for these small scale industrial units and more and more packages should be provided in order to strength the industrial development in Uttar Pradesh.

Aggarwal, H., Gupta, H., & Sengupta, J. (2013)., examined the manufacturing sector of Uttar Pradesh. The author in this report concludes that Uttar Pradesh comes under top five states which has high share in manufacturing Gross State Domestic Product (GSDP). However the Uttar Pradesh has a large number of Own Account Manufacturing Enterprise (OAME), Non-Directory Manufacturing Establishment (NDME), Directory Manufacturing Establishment (DME) units. The Study is based on both primary and secondary data and the results reveals that these the three types of enterprises are labor intensive. The use of machines in these three types of enterprises is almost negligible. Thus, it can be said that unorganized manufacturing industries has huge potential of job creation. Therefore the state must take much more steps to facilitate such type of industries in order to create more and more employment opportunities in the state.

Yadav.S Ambalika Sinha (2013)., examined the performance of small scale industries of Uttar Pradesh and their problems .The author points out that the small scale industries are the driver of economic growth. The main characteristics of these industries are employment at very low cost. However, the wood and rubber industries are the playing a pivotal role for generating employment and contributing in the SGDP of Uttar Pradesh. But these industries are facing many problems related to infrastructural development, technological advancement, financial

performance, and marketing problems which leads to them industrial sickness. So in order to make these small scale industries much vibrant and productive these units there is a need to improve their productivity and quality which is possible only by easily flow of credit and marketing towards these industries.

Himani Aggarwal (2013)., has conducted study on Unorganized Manufacturing Industries in Uttar Pradesh:, with the objective to classify the unorganized manufacturing industries on the basis of Own Account Manufacturing Enterprise (OAME), Non-Directory Manufacturing Establishment (NDME), Directory Manufacturing Establishment (DME) and the number of female workers contributing in unorganized manufacturing units and usage of machines in these industries. He concludes that in the sample of hundred unorganized manufacturing units, majority of the OAME, NDME and DME constitute less proportion. All the three types of enterprises are labor intensive. The use of machines is almost negligible. Thus, it can be said that unorganized manufacturing industries has huge potential of job creation. But it can also be not ignored that major part is of OAME which do not hire workers, rather works with family labor.

Srivastava, S. J. (2014)., examined the growth and performance of industrial development in Uttar Pradesh in new policy regime with its implications for future industrial development based on primary and secondary Data. The author also point out that during 1990–91 to 1999–2000, number of small-scale industries grew by 6.49 per cent while employment in these units has declined by 48.53 per cent. However, investment in small-scale industries has grown by 141.25 per cent over the period. There has been increasing trend in the growth of small and tiny industries in the state of Uttar Pradesh. During 1990-91, there were 30248 small and tiny industries which provided employment of 148968 persons and production of the worth of Rs. 258.12 crores. During 2009-2010, the number of small and tiny industrial units was reported to be 34063 with the capital investment of Rs. 3474.12 crores and production of Rs. 6751.82 crores. These industrial units provided employment to 175504 persons. Apart from this, the entrepreneurs in the state of Uttar Pradesh are facing several problems, like the problem of raw material constraints, organizational problems, social and cultural value system, environmental pollution and other problems, technological problems, manpower development related problems, quality related problems, Marketing related problems, export related problems, and financial problems of entrepreneurs.

Sami., L.,Rajeev Prabhakar,(2015), analyses the industrial development of Uttar Pradesh. The authors in this book highlights that the Uttar Pradesh is mainly agriculture based economy. Therefore, the state government has put highest priority for creating the industrial environment in the state. The stated government has setup a target for accelerating industrial development and achieving the target of 11.2 percent of industrial growth in the state. The State Government has setup many agencies for creating industrial environment in the state which mainly comprises Uttar Pradesh State Industrial Development cooperation, the Uttar Pradesh State financial Cooperation, the department of infrastructure and industrial development which facilities the industrial infrastructure in the state and Udhog Bandhu which facilities Investment, operation and establishment of industrial undertaking in the state. Earlier the state where traditional industries such as Cotton industry, Silk industry, woollen bicycle etc. but at present the state government has created new industrial atmosphere which consists Bio-technology industry, Food processing industry, Handloom industry and khadi and Gramodyog industry. Apart from this, the government has also flourish the Public Private Partnership for improvement in infrastructure facilities and to create more employment opportunities in the state.

Baliyan, S. K. (2016), examined the industrial growth and structural performance of industrial sector of Uttar Pradesh. The author has used the secondary data of Annual Survey of Industry (ASI) from 1998-99 to 2012-13 on some of the major structural and technical parameters. The author point out that the industrial growth of Uttar Pradesh has dropped to 6.6 percent in the 10th plan which was 9.4 percent early in 5th plan, 11.8 percent in in 6th plan and 10.9 percent in 7th plan. However, during the 11th the Government of Uttar Pradesh was target to achieve the industrial growth of 10 per cent and manufacturing sector at 12 percent, in order to achieve overall the State Gross Domestic Product (SGDP) at 8.5 per cent. Further, the author highlights that The employment elasticity with respect to output for the entire industrial sector is -0.43 in 1998-99 and 0.03 in 2012-13 and with respect to fixed capital is 0.03 in 1998 99 and 0.49 in 2012-13. Therefore, there is need of both private and public investment for making industrial development of Uttar Pradesh more vibrant and rapid.

Report on MSME Sector in Uttar Pradesh exceeds its Target in 11th FYP both in Number and Employment March (2016)., The report highlights that the Micro, Small and Medium Enterprises (MSME) is playing a crucial role not only in providing a large scale employment opportunities at very low cost but also help in making the rural and backward areas of Uttar Pradesh industrially developed. These enterprises are reducing the regional disparities and are creating equitable distribution of income and wealth. The report further premises that the MSME sector accounts almost 60 percent of the total industrial output in Uttar Pradesh. Further, the report highlights that at present there are more than 44 lakh MSME units present in Uttar Pradesh out of these 1.88 lakh units are registered in which 42.15 lakh units are unregistered. MSME sector accounts for second largest employment generation sector after agriculture in U.P. and at present the MSME employed 92.36 lakh people in Uttar Pradesh. However, in 2007-2012 investment increased in MSME but has declined in 2012-2013. In West region of Uttar Pradesh the MSME are providing employment to 17,35,272 followed by Eastern region 7.56,547, in central Uttar Pradesh it is 4,74, 411 and In bundal Khand it is 138,409.

Indian States Economy and Business Uttar Pradesh: A report by KPMG for IBEF(2005).

The report points out that the Uttar Pradesh is the second biggest state in the country, with a share of 10.7 per cent in aggregate domestic product. Agriculture is the primary sector of the Uttar Pradesh state economy, which employs about 72 per cent of the total work force. The Uttar Pradesh has well developed agro and food processing-based industries. The state has three most important industries such as sugar, cotton fabrics and diversified food preparations. Apart from this, there is nearly about 389,000 Small Scale Industries in the Uttar Pradesh which includes hand-knitted woolen carpets, woodcarving, brass industries, terracotta, etc. and is providing large employment opportunities in the state. The Uttar Pradesh has established 205 export oriented units and has 129 industrial areas and ranks third in the number of industrial parks at 89, extending over a total area of 38,000 acres.

Therefore after summing up of literature review it has been observed that the industrial sector of Uttar Pradesh is showing an upward trend but unfortunately the pace of the industrial development is not showing much improvement because of the fact that industrial sector of the Uttar Pradesh is facing the problems of finance, management and other policy related issues. Therefore the state government of Uttar Pradesh has taken several initiatives to tackle down the

financial problem by setting up various financial and promotional bodies like UPSFC, UPSIDC, UPSIIC in Uttar Pradesh for making Uttar Pradesh more industrially sound and vibrant. However, there is hardly any study on evaluation of financial and promotional bodies for industrial development in Uttar Pradesh. Hence, there is a need for examining the performance of these bodies for development of industries in the state. This study will evaluate these major bodies such as UPSFC and UPSIDC for industrial development.

Major Objectives of the Study

This study has to evaluate the two major financing and promotional bodies for industrial development in the state. The major objectives of the study are following.

- ❖ To analyze the industrial development of Uttar Pradesh in terms of production, employment, income and capital
- ❖ To evaluate the financing and promotional bodies for industrial development in terms of loan disbursement, sanctions, employment, production and exports.

Hypothesis

- The Financing and promotional bodies have positive impact on industrial development in Uttar Pradesh.

Methodology

The study is confined to state of Uttar Pradesh. The period of study is from 2000-2015. This period is a boned for industrial development in the state. The results of new economic policies were visible in the state development. The study in based on secondary data Moreover, the data has been collected from the various annual reports of these financing and promotional bodies of industrial development of Uttar Pradesh. Some appropriate statistical tools have been used for data analyzing.

This study is organized into six chapters

Plan of work

CHAPTER 1 – Introduction chapter studies about problems of study, Review of literature, Objective, Hypothesis, Methodology of study, Plan of work.

CHAPTER 2 – Theoretical Framework studies about Theories of economic development, Theories of industrial development, Financing and promotion system for Industrial development in India & UP state, programs and plans.

CHAPTER 3 – Uttar Pradesh State Financing Corporation studies about the performance of UPSFC in terms of Sanction, Disbursement, Profit/Loss, Investment, Income, Employment, Export and Recovery of loans.

CHAPTER 4 – Uttar Pradesh State Industrial Development Corporation studies about the Performance of UPSIDC in terms of Income, Production, Expenditure and Other economic variables like Expenditure, Fund utilization And Profit/Loss.

CHAPTER 6 – Summary Conclusions and Recommendations

References

- ❖ A.K., Singh, A., Joshi and G., S. Mehta (2004) “employment structure, conditions and productivity in micro and small enterprises: finds of a field survey in Uttar Pradesh”. The Indian journal of labour economics vol. 47, no. 4, 2004, pp-985-996
- ❖ Aggarwal, H., Gupta, H., & Sengupta, J. (2013). Unorganized Manufacturing Industries in Uttar Pradesh: An Empirical Study. International Journal of Innovative Research and Development. ISSN 2278–0211, 2(12).
- ❖ Aggarwal, H., Gupta, H., & Sengupta, J. (2013). Unorganized Manufacturing Industries in Uttar Pradesh: An Empirical Study. International Journal of Innovative Research and Development|| ISSN 2278–0211, 2(12).
- ❖ Baliyan, S. K. (2016). Economic Growth and Structural Change of Industrial Sector in Uttar Pradesh. Indian Journal of Economics and Development, 12(4), 671-678.
- ❖ Census Report (2011) Government Of India.
- ❖ Damodaran, H., & Singh, H. (2007). Sugar Industry in Uttar Pradesh: Rise, Decline and Revival. Economic and Political Weekly, 3952-3957.
- ❖ Dangwal, R. C., & Negi, K. S. (1999). Institutional Finance and Industrialization (A Study of UPFC). Industrialization: New Challenges, 9, 28.
- ❖ Dantwala M. L. 1964), Economic Ideology of Jawaharlal Nehru;; The Economic weekly special number July 1964
- ❖ Fei, J. C., & Ranis, G. (1964). Development of the labor surplus economy; theory and policy.
- ❖ Jain, Suresh Chandra, Institutional Finance for Small Scale Industries in UP, Unpublished Ph.D. Thesis, Agra University, 1971.

- ❖ Kaur, P., (1999). Performance of industrial finance institutions in India. *Industrialization: New Challenges.*” Deep and Deep Publications, 178.
- ❖ Kumar, N. P., (2010). Uttar Pradesh's Manufacturing Sector: Status, Structure, and Performance. *Productivity*, 50(4), 293.
- ❖ Kumar, S., & Arora, N., (2011). Assessing Technical Efficiency of Sugar Industry in Uttar Pradesh: An Application of Data Envelopment Analysis. *Indian Economic Review*, 323-353.
- ❖ M.V. Srinivasa Gowda (2004) “Industrial development in Uttar Pradesh”. *Southern economist* vol.43, No.05, dece-15-2004, pp-10-14.
- ❖ Mehta G.S. (2011)., *Agro-Processing Industry in Uttar Pradesh: Emerging Structure and Development Potentials* Giri Institute of Development Studies Sector.
- ❖ Pandey, A. P. (2012). *Industrial Development Of UP: In The Aftermath of Globalization.*
- ❖ Pandey, V., (2013). Trends, Opportunities & Challenges in Small Scale and Cottage Industries in Uttar Pradesh. *Asian Journal of Technology & Management Research* [ISSN: 2249–0892], 3(02).
- ❖ Taori, K., & Singh, S. N, (1991). *Marketing Rural Industry Products: Experiments and Experiences in Uttar Pradesh.* *Economic and Political Weekly*, M21-M26.
- ❖ Tiwari, R. T., (1983). Opportunity Structure and Industrialization of Backward Areas in Uttar Pradesh. *Indian Journal of Industrial Relations*, 207-224.

Chapter 2

Theoretical and Conceptual Framework

Introduction

The word industrialization is derived from the Latin word 'Industrial' which simply means the steady application of labour to business. In French 'industries' refers to all operations by which raw materials and processed goods are produced. In German 'industries' is referred to processing on a large with the use of machinery and modern methods of working. Industrialization promotes economic status of a country and provides incentives for the origin and growth of various social agencies. It directly influences trade, commerce, communication, population and urbanization, service centres and employment social and cultural amenities and the general economy of the region as a whole. Industrialization is a profound source of stimulating labour productivity. It is instrumental in bringing social transformation, social equity, and higher level of employment more equitable distribution of income and well balanced regional development (UNIDO-1976).

Industrialization has been the basis for economic development of every nation that is why it is obvious that no advanced nations reached the developed stage without industrialization. Industrialization has been seen as an absolute channel of attaining the supercilious, desirable conception and goals of improved quality of life. This is because industrial development involves extensive technology-based development of the productive (manufacturing) system of the economy. In other words, it is seen as a deliberate and sustained application and combination of suitable technology, management techniques and other resources to move the economy from the traditional sector i.e. low level of production to a more mechanized and efficient system of mass production of goods and services. Hence, it is clear that industrialization involves the developing of the economy from its traditional state to a more efficient system of mass production of goods and services in order to improve that quality of life and standard of life of the citizen. Therefore, the most important factor for economic development of a country is the industrialization. Industry in a broad sense includes all productive enterprises of a country or region. Such enterprises include manufacturing, agricultural trade and commerce, transport communication, mining, lumbering, finishing construction, etc. In the process of industrialization, emphasis is given to the three major groups of industries; large-scale industries, small-scale industries and cottage industries. Industrialization aims at achieving balanced economic growth viz. generating

employment opportunities, promote export earnings, income and economic stability. Nevertheless, the importance of the industrial development is always seen associated with economic development many economists have given various theories of industrial development which helps to make the economic development of many nations throughout the world. Some of the major theories/models related to Industrial Development.

Theories of Industrial Development

The great classical economist Adam Smith laid down a greater importance of industrialization. He published a book in 1776 entitled as “An Inquiry into the Nature and Causes of the Wealth of the Nations” in which Adam Smith recognized the importance of industrial development for nations. According to him, industrialization could lead to increasing returns of scale and also increase in the labour productivity as compared to the agriculture sector. Keynes was of the opinion that an entrepreneur offers the amount of employment which maximizes their output and profit. He treats the productivity of labour as a decisive issue of the level of employment. He said that there is a positive relationship among the productivity of labour, output and employment. According to Keynes “employment can only increase side by side with an increase in investment, therefore investment is a key for generating employment and enhancing the growth of the economy. Therefore, the growth of output and living standard depends first and foremost on investment and capital accumulation, investment in-turns depends on savings out of profits generated by industry and agriculture.

Rostow’s Model of economic Development (1960) The American Economic historian Rostow has developed a theory in which he has identified five stages of growth, through which the economy is transforming. The outset stage is **Traditional Society** in which the agriculture is the dominant sector and the capital is scarce and the output of the economy is based on traditional means of production. The second stage is **Transitional stage** in this state the specialization increases which generates surplus for trading. In this stage the trade and transport, infrastructure and entrepreneurship start emerging and developing. The third stage is the **take-off**. In this stage the industrialization takes place and starts increasing. The workforce shifted from traditional agriculture sector to modern manufacturing sector. The economic transitions are accompanied by the evolution of political and social institutions that support industrialization. The fourth stage is **Drive to Maturity** in this stage the production of goods and services increases and the imports

decreases. The technological innovations are taking place in the economy new investment opportunities take place in the economy. The last stage is **High Mass Consumption** in this stage the economic structure is geared towards mass consumption. The consumer durable industries develop, service sector occupies a dominant place and the growth of the economy reaches at the top.

Chenery and Taylor (1960) on the pattern of industrial growth the Chenery and Taylor presumes different changes than Hoffman's hypothesis. Therefore, according to Chenery and Taylor the process of the industrial development in every economy follows the following three changes i.e. at the outset there is a rise in the relative importance of manufacturing sector. Then second happens which is associated with change in the composition of industrial output and finally there occur third change which is associated with changes in the production techniques and source of supply of individual Commodities.

Rosenstein-Rodan (Big Push) (1943) was the first economist who gave the "The Big Push Theory" in which he assumes that under-developed countries require large amounts of investments to embark on the path of economic development from their present state of backwardness. He possess that a 'bit by bit' investment Programme will not impact the process of growth as much as is required for developing countries as a small amount of investments will merely lead to a wastage of resources. He stated that developing countries are characterized by low per-capita income and purchasing power. Markets in these countries are therefore small. In a closed economy, modernization and increased efficiency in a single industry has no impact on the economy as a whole since the output of that industry will fail to find a market. Therefore a large number of industries are needed to be set up simultaneously so that people employed in one industry consume the output of other industries and thus create complementary demand.

Leibenstein and Galenson (1955) put forward a theory in which he tried to show that labour intensive techniques might generate immediate output but there is a very little surplus in the labour intensive technique goods since the wage bill would be large. Economic development preceded investment but the use of labour intensive techniques leads to a very little amount of surplus for investment because most of the earnings are supposed to be spent on consumption because the capital intensive sector is meager. Hence, according to them, if then capital intensive

techniques will bring in use the in the process of production then it will increase the re-investible surplus by minimizing the wage bill.

(Gunnar, Myrdal, (1956). Presumed industrialization as a component of economic development, Gunnar Myrdal brought out the relationship between industrialization and economic development as an answer for the economic problems of the country. According to him the manufacturing industry lead to a higher stage of production which inversely provided employment to large chunk of population. Therefore the industrialization has a direct relationship with the economic development. The industrialization increases the national income as well as per-capita income of the country which further leads to the economic development of the country.

According to **Hirschman 1957**the industrialization helps to make backward and forward linkages. The backward linkage is associated with setting up new industries which stimulates the growth of those industries which will supply raw material to these industries and will inversely increase the production of the goods and services of these industries. The forward linkage is associated with growth of certain industries and their expansion which leads to increase in the inputs of other industries. Therefore the industrialization raises the national income, per-capita income and even standard of living in the developing countries.

Amartya Sen (1957) put forward the surplus maximization criteria he propounded that the surplus maximization criteria is advocating and promotes the capital intensive techniques. He presumes that the choice of technology depends on the nature of the economy whether it is developed or developing economy. According to him, a high wage rate will call for a capital intensive technique, but a low wage rate, such as may be operative in the less developed countries will mean that a relatively labour intensive technique will maximize the surplus for further investment. Same is true in the case of small scale industrial sector of India.

I. Hoffman Hypothesis

Hoffman (1958) reveals the pattern of industrial growth, which is known as Hoffman's hypothesis. According to Hoffman hypothesis industrial growth follows three stages. What will be the relative amount of the factors of production as well as technology the structure of manufacturing sector will always follow the uniform pattern

The following are three stages of Hoffman hypothesis:

Stage: I. The food, textiles, leather and furniture industries, which is known as the consumer goods industries always develop first during process of Industrialization.

Stage: II In this stage of the Hoffman hypothesis the capital goods industry is dominant.

Stage: III In the third stage of the Hoffman hypothesis there is a balance between each other.

According to the Hoffman the consumer goods develops first because it needs less capital but the capital goods requires huge amount of capital and advanced techniques of production as well as skilled labour.

Nicholas Kaldor “Stylized Facts” (1958) Kaldor put forward a theory in which he presumes that capital accumulation is associated with economic growth. Kaldor explains that the basic requirement for any model is that it should be capable of explaining the characteristic and the features of the economic process which should be based on reality. Kaldor introduced six stylized facts to formulate the theoretical model of economic growth and capital accumulation. The first one is steady rate of growth of production and productivity of labour, The second one growing capital to labour ratio, The third one is a steady rate of profit on capital, The fourth one is steady capital-output ratios over long periods, The fifth one is high correlation between the shares of profits in income and The sixth one is the share of investment in output.

So therefore according to Kaldor while allowing these there will be differences between rate of growth of labour productivity and of output between societies.

Bryce, (1960) presumes that industrialization is indispensable and is one of the greatest crusades for economic development. According to Bryce industrialization places an important role for the under-developed as well as developing countries because it is a major hope for finding the solutions of the problems which are facing under-developing and developing countries such as the problem of poverty, backwardness low level of capital and investment low level of national income and per-capita income. So therefore according to the Bryce the development of the industrialization is the only possible solution for the under-developed and developing countries to raise the economic growth and development in their countries and to achieve the self-sufficiency in their economies.

Sutcliffe (1971) has defined industrialization as a process which is accompanied with the economic development of the country. According to Sutcliffe industrialization is a set of policies which is more important than any other policies and these policies leads towards the economic development of the country. So therefore for him the economic development of any country is directly associated with the industrial development of that country.

C.P. Kindleberger postulates that investment should take place simultaneously in all sectors or industries at once or it means balanced development of manufacturing industries so that there will be an economic development in the country which will reduce the poverty and enhances the employment and economic development. Structural change theory policies focused on changing the economic structures of developing countries from being composed primarily of subsistence agricultural practices to being a "more modern, more urbanized, and more industrially diverse manufacturing and service economy".

Structural Change Models

Lewis (1954) develops two-sector model which is also known as the theory of surplus Lewis assumes that underdeveloped economies are having unlimited supply of labour force there transfer of these unlimited labour, from the agricultural sector to the industrial sector will become a path way for economic development. Lewis assumes that this unlimited supply of labour in agricultural sector are continually received only subsistence wages therefore transformation of these unlimited labour supply to industrial sector will increase the real wages of these labour and investments in the modern sector continued to expand and generate further economic growth on the assumption that all profits would be reinvested. Therefore, this structural transformation will make the pace of economic development in these under develop economics. However, like the Harrod–Domar model, the Lewis model considered savings and investments to be the driving forces of economic development in context of the less developed countries.

Fisher Clark’s Theory presumes that the economy is going under structural process. According to his theory when the economy is at early state the income of the country remains low because the economy of the country remains dominated by primary products through the extraction of

raw materials from agriculture, fishing and forestry and mining .Then according to his theory when the country reaches to middle stage the structure of economy is dominated by industrial sectors (particularly manufacturing and construction). Finally when the economy reaches at third high stage the income of the country grows very high and the dominated sectors of the economy are occupied under the provision of service sector.

Fei–Ranis 1964 model of economic growth is a dualism model in developmental economics John C. H. Fei and Gustav Ranis and can be understood as an extension of the Lewis model. It is also known as the Surplus Labour model. It recognizes the presence of a dual economy comprising both the modern and the traditional sector. According to this theory, the traditional sector consists of the existing agricultural sector in the economy, and the modern sector is the rapidly emerging but small industrial sector Both the sectors co-exist in the economy, wherein lies the crux of the development problem. Development can be brought about only by a complete shift in the focal point of progress from the agricultural to the industrial economy, such that there is augmentation of industrial output. This is done by transfer of labour from the traditional i.e. agricultural sector to the industrial sector. At the same time, growth in the agricultural sector must not be negligible and its output should be sufficient to support the whole economy with food and raw materials. Like in the Harrod–Domar model, saving and investment become the driving forces when it comes to economic development of underdeveloped countries Fei and Ranis emphasized strongly on the industry-agriculture interdependency and said that a robust connectivity between the two would encourage and speedup development.

Jorgenson has presented a theory of development of a dual economy. He divides the economy into two sectors the modern manufacturing sector (industrial) sector and the traditional agriculture sector. According to him agricultural output depends on labour and a fixed amount of land. Industrial output depends on labour and capital. Therefore the labour available for employment in manufacturing sector grows at the rate which is equal to the growth rate of agricultural surplus. Therefore, he assumes that agriculture surplus gives rise to manufacturing sector which leads to economic development of the economy

Fisher Clark's Theory presumes that the economy is going under structural process. According to his theory when the economy is at early state the income of the country remains low because the economy of the country remains dominated by primary products through the extraction of raw materials from agriculture, fishing and forestry and mining .Then according to his theory when the country reaches to middle stage the structure of economy is dominated by industrial sectors (particularly manufacturing and construction). Finally when the economy reaches at third high stage the income of the country grows very high and the dominated sectors of the economy are occupied under the provision of service sector.

Industrial Development Theories

Dr. Babasaheb Ambedkar presumes that faster development of India is impossible without Industrialization, so India has much need of industrialization. He laid emphasis on the need of industrialization so as to move the surplus labour from agricultural sector to other manufacturing sector and should made a huge investment in agriculture sector in order to raise the productivity in agriculture sector. According to Dr. B.R Ambedkar creating large scale industries at macro level produces essential goods for mass consumption. Therefore, it utilizes the raw materials, reduces dependence on imports and increasing security to labour hence, ultimately leads to the overall economic development of the country. He pave out that the private sector industries cannot create big industries because of the capital problems. So, the government should come forward to start large scale industries .The smaller industries should be kept in private sector. The insurance and transport companies should be nationalized.

Mahatma Gandhi's views on economics are very simple which would make India economically self-sufficient, manufacturing and satisfying its own needs in domestic market Gandhi laid much importance on Village Industry, Khadi and Small Scale industries. According to him the rural village, Khadi and Small scale industries are labour intensive based industries these industries have a large potential of absorbing huge labour force and providing employment at locality. He presumed that raw materials are easily available in villages as a majority of inputs for these villages industries are agriculture products like cotton, food and many other crops so this would lead indigenous market. Therefore Gandhi laid much importance on the growth of the rural industries like Khadi, Handlooms, Sericulture and Handicrafts. Gandhi was of the opinion that

large-scale industries have capital intensive which would concentrate of wealth in the hands of few and if small scale industries will be established at village level then people would never face the problem of production and external market. Small scale industries play major role in Indian economy it is a source of Employment generation for large rapid growing population.

Pandit Jawaharlal Nehru the first Prime Minister of India has laid the foundation of modern India. The Pandit Jawaharlal Nehru focused both on agricultural as well as industrial development. According to him both agriculture and industrial has a potential of large employment and development of these two sectors will reduce the economic disparities, poverty and achieve the self-reliance in India. Nehru had a strong belief that industrialization held the key to India's success as an independent nation. However, the Jawaharlal Nehru focus was on large scale industries which required both labour and capital. He laid down the foundation of large steel mills and dams in India. However, Nehru's views were much different than his predecessor Mahatma Gandhi. The Gandhiji vision was to develop Village and Khadi based industries in India. He believed that a large portion of people are belonging from rural India therefore, development of Village and Khadi industries will help to provide employment to a large chunk of people and also help to exploit the local resources. However, the Nehru's views was contradictory with Gandhiji's views Nehru believed that India should be economically self-sufficient, and self-sufficiency through large-scale industrialization rather than village industries. According to Nehru the Industrialization required the importation of technical expertise from the industrialized nations.

Classification of the Industries in India

In India there are broadly three type of the industries viz., Small, Medium and Large. Each of these industries are having their own potential in-terms of providing economic growth and development by increasing the National income of the country, enhancing the production and generating the rapid employment and promotes the self-sufficiency in the economy.

The broad classification of these industries is as under:

- 1. Large Scale Industries:** These industries are mainly capital intensive industries which employ both labour and capital. But the intensive of capital is much higher than labour in these industries as compared to small scale industries. These industries mainly employ

the skilled labours and are providing rapid economic growth and development in the economy. Therefore, a large scale industry refers to those industries which require huge investment, infrastructure, man power and huge capital of more than rupees ten crores. Nonetheless, large scale industries are employing a large number of persons and consume vast quantity of power. It also requires huge capital investment, adequate transport facilities which are essential for supply of raw materials from different places and distribution of finished products to consuming centres. Apart from this, large scale industries need skilled labourers to operate the machines. It also needs banking and insurance facilities as the capital demand for these industries are much higher. Large scale industries are indispensable for every country as every country needs exploring of coal, iron and steel, exploring of oil and its purification, heavy chemicals, ships and aeroplanes, heavy machineries, heavy electrical equipment's, industries of heavy and basic industries for its development.. In India large scale industries comprises Iron and Steel industry, textile industry, manufacture of heavy machinery, locomotives and railway rolling stock, automobiles etc. Therefore, large scale industries are important for the industrialisation of any country throughout the world. They produce both capital and basic goods like machines, instruments, steel, iron and chemicals and these large industries have large scales of production that help in lowering the cost of goods which opens up opportunities for small and cottage industries and this leads to industrialisation of the country.

Table 2.1 Growth of Large Scale Industries in Uttar Pradesh

Year	No of Industries	Investment in (Rs.Crore)	Employment(no.)
2006-07	6148	157408	1467679
2009-2010	6640	191273	1652605
2010-2011	6854	223900	1654302

Source: Directorate of Industries, Government of U.P.

2.6 Micro Small Medium Enterprises

In case of Small and Medium Industries new classification was made in 2006 and the classification was amended under new MSMED Act, 2006 which consists the following classification of these Small and Medium Industries in India. It provides a comprehensive range

of facilities and services including consultancy in techno-economic & managerial aspects, trainings, common facility services, common processing and testing facilities, tooling facilities etc. MSME-DO provides these facilities and services through a net-work of MSME Development Institutes, Branch Institutes, Testing Centers, Testing Stations, Tool Rooms, Technology Development Centres and other specialized Institutions.

Table 2.2 Classification of Small and Medium Industries in India (in lakhs)

Enterprise	Manufacturing enterprises (ceiling on Investment in Plant Machinery)	Service enterprises (ceiling on Investment in Equipment)
Micro	.25	.10
Small	50	20
Medium	10	50

Table 2.3 Growth Investment Employment and Production in Small Scale Industries of U.P

Year	Target	No. of Small Industries	Capital Investment (Rs. Crores)	Employment	Production (Rs. Crores)
2000-01	32600	31023	306.38	78901	675.56
2001-02	30045	29246	270.0	97155	635.04
2002-03	30000	30361	272.20	112802	620.32
2003-04	30000	30454	276.06	117564	383.00
2004-05	30000	30402	284.32	121102	431.25
2005-06	30000	30282	262.79	125611	383.0
2006-07	30000	28487	507.59	120876	944.08
2007-08	33000	31734	1270.83	148985	4625.21
2008-09	33000	33302	2046.80	171141	4996.21
2009-10	33000	34063	3474.71	175504	6751.82
2010-11	33000	34178	3188.43	175120	-
2011-12	33000	33532	3452.93	186755	-
2012-13	50000	30890	3897.81	211905	-
2013-14	100000	45164	30213	481695	-

Source: Pragati Samiksha 2012-2013 Directorate of Industries, U.P.

Table 2.4 Group-wise Status of Industries in U.P. (Up to March, 2012)

NIC Group	Industries	No. of SSI Units	Investment (in Rs. Crores)	Employment (No.)
20-21	Food products	104225	2558.24	411977
22	Beverages, Tobacco, Tobacco product	1965	53.27	10762
23.	Cotton Textile	14031	353.12	65380
24	Wool, Silk & Synthetic Fiber Textile.	16446	289.08	70739
25.	Jute, Hemp & Mesta Textile.	3180	57.30	13334
26.	Hosiery & Garments	75726	1363.01	320343
27.	Wood product	43227	587.16	158464
28	Paper product & Printing	14534	549.67	74711
29	Leather product	24691	566.27	119465
30	Rubber & Plastic Products	11331	602.05	67443
31.	Chemical&Chemical product	13964	638.17	76354
32.	Non/Metallic Mineral product	12878	443.65	112573
33	Basic Metal Product	8298	498.46	49465
34.	Metal product	39548	1251.97	192272
35.	Machinery & Part except electrical	15462	659.28	80239
36.	Electrical machinery and apparatus	11615	391.50	60720
37.	Transport equipment and Parts	4222	185.59	26537
38	Misc. Products	104723	2345.33	405711
96-97	Repairing & Servicing Inds.	193805	2397.26	601397
Total :		713881	15881.38	2917886

Source: Directorate of Industries, U.P., Kanpur

Industrial Policies in India

Soon after independence the government of India understands the importance of industrial development for India. The government of India has introduced its first industrial policy resolution which was the key policy for industrial development in India. The main aim of the industrial policy was to influence the growth of the manufacturing industries and was implemented at three tier level that is national, State and regional level. The industrial policy at national level is implemented by India government under 64 provisions of industrial

development and regulation act of 1951, which aims and allows the licensing and regulations of the Indian industries.

Industrial Policy 1956: The industrial policy of 1956 was the first comprehensive industrial policy that was introduced by the government of India in order to make platform for industrial development in India. The major aim of this industrial policy was to reduce the disparities among the different regions of India and to accelerate the economic growth and speeding up the industrialization of the country. The 1956 policy resolution also states that the government will focus on the role of cottage, village industries and small scale industries as these industries are having a large potential of employment generation at very low capital. These industries also ensure the equitable distribution of national income and facilities the mobilization of natural resources. However, in the pursuance of this policy the backward states of the country were identified in early 1970 in order to provide fiscal and financial incentives to these backward states. The incentive scheme mainly include central subsidy grant up to 15 percent on fixed capital , transport subsidy, concession on income tax and on the import of plant, machinery and raw material. Apart from this, it was decided to provide assistance to large industries to shift them from the metropolitan cities to backward areas of the country.

The Industrial Policy of 1980: The aim of the industrial policy of 1980 was to a dynamic industrial economy of India. A number of policy changes were introduced in 1985 and 1986 under the leadership of Shri Rajiv Gandhi during his Prime minister-ship tenure. Under this policy the industrial development of India start growing at accelerated pace as the several steps were taken such as streamlining the licensing procedure of industries, allowing the automatic growth beyond licensed capacity, raising investment limits of Small Scale Industries from Rupees twenty lakh to Rupees thirty five lakhs fixing licensed capacities taking into account minimum economic scale, allowing flexibility in product-mix by board banding and encouraging modernization. Apart from this, the main aim of the industrial policy of 1980 was to promote competition in the domestic market by improving the technological upgradation and modernizing them. Nonetheless, the industrial policy of 1980 played a significant role in achieving the milestones for the small scale industries of India. Apart from this most of the measures which include restraints on setting up industries in metropolitan cities and large urban areas were adapted under this policy.

De-licensing Policy of 1988 for Industries in India: In 1988 the government of India has de-licensed all the industries except 26 categories. However, the de-licensing was barred for industries within 50 kilometer and up to an investment of rupees 50 crores if the industry is located in backward areas of the country and rupees 15 crores for if the industry is located in non-backward areas. The policy sought allowing establishing the non-polluting industries such as computer software, electronics and printing press in the metropolitan areas. Although the industrial policies of Central Government have helped in accelerating industrialization divergent to bring success in reducing the disparities in the levels of development amongst different states of the country. However, industrially advanced states enjoy their dominant position in the country only a little bit degree of inter-regional disparity has been reduced over a time. Nonetheless, during this regime most of the backward districts had continued to lag behind in-terms industrialization. Only a few among the backward districts of the country which were located near the metropolitan cities had secured a major share of industries in these areas.

Industrial Policy of 1991 in India: The most crucial changes of the industrial policy have been announced in 1991 when the new industrial policy of 1991 was announced by the government of India. This industrial policy is known as the new economic era of Indian economy. The industrial policy of 1991 stated that the government of India will pursue a sound policy frame work of industrial policy which will encourage the entrepreneurship, development of modern technology through investment in Research and Development (R&D), import of new technologies, dismantling of the regulatory system and development of the capital markets. The most important feature of this industrial policy was abolition of industrial licensing for most industries in India. Apart from this, this industrial policy brings the foreign direct investment up to 51 percent in the country. Moreover the foreign equity was also permitted in the high priority industries which require the large investments and the advanced technology. Therefore the Government of India had opened the domestic economy with the global economy and also ensured a liberal and transparent investment in the domestic economy of India. Moreover, 100 percent of the FDI investment has been allowed for the special economic Zones of the country. Nonetheless the industrial policy of 1991 reduced the number of industries which were reserved for the public sector from 17 to 8 with an aim of creating more opportunities for the growth of private sector. The role of approval for the location of 25 km form cities areas has been removed

for the non-polluting and environmental friendly industries like, electronics, computer software and printing in the country.

Industrial Policy of 1991 and Thereafter Policies in India

India witnessed a drastic change in the country by Introducing industrial policy of 1991 for governing the industrial development in the country. This Industrial Policy of 1991 was a landmark change in the history of India, despite the fact this Industrial policy of 1991 was entirely a new chapter which enforces totally open economic system of the country as compared to the earlier mixed system. In other words the country decided to follow the lines of capitalism. The following were the major policy changes after 1990 industrial policy of the country.

Industrial licensing policy:- In a major move to liberalize the economy of the country, the new industrial policy abolished all industrial licensing, irrespective of the level of investment, except for a short list of 18 industries related to the security and strategic concerns, social reasons, hazardous chemicals and overriding environmental reasons and items of elitist consumption of the country. However, of these 18 industries, three industries (motor cars, white goods and raw hides and skins and leather) were de-licensed in April 1993. In 1996, another industry was de-licensed by the government of India namely entertainment and electronic industry. Further, in July 1997, five other industries were de-licensed in the country i.e. animal fats and oils industries, chamois leather industries, tanned or dressed fur skins industries, asbestos and asbestos- based products industries, plywood and other wood industries. So the continuation with the process of de-licensing, three other industries were included in this category in 1998-99 namely coal and lignite, petroleum products and sugar Industries. Later on drugs and pharmaceuticals industries were also exempted from licensing in the country.

Policy on Foreign investment and Technology agreements: - In case foreign technology agreements as well as foreign investment sought by the Indian firms it was necessary to obtain specific prior approval from the government for each project. But it was argued that taking approvals from the government is causing undue delays and it was also argue that government interference is hampering the business decision making in the country. Therefore, the new Industrial Policy prepared a specified list of high technology and high investment priority industries, wherein automatic permission was to be made available for direct foreign investment

up to 51 percent foreign equity in the country. The industries in which automatic approval was granted included a wide range of industrial activities in the capital goods and metallurgical industries, food processing, entertainment electronic and the services sectors having significant export potential. Besides, under this policy automatic permission was to be made available for direct foreign investment to those industries which were important for the rapid growth of the economy.

In January 1997, the government of India also announced the first ever guidelines for foreign direct investment in the country for expeditious approval of foreign investment in the areas which were not covered under automatic approval. Priority areas for foreign direct investment proposals as mentioned in the guidelines included export potential, infrastructure, large-scale employment potential particularly for rural areas, items with linkages with the farm sector, social sector projects like hospitals, health care and medicines, and proposals that led to induction of technology and infusion of capital.

The list of industries which were made eligible for foreign direct equity investment under the automatic approval route by Reserve Bank was further expanded in 1997-98 and 1998-99. In 1997-98, equity investment up to 100 percent by NRIs/ OCBs (Overseas Corporate Bodies) was permitted in high priority industries of the country. These included 9 high priority industries in metallurgical and infrastructure sectors and 13 other priority industries, hitherto eligible for 74 percent and 51 percent equity investment respectively. Foreign equity investment in mining (3 categories of industries) was also allowed up to 100 percent for NRIs/ OCBs. However, during 1998-99, the scope of foreign direct equity investment under the automatic approval route of Reserve Bank was enhanced in the country. In-order to simplify the foreign direct investment procedures, Indian companies were permitted to accept investment under automatic approval route without obtaining prior permission from Reserve Bank of India. Foreign equity up to 100 percent has been permitted in electricity generation, transmission and distribution (excluding atomic reactor power plants) and in construction and maintenance of roads, highways, vehicular tunnels, vehicular bridges and toll roads.

During 1991-2000, the government of India has decided to pull all items under the automatic route for foreign direct investment/ NRI & OCB investment except for a small negative list, which includes all proposals requiring industrial license under the Industries (Development and Regulation) Act, 1951; cases having foreign investment more than 24 percent in the equity

capital of units manufacturing items reserved for the small- scale sector; and for all its requiring industrial license in terms of the location policy notified under the New Industrial Policy, 1991. In order to license the foreign direct investment policy further, the government took some important decisions such as 100 percent foreign direct investment were allowed in Special Economic Zones (SEZs) for all manufacturing activities, 100 percent foreign direct investment were permitted in oil refining industries, 100 percent foreign direct investment were permitted for Business and commerce, 100 percent foreign direct investment were allowed in telecom sector for certain activities with some conditions; Off shore Venture Capital Funds/ Companies allowed to invest in domestic venture capital undertakings as well as other companies through the automatic route, subject to only SEBI (Securities and Exchange Board of India) regulations and sector specific caps on foreign direct investment. Apart from this the existing companies with foreign direct investment were made eligible for automatic route to undertake additional activities covered under automatic in the country.

Policy on Public Sector: - The 1956 Resolution had reserved 17 industries for the public sector in India. But the new Industrial Policy of 1991 has reduced this number to 8 which consists Arms and Ammunition, Atomic Energy, Mineral Oils, Coal and Lignite, Mining of Iron Ore, Manganese Chrome Gypsum and Sulphur, Mining of Copper, Gold and Diamond. But later in 2000 the government of India has de-reserved five more Industries under public. On May 9, 2001, the government opened up arms and ammunition sector also to the private sector in the country. Now there are only three industries left reserved exclusively for the public sector in India. This policy also suggested that those public enterprises which are chronically sick should get rehabilitation under various rehabilitation schemes, by the Board for Industrial and Financial Reconstruction (BIFR), or other similar high level institutions which are created for this purpose so that it will protect the interests of workers who will be affected by Job loss. Therefore under this policy a social security mechanism will be created in the country.

The New Industrial Policy of Uttar Pradesh

In order to achieve the industrial growth rate of 11.2 percent in the state the Government of Uttar Pradesh has setup the industrial policy which aims the following incentives for investment

Subsidy of 20 per cent, 15 per cent and 10 per cent of fixed capital investment for new units in most backward areas of the State, Deferment of luxury tax in thrust areas for 5 years, Octroi rebate on plant, machinery and building material for new units for 5 years, Exemption from minimum power demand charges for sick units during the closure period, Special incentives, including electricity, equity participation, and other assistance, for NRI entrepreneurs, 10 per cent capital subsidy on investment in new small scale units in 24 districts of Poorvanchal and 7 districts of Bundelkhand, subject to a maximum of Rs. 5 lakh rupees, Units of women and SC/ST entrepreneurs in such areas to get 15 percent capital subsidy subject to a maximum of Rs. 7.5 lakhs rupees, 5 per cent interest subsidy to new small scale units for five years subject to a maximum of Rs. 2.5 lakhs rupees per annum, Concessional rates of 2 per cent of CST instead of 4 per cent, Power bill subsidy equivalent to trade-tax paid on raw materials, Exemption from entry tax on plant and machinery used in establishment of new units, First new units in every district with an investment of at least 10 crores in case of IT/BT/food processing units and 25 crores in case of other units to be reckoned as pioneer units. Pioneer units will get interest free loan under Industrial Investment Promotion Scheme (IIPS) for 15 years instead of 10 years, New industrial units employing more than 50 percent or 500 women and 25 percent or more SC/ST employees will be entitled to addition 20 percent of interest free loan under IIPS, All new industrial units will be exempted from payment of electricity duty for 10 years. Pioneer units will be exempted for 15 years and Projects having investment of more than Rs. 500 crores will be considered on a case to case basis for providing incentives.

Industrial Policy of Uttar Pradesh 2012

The Government of Uttar Pradesh has announced new industrial policy in 2012 which aims to remove regional imbalance in industrial development in the state the, special facilities have been provided to Eastern Uttar Pradesh Areas such as Poorvanchal, Bundelkhand and Madhyanchal. Special incentives for Madhyanchal have been included in the policy in order to achieve of the objective of boosting industrial development in Lucknow, Kanpur and nearby areas of the State .The main aim of the policy is to provide a holistic guiding policy for all departments related to industrialization, such as- Food Processing, Information Technology, Sugar, Micro & Small Industries in the state. This new policy has been formulated with an objective of attaining the target of 11.2 per cent industrial growth in the state of Uttar Pradesh. To achieve this goal, along

with financial subsidies and exemptions, strategy for improving industrial environment and infrastructure, capacity and skill development provisions have been included in the policy. Moreover, 100 per cent exemption in Stamp duty will be available to the industrial units in Poorvanchal, Madhyanchal and Bundelkhand. 100 per cent exemption will also be given to infrastructure facilities, like- roads, power, wholesale, transshipment centres, warehousing, cold storage, etc. as well as Information technology, Biotech, Agro-processing units of the state. In case of Industrial estates developed by private sector will also get reimbursement of 25 per cent in stamp duty. Iron and steel will be exempted from entry tax. Maximum kinds of raw and packaging materials will be enlisted and expanded for a tax liability of only 4 per cent. Eligibility criteria for new industrial units to avail incentives under ongoing Investment Promotion Scheme has been brought down from Rs10 crores to Rs 5 crores for Poorvanchal, Madhyanchal and Bundelkhand, while, it has been reduced to Rs 12.5 crores from Rs 25 crores for the rest of State. Under this scheme, interest-free loan equivalent to VAT and Central Sales Tax paid by industrial units will be provided for a period of 10 years. Opportunities, this scheme include provision of reimbursement of 50 per cent of EPF contribution by new units for their labourers for a period of 3 years, if the new units give employment to 100 or more labourers. Apart from implementing scheme of Government of India to promote Micro, Small and Medium units, other beneficial provisions have been made for MSME sector in the new policy.

Industrial Financing Promotional Bodies in India

Industrial Finance Corporation of India (IFCI Ltd), 1948: The industrial Finance Corporation of India was incorporated by Government of India on July 1948 the main aim for setting up this IFCI was to provide long-term finance needs to the industrial sector of India. The major activity of the FCI's mainly is to provide finance for project finance, financial services and corporate advisory services. Soon after the establishment of, IFCI it has played a major role in modernization of the Indian industrial sector in-terms of export promotion, import substitution, entrepreneurship development, pollution control and also generation of both direct and indirect employment in the country. IFCI has played a pivotal role in the development of cooperatives in the sugar and textile sectors, in India and act as a nodal agency in both sectors. IFCI has been assisting 371 cooperative societies in these sectors, and it has promoted Technical Consultancy

Organizations (TCOs), which are working primarily in less developed states of the country in order to provide necessary services to the promoters of small and medium-sized industries in collaboration with other banks and institutions. Apart from this the IFCI has also provided assistance to self-employed youth and women entrepreneurs under its Benevolent Reserve Fund (BRF) and the Interest Differential Fund (IDF) in the country. Moreover, there are other institutions that are founded by IFCI like, Management Development Institute (MDI) for management training and development, Tourism Finance Corporation of India (TFCI) for promotion of the hotel and tourism industry and Rashtriya Gramin Vikas Nidhi (RGVN) for promoting, supporting and developing voluntary agencies engaged in uplifting rural and urban poor in east and northeast India. However, the major benefited sectors of the IFCI,s in India are Consumer goods industry (textiles, paper, sugar), Service industries (hotels, hospitals) and basic industries (iron & steel, fertilizers, basic chemicals, cement).

Industrial Credit and Investment Corporation of India (ICICI LTD.), 1956: The ICICI LTD was established in 1956 in order to facilitate the industrial development in line with the economic objectives of the time. The ICICI was formed at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective to setup the ICICI in the country was establishing a development financial institution which will provide a medium-term and long-term project financing to Indian businesses. The ICICI was providing a wide range of wholesale banking products and services, including project finance, corporate finance, hybrid financial structures, treasury-based financial solutions, cash flow based financial products, lease financing, equity financing, risk management tools as well as advisory services. But in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to diversified financial services like ICICI Bank.

Industrial Development Bank of India (IDBI) 1964: The Industrial Development Bank of India (IDBI) was established on July 1, 1964 under a Parliament Act as a wholly owned subsidiary of the Reserve Bank of India. In February 1976, the ownership of IDBI was transferred to the Government of India and it was made the principal financial institution for coordinating the activities of institutions engaged in financing, promoting and developing industry in the country. Although Government shareholding in the Bank came down below 100

percent following IDBI's public issue in July 1995, has played key role for the industrial development in the country.

Industrial Investment Bank of India (IIBI), 1971: The Industrial Investment Bank was established in 1971 it was converted into the Industrial Reconstruction Corporation in 1985 under the IRBI Act, 1984 for rehabilitation of sick industrial companies. With a view to convert the institution into a full-fledged development financial institution. IRBI was incorporated under the Companies Act, 1956 as Industrial Investment Bank in India. In March, 1997 IIBI offers a wide range of products which includes term loan assistance for project finance, short duration non project asset-backed financing, working capital/ other short-term loans to companies, equity subscription, asset credit, equipment finance as also investments in capital market and money market instruments.

Small Industries Development Bank of India (SIDBI), 1989: The Small Industries Development Bank of India (SIDBI) was set up in 1990 in the country under Parliament Act (SIDBI Act, 1989) as a wholly owned subsidiary of IDBI. SIDBI has played a major role in financing to Small Scale Industries of the country. SIDBI provides finance to the tiny, village and cottage industries through suitable schemes tailored to meet the requirement of setting up of new projects, expansion, diversification, modernization and rehabilitation of existing units in the country. SIDBI offers refinance, bills rediscounting, lines of credit and resource support mechanisms to route assistance to Small Scale Industrial sector through a network of banks and State level financial institutions. SIDBI also offers direct finance for meeting specific requirements of Small Sector Industrial sector. The Government also extends credit line to SIDBI to extend loans at more affordable rates to its traditional clientele. Moreover, SIDBI initiates a wide range of promotional and developmental activities which aimed at improving the inherent strengths of Small Scale Industries units, creating employment opportunities and new avenues for economic development of the rural poor in India. The major development programmes of SIDBI are Rural Industries Programme, National Programme for Rural Industrialization, Mahila Vikas Nidhi, Entrepreneurship Development Programme, Human Resource Development Programme, Cluster Development Programme, Environment Management, Marketing initiatives, Support to Industry Organization etc.

Industrial Development Bank of India (IDBI), 1964: IDBI was set up in 1964 under special Act of the Parliament for special purposes. IDBI took many initiatives to establish many institutions for overall development of the economy. The IDBI Bank, a wholly owned subsidiary of IDBI, merged established under the recommendations of Narasimham committee II. IDBI has played a key role in promoting the industrial growth through financing of medium and long-term projects, in consonance with national plans and priorities. Over the years, IDBI has enhanced its services, covering almost the entire spectrum of industrial activities which includes manufacturing and services of the country. IDBI evolved an array of fund in order to provide an integrated solution to meet the entire demand of financial and corporate advisory requirements of its clients. IDBI also provides indirect financial assistance by refinancing loans extended by State-level financial institutions and banks, and by rediscounting bills of exchange arising out of sale of indigenous machinery on deferred payment terms. IDBI has played a key role in broad based industrial development of the country by maintaining balanced industrial, modernization of specific industries, employment generation, entrepreneurship development along with supported services for creating a deep and vibrant domestic capital market, including development of apposite institutional framework.

Industrial Financial Promotional Bodies in Uttar Pradesh

Uttar Pradesh State Financial Corporation UPSFC, (1951): The Uttar Pradesh Financial Corporation was established on 1st November, 1954 under the state financial corporation Act 1951 with headquarter at Kanpur, 22 Regional offices and Branch offices spread all over the State. Uttar Pradesh financial corporation took a principle step for the industrial development at the state of Uttar Pradesh by providing financial assistance to upcoming small and medium scale industries in the state of Uttar Pradesh and also for modernization, diversification and expansion of existing Industrial units. UPFC plays a vital role in the order to make the financing activities efficient & thereby develops the economy of the state. UPFC has 19 Regional Offices that are spread throughout the state of U.P. The objective of Regional Offices is to ensure greater efficiency and providing quicker, faster, and quality services with regard to sanction and disbursement of loans. It also provides working to existing units with sound track record and also to new units under single window scheme. The maximum assistance which UPFC can provide is Rs. 500 lakhs for Companies and Rupees 200 lakhs in case of Proprietary and Partnership Firms. The present

ceiling of cost of project for manufacturing is Rs. 12 Crores and for service sector is Rs. 20 Crores. The ceiling of paid-up Capital and free reserves of assisted concerns is Rs. 10 Crores. However, this ceiling is likely to increase to Rs. 20 Crores. Reserve Bank of India (RBI) directed to SIDBI to break the refinance to those Financial Corporations whose net worth is negative. The net worth of UPFC is already negative, so that UPFC is out of service to avail the refinance from SIDBI. UPFC had been provided the finance as long term to 41394 units sanctioning amount of Rs 3294.77 crores and disbursing amount of Rs. 3237.82 crores in Uttar Pradesh.

Uttar Pradesh State Industrial Development Corporation (UPSIDC), 1961: Uttar Pradesh State Industrial Development Corporation is an enterprise of Uttar Pradesh Government registered under the Company's Act 1950, which promotes industries and develops industrial infrastructure in the State with its head office at Kanpur and several Regional offices/Branch offices located at Agra, Aligarh, Allahabad, Bareilly, Ghaziabad, Gorakhpur, Kanpur, Lucknow, Meerut, Surajpur and Tronica City. UPSIDC was incorporated as a company limited by shares on March 29, 1961. Its authorized capital is rupees 40 crores and paid-up share capital is rupees 24, 07, 51,000 as on March, 2015. UPSIDC plays an important role for rapid industrialization by providing Industrial accommodation for Industries. The UPSIDC Corporation has developed 159 Industrial areas and 23 residential areas which encompass 41948 acres of land with a wide range of infrastructure facilities.

The Corporation is following the Industrial Policy since it was announced and has made remarkable changes in the state. Besides other development for making Uttar Pradesh the most preferred location for investment. UPSIDC has been making sincere efforts for removing the infrastructure gap in Uttar Pradesh by putting the Uttar Pradesh on number one position in making the state the most preferred and favorable industrial destination of the country. The UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz; Export Promotion Industrial Park, Agro/Food Processing, Bio-technology, Apparel, Chemicals, Handicraft, Gem and Jewellery, Electronics, Leather and Leather products Textile, Plastics, etc. The major objectives of the UPSIDC are acquisition of land for Industrial Development Land Development in Industrial Areas, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure updation plan

under MSE-CDP, Integrated Infrastructure Development Centre, and Development of Industrial Area.

Pradeshya Industrial & Investment Corporation of U.P. Ltd. (PICUP): was established by the government of Uttar Pradesh in March, 1972. The main objective of the corporation is the faster development of industries in Uttar Pradesh. The corporation is providing assistance to medium and large scale new units and also for Modernization, Diversification and expansion of the existing units. The Corporation has its services in the field of financial and technical assistance along with strong back-up by Institutional support.

The main activities of the Corporation are Sanction of Term loan, Refinancing Scheme, Lease finance, Arrangement for working capital, Equipment finance Scheme, Venture Capital Scheme, Agent for implementation of Govt. financial assistance Scheme, Sanction of under writing Shares and Sanction of bridging loans.

Directorate of Industries: Directorate of Industries is a fully-fledged organization set by Government of Uttar Pradesh, which is headed by the Commissioner and Director of Industries Uttar Pradesh. The Directorate of Industries is having 172 Zonal offices and 72 district centers throughout the Uttar Pradesh and the each district center promotes and develops the industries in the state. The Directorate of Industries are implementing of various policies and over-all promotion and development of Micro, Small & Medium Enterprises and Cottage Industries in the State. The main functions of Directorate of Industries of Uttar Pradesh are Formulation and Implementation of policies relating to over-all development of industries in Uttar Pradesh, Dissemination of all policy matters relating to Industrial Development, Implementation of policies on Entrepreneurial Development in The state and Registration of Small Scale Industrial Units under Rate Contract for State Government purchases and recommendations for Industrial licenses.

District Industries Centers: District Industries Centers were established on the 1st May, 1978 under the administrative control of Directorate of Industries, Uttar Pradesh and MSME-DO was empowered to provide funds, Technical guidance and Monitoring of the functions of DICs. The Govt. of India are providing a grant of 50: 50 to a maximum amount of 4 lacs in case of non-recurring expenditure through DC (MSME), New Delhi. There is no limit for grant under promotional activities but is subject to allocation of funds from Central Govt. DICs act as nodal

agency at the district level for promotion and development of Small, Tiny, Village and Cottage Industries in the state and aims at providing all essential services and inputs required for setting up of industrial units in the state. The main thrust of activities of DICs is to create favorable climate for industrial development in Rural, Semi-urban and Backward Areas of the state with a view to removing Regional imbalances to maximum possible extent. Presently 72 DICs are functioning in Uttar Pradesh. Functions and Activities of DIC are to conduct Industrial Potentiality Survey of the district and its updation from time to time and to prepare and Implement the Action Plan, to release the Entrepreneur Memorandum (EM) Part-I & Part-II of all type units Online/Offline, to collect, maintain and disseminate information and data pertaining to industries, Coordination and implementation of PMEGP, Allotment of Industrial Sheds/Plots in the Industrial Estate/ Area, to identify products having potentials for development in the area and guide prospective entrepreneurs for setting up of their own enterprise, to provide Techno-economic Consultancy Services to the prospective Entrepreneurs, to conduct EDPs and other Training Courses in the districts, Capacity Assessment of Industrial units and Any other work assigned by the Central and State Govt. Authorities.

Uttar Pradesh Infrastructure and Industrial Development: is jointly responsible for the development of industrial infrastructure in the state, the Department of Industrial Development was established to create enabling environment for industrial growth in Uttar Pradesh. It has been reconstituted as Infrastructure & Industrial Development Department (IIDD) in the year 2007 with the merger of newly created Infrastructure Development Department the Department has acquired the role of an industrial and investment facilitation body. IIDD functions as the government arm to formulate and implement industrial and infrastructure development policies and strategies according to the specific needs and objectives of enabling socio-economic development of Uttar Pradesh. In this endeavor, the Department is guided by the newly announced Infrastructure & Industrial Investment Policy-2012. In tune with its role as a facilitator of infrastructure & industrial development and investment, the Department works for investment promotion through dissemination of information on opportunities in the State. Ensuring regional balance in industrial development and level playing field for entrepreneurs, IIDD is continuously working towards creating congenial business environment in the State. Moreover, redressal of grievances and mitigation of hurdles in setting of industrial units is one its main responsibilities. Industrial development involves the Primary sector, comprising of largely raw material

extraction industries such as mining and farming; the Secondary sector, involving manufacturing, refining, and construction; and the Tertiary sector, which deals with services along with distribution of manufactured goods.

Uttar Pradesh Small Industries Corporation Ltd. (UPSIC): The UPSIC has set up in June, 1958, by Government of Uttar Pradesh under the company's Act, 1956. The main aim of the UPSIC is to accelerate the pace of industrializations in the State. The Corporation provides assistance to MSMEs through pre-implementation support activities like supply of machines under hire purchase scheme, sheds in complexes equity participation in joint sector and in ancillary Industrial Estates established by UPSIC, but due to blocked of funds in these schemes now corporation is concentrating in post implementation support activities like marketing assistance providing raw material on fair prices through various Depot spread all over the state.

The main activities and functions of UPSIC are procurement & distribution of ferrous & Non-ferrous, Chemical raw material and coal, marketing assistance to MSME units by participating in tender and Rate contract with Directorate of Industries, Financial assistance to MSME units for completion of orders allotted to them, Construction activities, Technical assistance in establishing Anti-pollution Apparatus in Foundries, Paper Mills, Lime factory etc.

Udyog Bandhu is an organization of the State Government of Uttar Pradesh dedicated to facilitate Investment in Industrial and Service Sectors, besides solving various problems of existing & up-coming industries as well, related to different Government departments. Proactively contributing in policy formulation for rapid development of infrastructure, manufacturing and service sectors, the organization facilitates resolution of problems of prospective and existing entrepreneurs by providing them advisory services and taking up their issues at the appropriate level in the Government of Uttar Pradesh and other public bodies, institutions and organizations. Udyog Bandhu functions with transparency and swift responsiveness and serves its clients with a friendly and courteous approach."

Functions and Duties of Udyog Bandhu are The basic function of Udyog Bandhu (friend of industry) is to act as a bridge between entrepreneurs and Government, Problem solving is the main purpose through various committees at different level viz. – Chief Secretary / Chief Minister etc. and it also works as a catalyst for investment promotion.

Conclusions

Undoubtedly, the industrialization is the basis for economic development, as both are synonyms and cannot be separated with each other. Therefore, the Theoretical framework helps to grasp the in-depth knowledge about the importance of industrialization for achieving the self-reliance and sustainable economic growth particularly in the developing countries of the world. Therefore, these Theoretical models also explains how to make the economic transformation i.e. the transformation of an economy from agriculture sector to modern sector through creation of forward and backward linkages in which industrial sector has emerged as an important segment to overcome the increasing challenges of un-employment by creating rapid employment opportunities for increasing labour force and sustaining the livelihood of the unemployed persons of the country.

References

- ❖ Hirschman, A. (1957). *The strategy of economic development*. New Haven: Yale University Press.
- ❖ India. Expert Committee on Small Enterprises, & Hussain, A., (1997). *Report of the expert committee on small enterprises*. Ministry of Industry, Government of India, by National Council of Applied Economic Research.
- ❖ Keynes, J.M. (1936): *The General Theory of Employment, Interest and Money*, Harcourt Brace & Co, New York.
- ❖ Lewis, W. A. (1954). *Economic development with unlimited supplies of labour*. *The Manchester school*, 22(2), 139-191.
- ❖ Lewis, W.A., (1954): *The Theory of Economic Growth*, George Allen and Unwin.
- ❖ Myrdal, G., (1968). *Asian drama, an inquiry into the poverty of nations*. *Asian drama, an inquiry into the poverty of nations*.
- ❖ PM. BOM, "Gandhian Model of Rural Development", *Khadi Granlodyog, Journal of Rural Economy*, Bombay. Vol. 40(5), February, 1994, p.482.
- ❖ Pragati Samiksha report , Directorate of Industries, U.P.
- ❖ Ranis, G., & Fei, J. C., (1961). *A theory of economic development*. *The American economic review*, 533-565
- ❖ Rosenstein-Rodan, P. N., (1943). *Problems of industrialisation of Eastern and South-Eastern Europe*. *The Economic Journal*, 53(210/211), 202–211
- ❖ Rostow, W. W., (1960). *The stages of economic growth: A non-communist manifesto*. Cambridge University Press.
- ❖ Sen, A., (1999). *Freedom as development*: Oxford University Press.
- ❖ United Nations Industrial Development Organization Report, (1976).

CHAPTER 3

UTTAR PRADESH STATE FINANCIAL CORPORATION

INTRODUCTION

Early economic growth models highlighted the importance of saving rates in the economies (i.e. how much an economy saves as a proportion of its income) and population growth rates in determining income per person (neoclassical growth theory). These growth models have treated economic growth as a function of saving. But the Schumpeter (1911) introduced a new economic growth theory in which he treats financial sector as a key driver of economic growth. According to Schumpeter an effective financial institutions increases the efficiency of resource allocation and brings economic growth in the economy. Then (Levine 1993) postulates that financial system promotes investment opportunities to potential businesses, mobilizes savings and enables trading and hence the importance of developed and effective financial sector cannot be over-emphasized.

Therefore, the financial sector is a critical sector for every economy to bring economic growth and development in the economy. Both theoretical, as well as empirical research has shown that a sound financial sector is critical for economic growth and development throughout the world (Paul, H., & Vassili, P. 2001). The effective and vibrant financial sector helps to transform the traditional economy into the modern economy. The most important component of this sector is that it acts like a pillar for every economy by providing the financial support to the core sectors of the economy. The Financial institutions provide maximum financial assistance to the industrial sector in India. Nevertheless, the financial institutions promote overall saving of the economy by widening the financial structure. Hence, the financial sector plays an indispensable role in the overall development of an economy throughout world (World Bank, 2012.)

Goldsmith (1969) was the first economist who shows empirically the positive correlation between financial sector development and economic growth. There are also many studies which emphasized that finance can be an essential component for the growth of an economy. (Robinson, 1952, McKinnon,1973 and Shaw,1973). There are also much evidences that the

developed countries are advanced only because their financial sector is developed while as under developed economies are backward because their financial sectors are less developed(Kaushal, S., & Ghosh, A. July 23, 2016).

However, after independence the Indian economy was primarily an agrarian economy and the agriculture was the major sector of the economy. Therefore, the development of the other sector particularly secondary and tertiary sector was necessary for the economy, so that a rapid economic growth and development can be achieved in the country. However, one of the crucial requirements for successful implementation of these secondary and tertiary sectors was supply of credit. So in order to provide the adequate supply of credit to lay the base of these sectors in the economy the Government of India has flourished the financial institutions in the country and these financial institutions can be broadly classified into two categories viz., all India institutions and State level institutions. However, the all India Centre institutions are providing financial assistance mainly large and long term assistance to the entire country. While as, the State Financial institutions are the institutions which are running by the state government at their respective states. The major aim of these institutions is to provide short and medium term loans at reasonable rate of interest. These financial institutions are providing financial assistance to Small and Medium industries in their respective states. In recent years the State Financial institutions has widened their role and have added a gamut of financial services. Nowadays, State Financial institutions provide assistance by way of instrument leasing Portfolio management services etc. (Indrani,C. 2008).They also support for technological up-gradation and modernization of the industrial sector in the state and are functioning almost in the all states of India. Therefore, financial institutions are now occupying an important position in the country and are aptly described as the life-blood of the industrial sector. Nonetheless, the industrial growth and development is largely depending on the financial sector of the country. The setting up of these financial corporations (SFCS) diversifies the structure of development of industrial sector.

The industrial sector is the second largest sector of Uttar Pradesh economy. Its contribution to GSDP currently stands at 20 percent which employs 5.67 per cent of the work force in the state. However, the economy of Uttar Pradesh is mostly informal, with low level of income livelihood in earnings vending, transport and daily wage work together with a still significant number of people relying on agriculture sector. Nevertheless, given the huge human resources coupled with

natural assets, Uttar Pradesh holds enormous industrial potential, which is yet to be fully realized (T.S. Papola., 2011). Therefore, in order to make the Uttar Pradesh more industrially developed state in the country, the government of Uttar Pradesh has setup the Uttar Pradesh State Financial Corporation which aims to flourish industrial development by providing financial assistance to the industrial sector of the state. The Uttar Pradesh Financial Corporation was established on 1st November, 1954 under the state financial corporation Act, 1951. The Uttar Pradesh financial corporation took a principle step for the industrial development at the state of Uttar Pradesh by providing financial assistance to upcoming small and medium scale industries in the state of Uttar Pradesh and also for modernization, diversification and expansion of existing Industrial units. UPFC plays a vital role in the order to make the financing activities efficient & thereby develops the economy of the state(Dangwal, R. C., & Negi, K. S.,1999). At present the UPFC has twenty regional offices and two branch offices that are spread throughout the state of Uttar Pradesh. The objective of Regional Offices is to ensure greater efficiency and providing quicker, faster, and quality services with regard to sanction and disbursement of loans. The board of Uttar Pradesh State Financial Corporation consists of four nominees of the State Government, two nominees of Industrial Development Bank of India, one nominee of reserve bank of India and four Directors elected to represent Schedule Banks, Insurance companies/Investment/Trust/other financial institutions, Co-operative Bank and Shareholders.

The main functions of the Uttar Pradesh State Financial Corporation are to extend term loans assistances for setting up industrial units in small scale industrial and medium scale industrial sector, providing the loans and purchase of fixed assets of the industrial units. It also provides finance to health sector; food processing and agro based industries, Automobiles, electronic and engineering goods and also assists to small scale industries through NEF, to provide assistance under the rehabilitation scheme of industrial development bank (IDBI),to provide marketing support of Small scale industrial units under the small scale industrial bank of India, to provide the financial assistance under the Modernization scheme of industrial development bank (IDBI), to undertake various promotional activities including organization of entrepreneurial development programs and seminars; aims as aiding the industrial growth of the state, and it also confers the right to provide whole range of services such as issue management, underwriting, equity participation and project certification for raising finance from primary market, also extent loans to provide assistance to the artisans in order to develop cottage, village and traditional

industries. It also undertakes joint financing with Pradeshiya Industrial Corporation of Uttar Pradesh (PICUP)/ Scheduled banks for service sector like Hotels, Nursing homes, Information Technology Projects etc.

The Uttar Pradesh financial corporation not only provides financial assistances to the industrial sector but it also helps to bring overall socio economic development of the state by providing a large employment to the un-employed persons of the state as the State of Uttar Pradesh is having a large scale of un-employment problem in the state. Therefore the present chapter aims to examine the role of Uttar Pradesh State Financial corporation in-terms of creating employment and providing industrial development in the state.

The establishment of State Financial Corporations in India was, one of the most important steps to promote the growth and development of industries in the country. The State Financial Corporations was formed under the Corporation Act 1951. Before it the Madras Industrial and Investment Corporation was formed in 1949, but after understanding the importance of a strong financial corporation for industries the government of India has taken an important step to establish the State Financial corporations under Corporation act of 1951. Therefore, at present in every state there is a state financial corporation running by respective state governments. The State Financial Corporations were set up for the purpose of meeting the long-term financial requirements of industrial sector of the respective states by providing credit to their Industrial Sector.

Growth and Performance of Uttar Pradesh Financial Corporation

The Uttar Pradesh State Financial Corporation is providing an immense for providing long term loans to the industrial sector of the state at both industry wise and districts wise. Nonetheless, the Uttar Pradesh State financial corporation has divided the state into four categories. The category (A) comprises the most backward districts, Category (B) Semi backward districts, Category (C) less backward districts and other Categories that are mainly developed districts of the state. However, the state financial corporation is the main source of fiancé to the industrial sector of the state but after 2008 the state financial corporation has stopped lending to the industrial sector because of inadequate liquidity and loss of profits the corporation has decided to stop lending and to start recovery of the loans from the borrowers. Therefore, the present chapter examines

the growth and performance of Uttar Pradesh State Financial Corporation and to explore the district wise and industry wise of sanction and disbursement of loans to the industrial sector of the state.

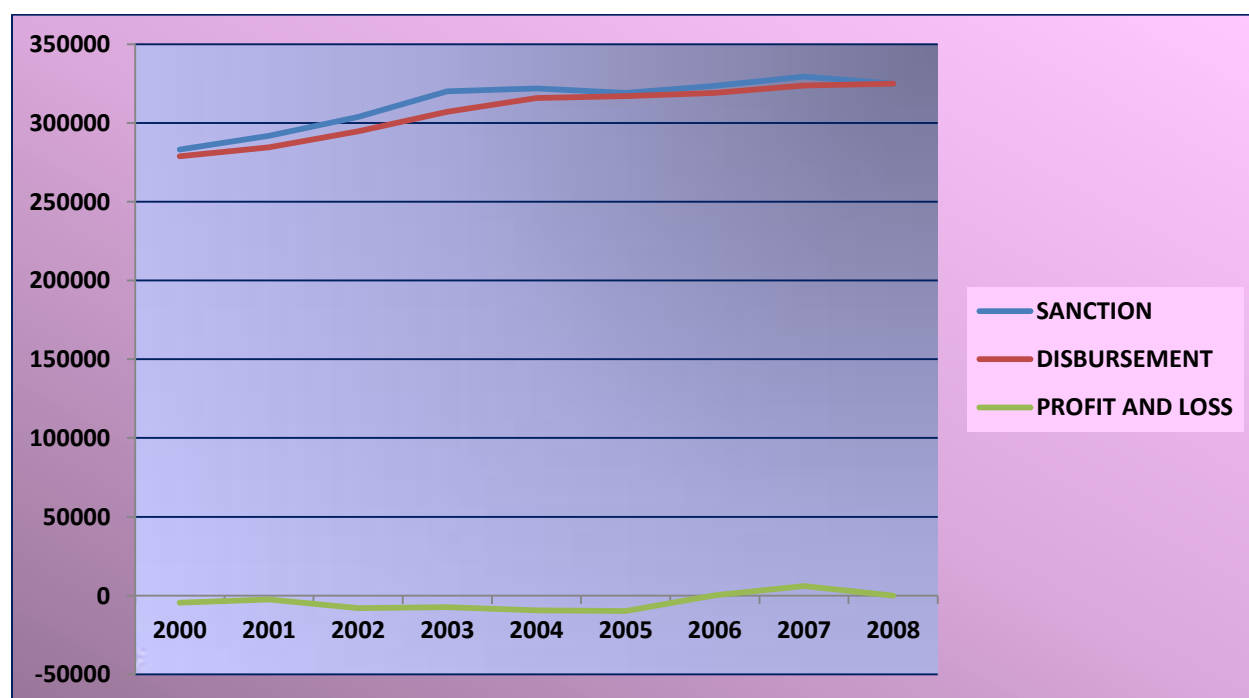
3.1 Sanction, Disbursement and Profit & Loss

Sanction of loans means approve of funds by an organization or government to the borrowers. While as the term Disbursement is used in context of loans i.e. it is the total amount which is extracted from a purse or sanction amount or in other words it simply means distributing of money. While as, the profit and losses are one of the most important economic indicators of an organization or of a firm. The profit and loss statement summarizes the total revenues and total expenditures generated by the by the company or an organization over the entire reporting period. The basic equation on which the profit & losses is calculated by Revenues – Expenses. If revenue is higher than expenditures then a company or organization is in profit and if expenses are greater than revenue then it is in losses. But after 2007 the Uttar Pradesh State Financial Corporation has stopped lending to the borrowers, Apart from this due to inadequate recovery of loans from the borrowers both sanction and disbursement has declined in the area wise of the state and due which the corporation has led to losses in the state.

However, the main function of the financial corporation is sanction and disbursement of term loans to the industrial sector of the state. Therefore, the disbursement and sanction shows the performance and vibrancy of the financial corporation. Nevertheless, the higher sanction and disbursement always paves a greater development. The table 3.1 shows the Year Wise Sanction, Disbursement and Profits and Loss of State Financial Corporation of Uttar Pradesh from 2000 to 2008. The table highlights that the overall sanction amount of the UPSFC has been increased from 283123.03 lakhs in 2000 to 324908.42 lakhs in 2008. Similarly, in case of disbursement the amount has been increased from 278771.91 lakh rupees in 2000 to 324881.89 lakh rupees in 2008. Moreover, in case of profit and loss it is showing losses from -4557.12 lakh in 2000 to -9273.95 lakhs in 2005, and then it is showing a profit of 184.51 lakh rupees in 2006 to 6010.05 lakh rupees in 2007. Then again it is showing a loss of -47.93 lakhs in 2008. It is due to inadequate recovery of old loans from the borrowers the UPSIC is facing losses due to in the state. However, in case of Percentage growth over previous year it is showing that growth of Sanction has increased from 3.06 percent in 2000 to 5.36 percent in 2004 and then it has declined

to -0.93 percent in 2005. Then again it has increased from 1.44 2006 to 1.81 2007 respectively. While as in case of Disbursement it growth has been increased from 2.07 percent in 2000 to 4.23 percent in 2003 and then it growth has declined from 2.81 percent in 2004 to 0.33 percent in 2008. Moreover, in case of Compound Annual Growth Rate (CAGR) of sanctions it is 0.017 percent from 2000 to 2008 and 0.019 percent for Disbursement respectively. However, the foremost reason forth is negative growth of both Sanction and Disbursement is that the UPSFC is facing fund problems because the grants from both Central and State Government has been reduced and apart from this, the UPSFC is also facing the problems in recovering the old loans from the borrowers due to which it has affected the overall performance for sanction and disbursement of the corporation in the state.

Graph3.1: Sanction, Disbursement and Profit & Loss of State Financial Corporation of Uttar Pradesh



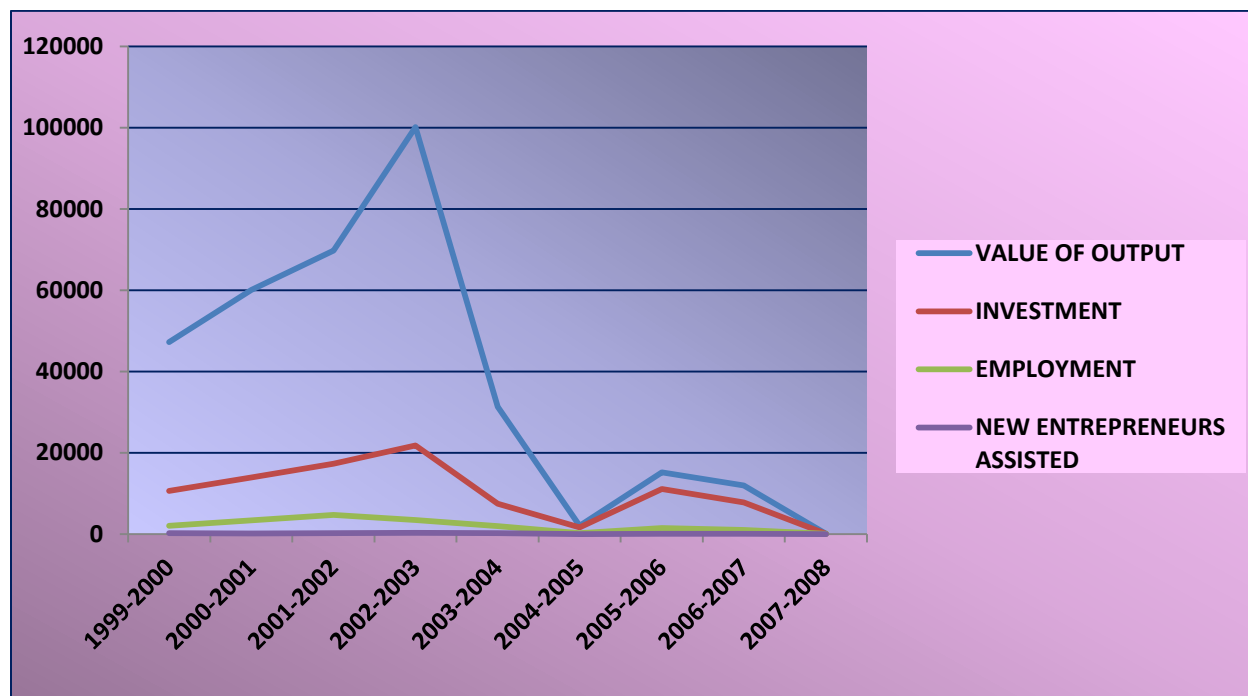
Source: Estimated from below tables

3.2 Socio Economic Contributions Assisted State Financial Corporation

Investment act of committing money or capital to an endeavor with the expectation of obtaining additional income or profit in future or it is an asset that is purchased with the hope that it will generate income in future. In economic terms, an investment is the purchase of goods that are not consumed today but are used to create more wealth in future. However there are two main classes of investment one is fixed income investment which includes such as bonds, fixed deposits, shares etc. second is variable income investment which includes business ownership or property etc. While as Production is a process of transforming inputs i.e. raw material into finished goods or outputs or in simple words production means the creation of goods and services in the economy.

The Uttar Pradesh State financial Corporation is providing term loans to the entrepreneurs for establishing of both new units and for modernization of old units and is also investing in the industrial projects of the state, this inversely creates employment and increases the industrial production of the state. Therefore, the table 3.2 shows the Socio-Economic Contributions of the assisted projects by UPSFC and the table shows that the value output of these assisted projects has declined from 4723.75 lakhs in 1999-2000 to 49.7 lakhs in 2007-08. While, in case of investment it has also declined from 10648.27 lakhs in 1999-00 to 51.66 lakhs in 2007-08. Similarly, the employment has declined from 2082 lakhs in 1999-00 to 40 thousand in 2007-08. Moreover in case of assisting new Entrepreneurs it has been declined from 216 in 1999-00 to 14 in 2007-08. Moreover in case of growth rate the simple growth rate of value put is declined from 27.24 percent in 1999-00 to -99.58 percent in 2007-08. Similarly, investment growth has declined from 31.20 percent in 2000-01 to -99.34 for the same period and in case of employment growth it has declined from 62.72 percent in 2000 to -96.20 in 2007-08 respectively. However, the compound annual growth rate (CAGR) shows negative growth of -0.58 percent for Value of Output, followed by Investment -0.49 percent, -0.39 percent for employment and -0.29 percent for New Entrepreneurs respectively. This declined trend is because of the several factors which includes declining grants from both state and Central government to the corporation and the another reasons is inadequate recovery of the corporation from the borrowers which led to the losses of the corporation in the Uttar Pradesh State as already explained in the above table..

Graph 3.2: Socio Economic Contributions Assisted State Financial Corporation



Source: Estimated from below table

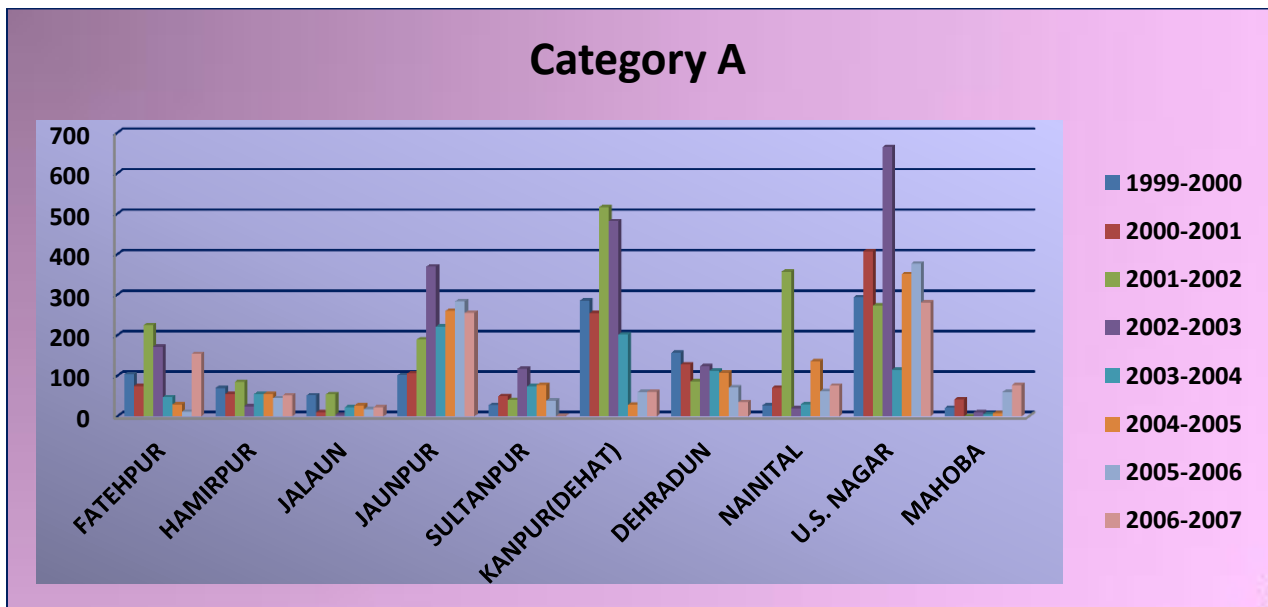
3.3 Area Wise Distribution of Sanction of Term Loans of U.P State Financial Corporation

The Areas wise Distribution of term Loans shows us the performance of industrial development of area wise in the state made by the state financial Corporation of Uttar Pradesh. Therefore, the table 3.3 shows the area wise distribution of term loans sanctioned to industrial sector by State Finance Corporation of Uttar Pradesh. However, the State Finical Corporation has divided the Uttar Pradesh into Three categories. The backward districts are listed as Category (A). Therefore the table 3.3 shows that in case of the Category (A) the highest term loan have been sanctioned to U.S. Nagar in which the term loans were increased from 294 lakhs in 1999-00 to 377.01 lakhs in 2005-06 the term loan sanctioned to these districts have been increased because the UPSFC has targeted them to make these districts industrially developed because these districts possess higher returns for industrial output and then it has declined to 281.04 lakhs in 2006-07, followed by Kanpur Dehat. In Kanpur Dehat the sanctioned amount has been increased from 286 lakhs in 1999-2000 to 516 lakhs in 2002-03 then it has declined to 60.9 lakhs in 2006-07 because the due to lack of funds and another side these districts have not been target by UPSFC. Nevertheless,

the Compound annual growth rate is also showing a drastic decline in the sanction amount of term loans in the state. The results of compound annual growth rate (CAGR) shows that in case of Category (A) Districts only three districts are showing a positive growth in sanctioned loans i.e. Mahoba district which is showing a positive growth of 0.20 percent followed by Nanintal 0.15 percent and Fatehpur 0.05 percent of growth. The rest districts of the Category are sowing a negative growth from 1999-2000 to 2006-07. Similarly in case of Category (B) the highest amount has been sanctioned to Jhansi the amount sanction of the terms loans for Jhansi has been increased from 104.28 lakhs in 1999-2000 to 490.63 lakhs in 2006-07 because the UPSFC has target them to make these districts industrially developed because these districts possess higher returns for industrial output, followed by Ambedkar Nagar 3.64 lakhs in 1999-2000 to lakhs crores in 2006-07 then Rai Bariely i.e. the amount sanctioned has been increased from 8 lakhs in 1999-00 to 80 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of term loan amount sanctioned is for Ambedkar Nagar i.e. 0.48 percent followed by Rae Bareli 0.38 percent then Jhansi 0.24 percent. In case of negative growth the Faizabad is on the top i.e. it showing a negative growth of -0.27 followed by ST.Kabir Nagar -0.18 percent respectively. Moreover, in in case of Category (C) the highest amount has been sanctioned to Noida (GB Nagar) i.e. the sanctioned amount has been increased from 286.05 crores in 1999-00 to 1086.05 in 2006-07 followed by Kannaju District in which in amount sanction of loans has been increased from 155 lakhs in 1999-00 to 282.74 lakhs in 2003-04 then has declined to 73.87 lakhs in 2006-07. Then Bulandshahar in which the amount sanctioned of term loans has been increased from 116.5 lakhs in 1999-00 to 2005-06 then has declined to 7.5 lakhs in 2006-07, then Moradabad district 80.28 lakhs in 1999-00 to 104 lakhs in 2006-07, Unnao 65 lakhs in 1999-00 to 108.27 lakhs in 2006-07. Moreover the Compound Growth Results are showing that the highest growth has achieved by Azamgarh 0.26 percent followed by Noida(GB Nagar) 0.12 percent, Moradabad 0.17 percent and then Mainpuri and Unnao 0.09 and 0.07 percent respectively. While in case of negative growth rate the Barabanki is on the top i.e. it is showing negative growth of -0.47 followed by Jyotiba PH Nagar -0.42 percent and Mathura -0.01 percent respectively and same is explained by the graph below. Therefore from the table it is clear that from 2000-01 to 2007-08 the both Sanction and Disbursement of the loans has been declined in the area wise of the state. The major reasons for declining in the growth of sanction is that as the Uttar Pradesh is one of the largest state of the

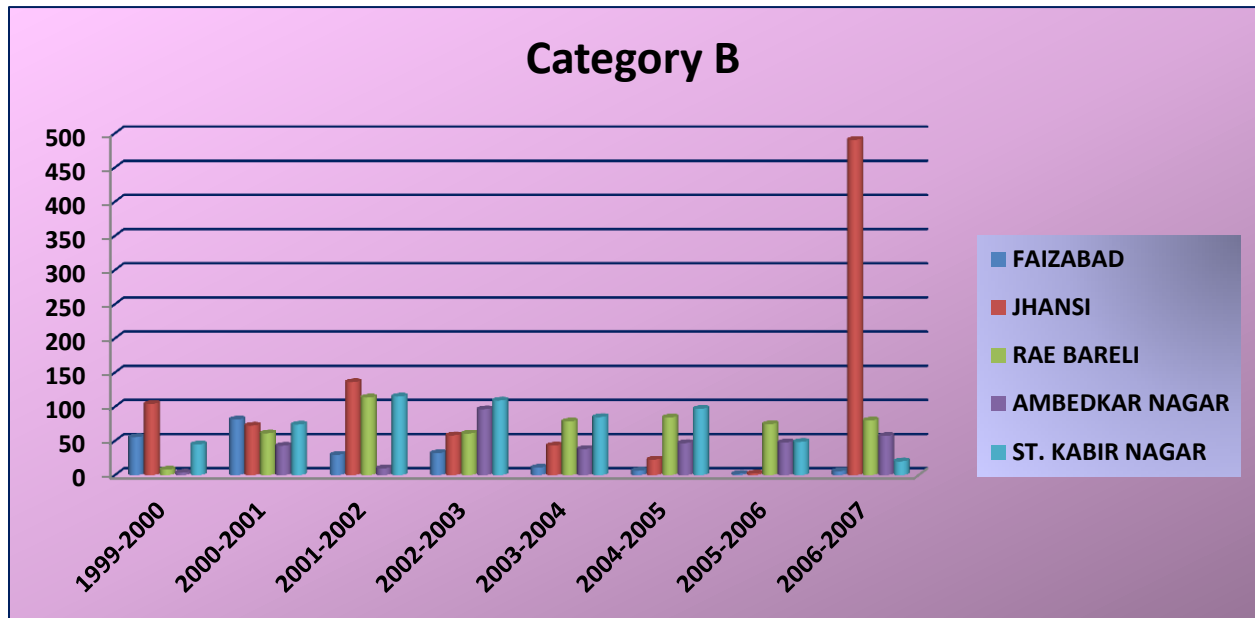
country and its economy is mainly an agrarian dominated economy so in order to make the state much industrially developed state its financial corporation for assisting to industrial sector should be much vibrant so that it can meet the financial requirements of the industrial sector of the state. But due declining grants, losses and debt the Uttar Pradesh State Financial Corporation is facing much challenges for providing loans to the borrowers and due to inadequate recovery of the old loans from the borrows its performance has become a sluggish in the state Moreover, lack of more regional branches of Uttar Pradesh State Financial Corporation at the District level of the state is also another problem due to which the Uttar Pradesh State Financial Corporation is not performing positively in the state

Graph 3.3.1: Area Wise Distribution of Sanction of Term Loan of State Financial Corporation



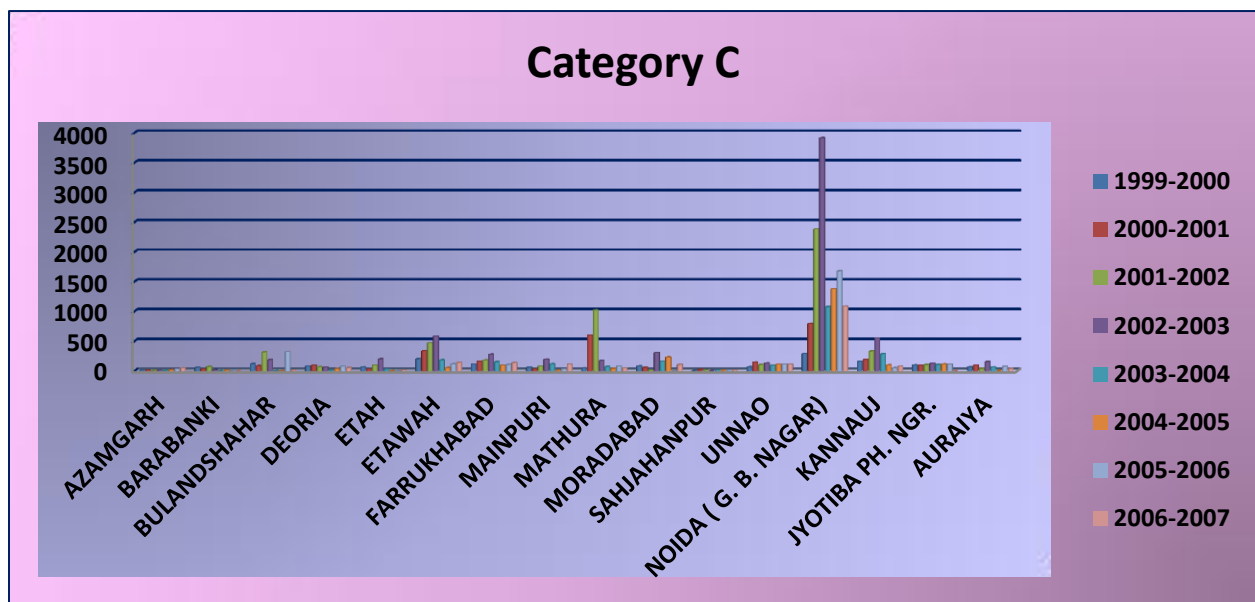
Source: UPFC Annual Reports

Graph 3.3.2: Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation



Source: Estimated from below tables

Graph 3.3.3: Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation

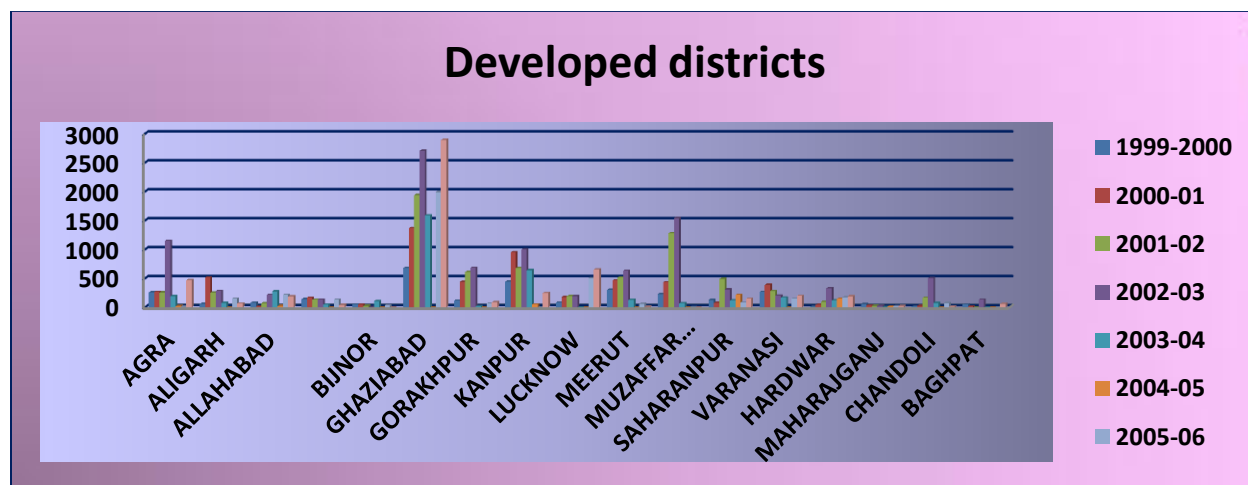


Source: Estimated from below tables

3.4 Area Wise Distribution of Sanction of Term Loan of State Financial Corporation (Developed districts)

The present sanction shows the performance of industrial development of developed districts in terms of Distribution of Sanction of Term Loan provided by the State Financial Corporation. Therefore, the table 3.4 shows that in case of the Developed Districts the highest term loan has been sanctioned to Ghaziabad which has increased from 679.18 lakhs in 1999-00 to 2894.15 lakhs in 2006-07, followed by Agar 259.5 lakhs in 1999-00 to 1149.23 lakhs in 2002-03 the term loan sanctioned to these districts have been increased because the UPSFC has target them to make these districts industrially developed because these districts possess higher returns for industrial output and then it has declined to 471 lakhs in 2006-07 because the due to lack of funds and another side these districts have not been target by UPSFC, followed by Lucknow in Lucknow the sanctioned amount has been increased from 83 lakhs in 1999-2000 to 654.57 lakhs in 2006-07 then Kanpur 444.33 lakhs in 1999-00 to 1002.66 lakhs in 2002-03 and then in Kanpur the term loans has been declined to 246.49 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount sanction is for Hardwar i.e. 0.47 percent followed by Lucknow 0.34 percent and then Ghaziabad 0.23 percent respectively. While in case of negative growth the Muzaffar nagar is on the top i.e. it is showing a negative growth of -0.54 percent followed by Bijnor -0.44 percent and Chandoli -0.03 percent respectively.

Graph 3.4: Area Wise Distribution of Sanction of Term Loan Of State Financial Corporation



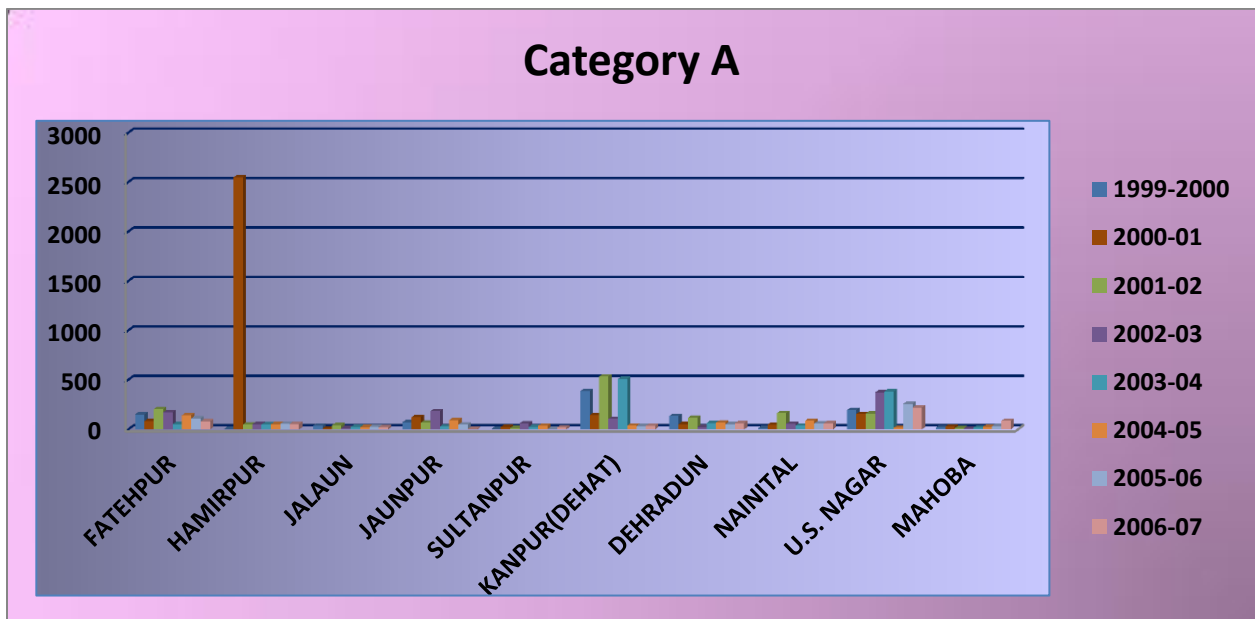
Source: Estimated from below tables

3.5 Area Wise Distribution Of Disbursed Of Term Loan of State Financial Corporation

The present sanction shows the performance of industrial development of developed districts in terms of Distribution of disbursed of Term Loans provided by the State Financial Corporation. Therefore, the table 3.5 shows the area wise distribution of term disbursed to industrial sector by State Finance Corporation of Uttar Pradesh. The table highlights, that in case of the Category (A) the highest term loan has been disbursed to the U.S. Nagar the amount disbursed was 196.12 lakhs in 1999-00 which has been increased to 385.45 lakhs in 2003-04 the term loan sanctioned to these districts have been increased because the UPSFC has target them to make these districts industrially developed because these districts possess higher returns for industrial output then it has declined to 220.51 lakhs in 2006-07, followed by Kanpur Dehat in Kanpur Dehat the disbursed amount has increased from 385.76 lakhs in 1999-00 to 510.54 lakhs in 2003-04 and then is has declined to 36.35 lakhs in 2006-07 because the due to lack of funds and another side these districts have not been target by UPSFC. Nevertheless, the Compound annual growth rate is also showing a drastic decline in the disburse amount of term loans in the state. The results of compound annual growth rate (CAGR) shows that in case of Category (A) Districts only three districts are showing a positive growth in disbursed loans i.e. Sultanpur district which is showing a positive growth of 0.28 percent, followed by Nanital district 0.24 percent and Mahoba district 0.23 percent of growth respectively. The rest districts of the Category (A) are showing a negative growth from 1999-200 to 2006-07. Similarly, in case of Category (B) the highest amount has been disbursed to Jhansi District the amount disburse of the terms loans for Jhansi district was 3.62 lakhs in 1999-2000 and has been increased to 312.51 lakhs in 2006-07, followed by Ambedkar Nagar 3.64 lakhs in 1999-2000 to 17.69 lakhs in 2006-07 then Rai Barielly 8.68 lakhs in 1999-00 to 23.65 lacs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount disbursed is for Jhansi 0.89 percent followed by Ambedkar Nagar 0.25 percent then Rae Barielly 0.15 percent. In case of negative growth the Faizabad is on the top i.e. it is showing a negative growth of -0.18 followed by ST.Kabir Nagar -0.13 percent respectively. Moreover in in case of Category (C) the highest amount has been disbursed to Noida (GB Nagar) i.e. the disbursed amount has been increased from 199.28 lakhs in 1999-00 to 1858.14 lakhs in 2002-03 and then it has declined to 1229.69 lakhs followed by Kannaju District in which in the amount disburse of loans has been increased from 137.48 lakhs in 1999-00 to 203.43 lakhs in 2001-02 then has declined to 83.89

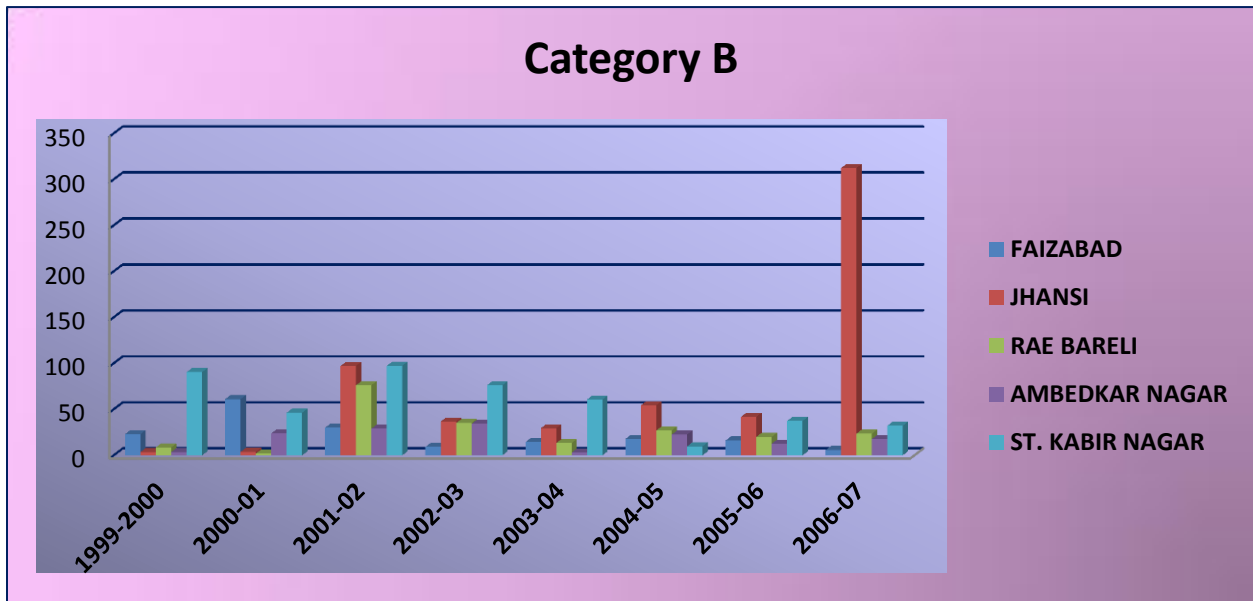
lakhs in 2006-07. Then Bulandshahar in which the amount disbursed of term loans has been increased from 8.15 lakhs in 1999-00 to 189.47 lakhs in 2002-03 then has declined to 141.06 in 2006-07, Unnao 39.93 lakhs in 1999-00 to 70.17 lakhs in 2006-07, Mainpuri 140.24 lakhs in 1999-00 to 241.23 lakhs in 2003-04 then has declined to 109 lakhs in 2006-07, followed by Etawah 201.28 lakhs in 1999-00 to 489.22 lakhs in 2002-03 and has declined to 136 lakhs in 2006-07. Moreover, the Compound Growth Results are showing that the highest growth has achieved by Bulandshahar 0.50 percent followed by Deoria 0.45 percent, Noida (GB Nagar) 0.29 percent and then Unnao 0.08 percent respectively. While in case of negative growth the Moradabad is on the top i.e. it is showing negative growth of -0.38 percent followed by Etah - 0.15 percent and Mathura -0.14 percent respectively. This decline has same reason as explained in the previous section of Sanction amount.

Graph 3.5.1: Area Wise Distribution of Disbursed Of Term Loan of State Financial Corporation



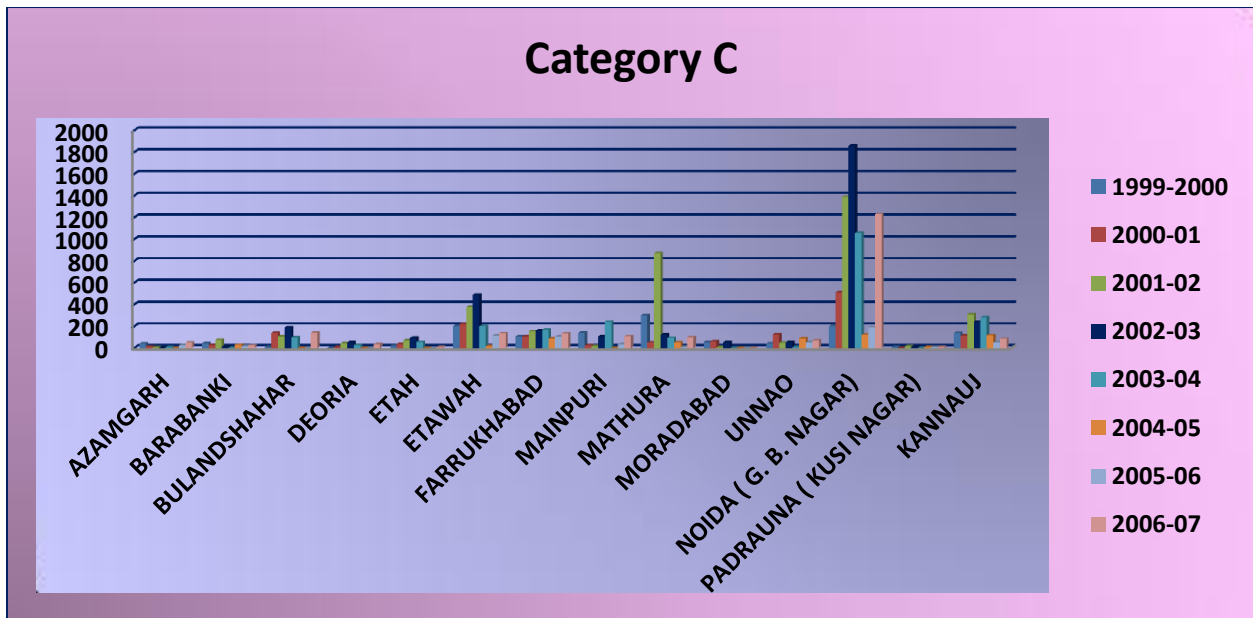
Source: Estimated from below tables

Graph 3.5.2: Area Wise Distribution of Disbursed of Term Loan of State Financial Corporation



Source: Estimated from below tables

Graph 3.5.3: Area Wise Distribution of Disbursed of Term Loan of State Financial Corporation

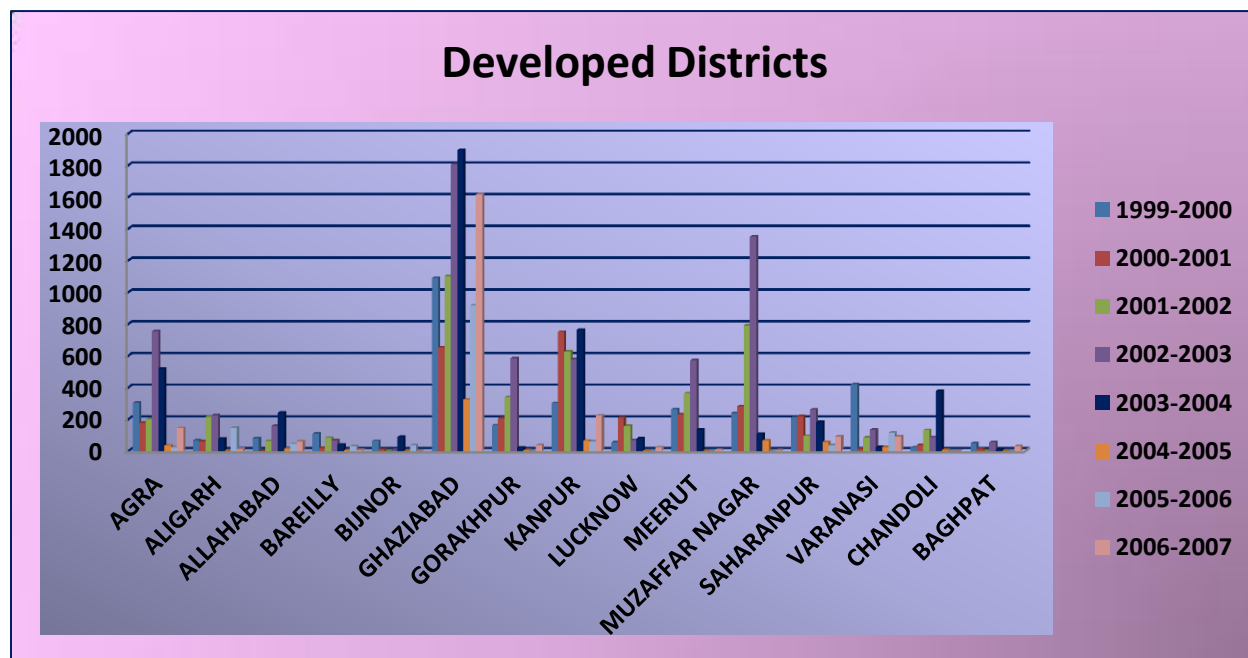


Source: Estimated from below tables

3.6 Area Wise Distribution Of Disbursed Of Term Loan of State Financial Corporation (Developed Districts)

The present section shows the area wise distribution of term loan disbursed to industrial sector by State Finance Corporation of Uttar Pradesh. Therefore, the table 3.6 shows that in case of the Other Districts (Developed Districts) the highest term loan has been disbursed to Ghaziabad which has increased from 1090.15 lakhs in 1999-00 to 1895.38 lakhs in 2003-04 and then has declined to 1615.5 lakhs in 2006-07, followed by Agra District in Agra it has increased to 303.59 lakhs in 1999-00 to 754.02 in 2002-03 and then it has declined to 143.65 lakhs in 2006-07 because the due to lack of funds and another side these districts have not been target by UPSFC, followed by Lucknow in Lucknow the disbursed amount has been increased from 53.95 lakhs in 1999-2000 to 209.78 lakhs in 2000-01 and then has declined to 21.62 lakhs in 2006-07, followed by Kanpur District in Kanpur district the disbursed amount has been increased from 300.91 lakhs in 1999-00 to 763.53 lakhs in 2003-04 and then it has declined to 222.4 lakhs in 2006-07, followed by Muzaffar Nagar 237.91 lakhs in 1999-00 to 1351.14 lakhs in 2002-03 and then declined to 3.66 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount disbursed is for Ghaziabad i.e 0.06 percent this is because the Ghaziabad is the industrial hub of the state and the UPSIDC is granting maximum loans to this district due to which its growth is positive. In case of negative growth the Chandoli is on the top i.e. It is showing a negative growth is -1 percent followed by Muzaffar Nagar and Bijnor -0.45 percent , Bareilly -0.35 percent and Aligarh -0.23 and Baghpat -0.06 respectively the negative growth is because these districts have received very less term loans.

Graph 3.6: Area Wise Distribution Of Disbursed Of Term Loan of State Financial Corporation



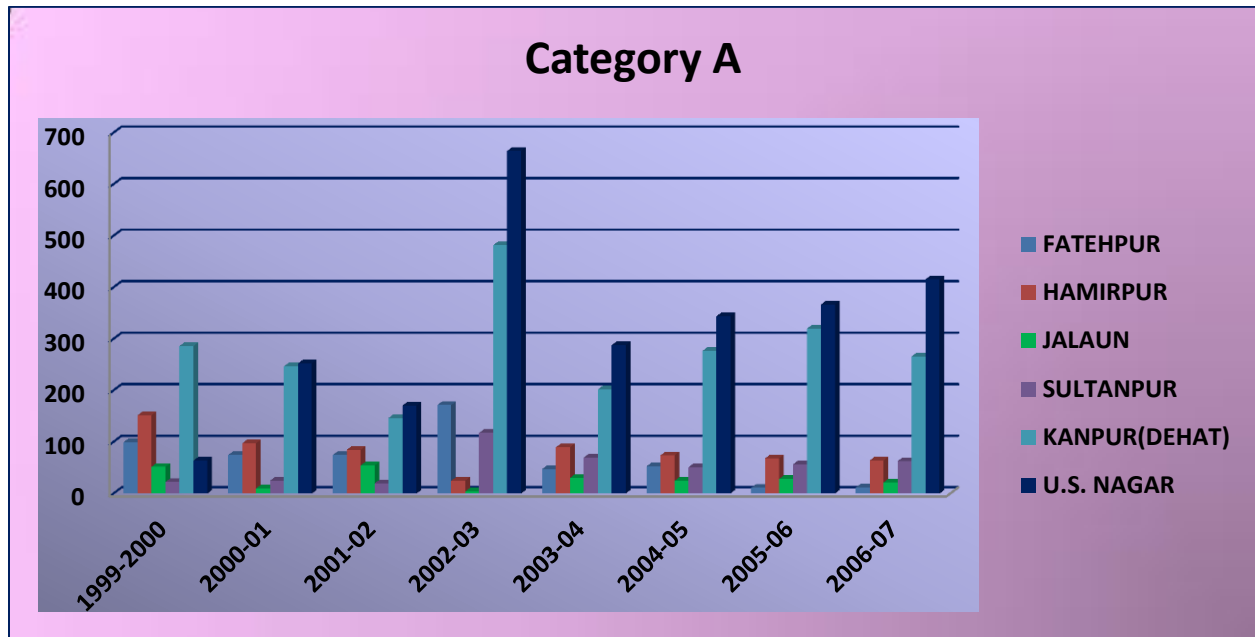
Source: Estimated from below tables

3.7 Area Wise Distribution of Term Loan Sanctioned of SSI Sector

The small scale industries are known as the engine of economic growth. The main importance of these industries is creating of units less employment capital. These industries are providing an equitable distribution of income. Therefore, development of these industries is much important in the state. Hence, the table 3.7 shows the area wise distribution of term loans sanctioned to Small Scale industrial sector by UPSFC but the sanction amount is showing an overall declined trend from 2000 to 2007. However, the table depicted below shows that in case of the Category (A) the highest term loan has been sanctioned to the U.S. Nagar District which were increased from 64 lakhs in 1999-00 to 664.92 lakhs in 2002-03 and then it has declined to 416.02 lakhs in 2006-07, followed by Kanpur Dehat. In Kanpur Dehat the sanctioned amount has been increased from 286.27 lakhs in 1999-2000 to 482 lakhs in 2002-03 then it has declined to 266.41 lakhs in 2006-07. Nevertheless, the Compound annual growth rate is also showing a drastic decline in the sanction amount of term loans in the state. The results of compound annual growth rate (CAGR) shows that in case of Category (A) Districts only three districts are showing a positive growth in

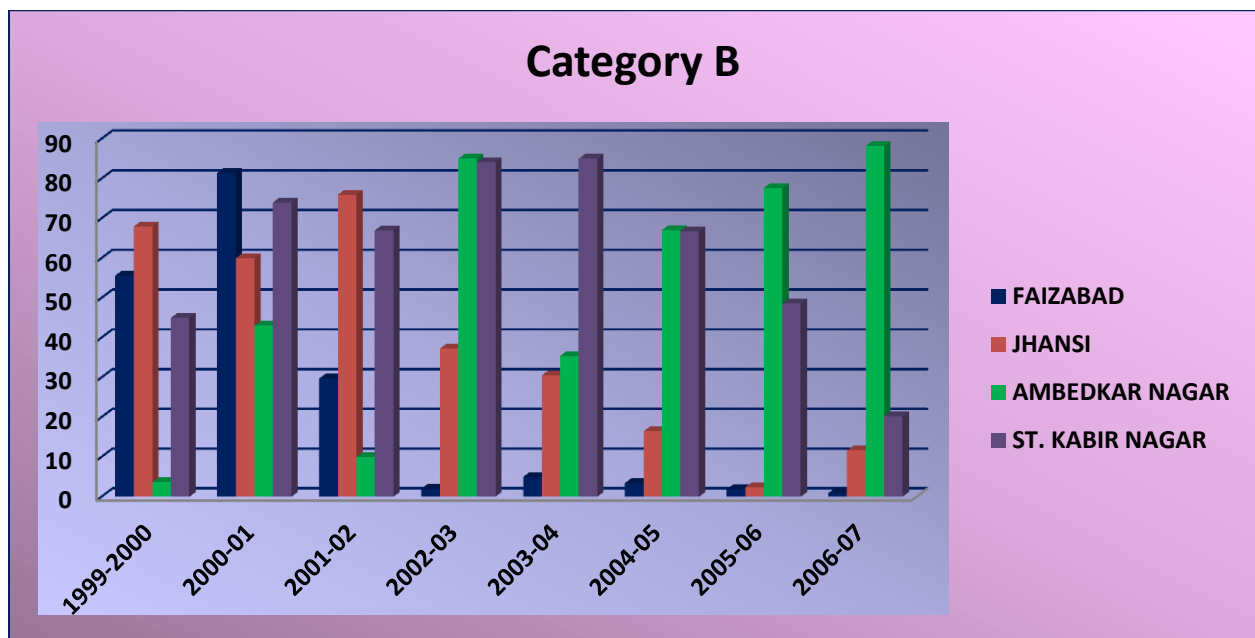
sanctioned loans i.e. U.S. Nagar district which is showing a positive growth of 0.31 percent followed by Sultanpur 0.16 percent of growth. The rest districts of the Category are showing a negative growth from 1999-2000 to 2006-07. Similarly, in case of Category (B) the highest amount has been sanctioned to Ambedkar Nagar the amount sanction of the terms loans for Ambedkar Nagar has been increased from 3.64 lakhs in 1999-2000 to 88.18 lakhs in 2006-07, followed ST.Kabir Nagar 45 lakhs in 1999-00 to 66.08 lakhs in 2004-05 and then has declined to 20.25 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount sanction is for Ambedkar Nagar i.e. 0.58 percent. In case of negative growth the Faizabad is on the top i.e. it is showing a negative growth of -0.44 followed by ST.Kabir Nagar -0.11 percent respectively. Moreover, in case of Category (C) the highest amount has been sanctioned to Noida (GB Nagar) i.e. the sanctioned amount has been increased from 421.41 lakhs in 1999-00 to 2737.26 lakhs in 2002-03 and then has declined to 736.05 lakhs, followed by Kannaju 155 lakhs in 1999-00 to 548 lakhs in 2002-03 then it has declined to 143.49 lakhs in 2006-07, followed by Bulandshahar from 116.5 lakhs in 1999-00 to 218 lakhs 2005-06 then it has declined to 7.5 lakhs in 2006-07, Etah 62.25 lakhs in 1999-00 to 197.8 lakhs in 2002-03 and then it has declined to 79.74 lakhs in 2006-07. Moreover, the Compound Growth Results are showing that the highest growth has achieved by Mathura district at 0.30 percent followed by Sahjahanpur district 0.17 percent, Mainpuri 0.09 percent and then Noida and Etah districts 0.08 and 0.04 percent respectively. While in case of negative growth the Barabanki is on the top i.e. it is showing negative growth of -0.46 followed by Bulandsahar -0.32 percent and Moradabad -0.30 percent and Deoria -0.01 percent respectively. However, one point must be noted here that after 2002-03 onwards the growth in-terms of both sanction and disbursement for SSI Sector at district wise has declined almost in all districts of the state as already we have discussed the reasons for the declined growth and same is case with the SSI sector of the same the sanction amount has declined because the Uttar Pradesh State financial Corporation is facing funds problem or it is having inadequate liquidity due to which its sanction of loans has declined.

Graph 3.7.1: Area Wise Distribution of Term Loan Sanctioned of SSI Sector



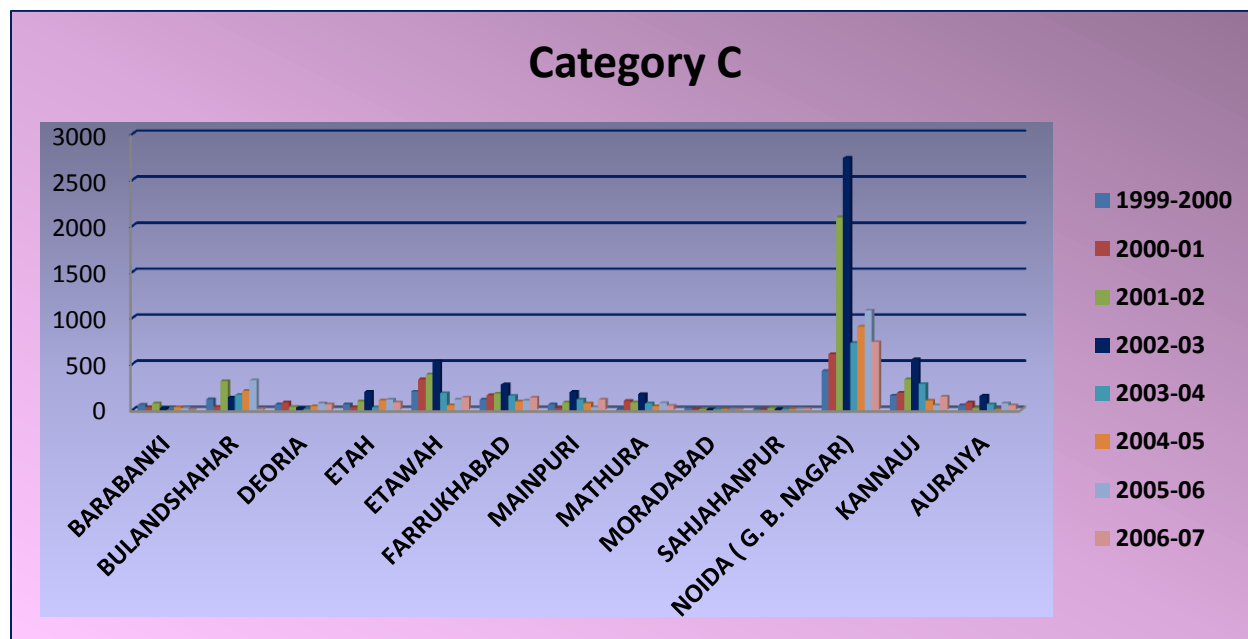
Source: Estimated from below tables

Graph 3.7.2: Area Wise Distribution Of Term Loan Sanctioned of SSI Sector



Source: Estimated from below tables

Graph 3.7.3: Area Wise Distribution of Term Loan Sanctioned of SSI Sector



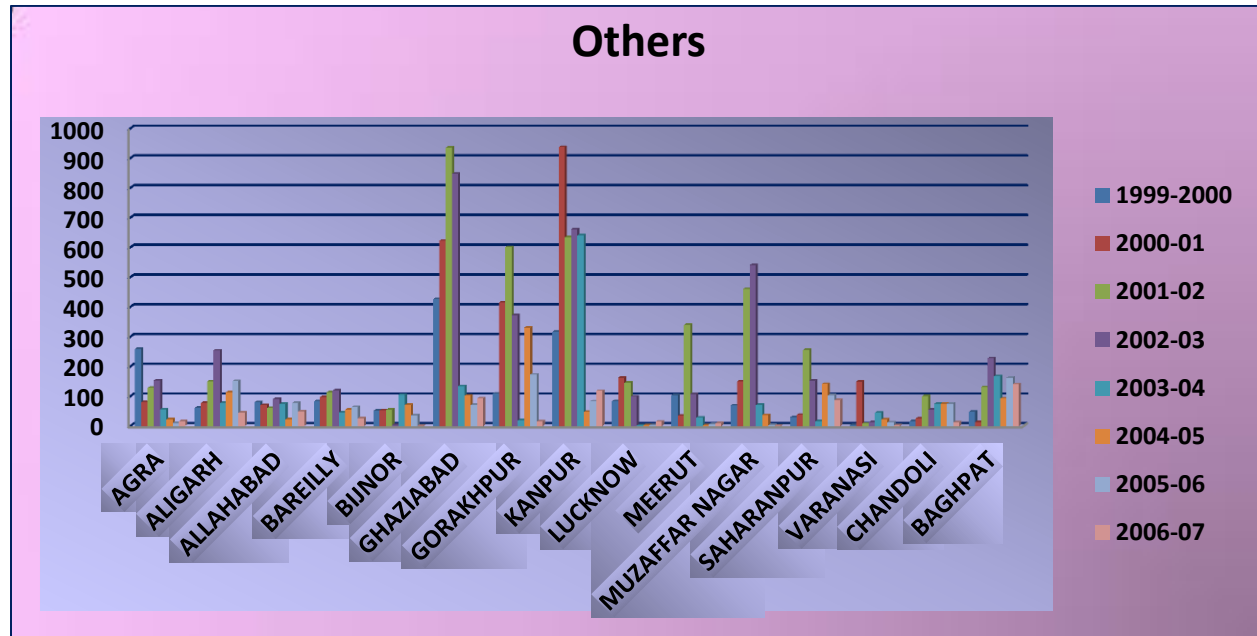
Source: Estimated from below tables

3.8 Area Wise Distribution of Term Loan Sanctioned of SSI Sector(Developed Districts)

This section shows the area wise distribution of term disbursed to industrial sector by State Finance Corporation of Uttar Pradesh. Therefore, the table 3.8 shows that in case of the Other Districts the highest term loan has been sanctioned to Gaziabad which has increased from 426.18 lakhs in 1999-00 to 935.39 lakhs in 2001-02 and then it has declined to 92.66 lakhs in 2006-07, followed by Gorakpur district 108.5 lakhs in 1999-00 to 600.65 lakhs in 2001-02 and then it has declined to 15.25 lakhs in 2006-07, followed by Lucknow district in Lucknow the sanctioned amount has been increased from 83 lakhs in 1999-2000 to 162.15 lakhs in 2000-01 lakhs and then has declined to 14.57 lakhs in 2006-07 and then Kanpur 316.36 lakhs in 1999-00 to 937.28 lakhs in 2000-01 and then it declined to 117.99 lakhs in 2006-07, Muzaffar Nagar 69.27 lakhs in 1999-00 to 540.3 lakhs in 2002-03 and then has been declined to 0.9 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount sanction is for Baghpat district i.e. 0.17 percent followed by Saharanpur 0.16 percent. While as in case of negative growth the Muzaffar Nagar is on the top i.e. it is showing a negative growth of -0.46 percent followed by Bijnor -0.44 percent and

Chandoli and Aligarh -0.04 percent respectively. The negative growth is because these districts have received very less amount of term loans.

Graph 3.8: Area Wise Distribution of Term Loan Sanctioned of SSI Sector



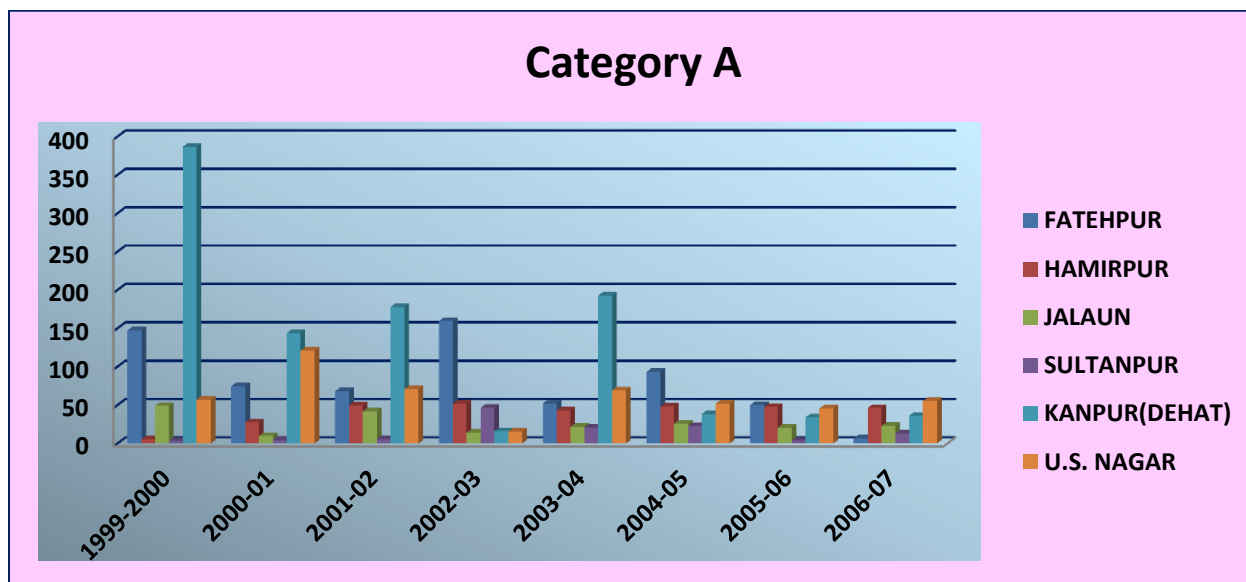
Source: Estimated from below tables

3.9 Area Wise Distribution Of Term Loan Disbursed of SSI Sector

The section shows the area wise distribution of term disbursed to industrial sector by State Finance Corporation of Uttar Pradesh. Therefore, the table 3.9 shows that in case of the Category (A) the highest term loan has been disbursed to the Sultanpur district which has been increased from 3.57 lakhs in 1999-00 to 46.72 lakhs in 2002-03 then it has declined to 13.3 lakhs in 2006-07, followed by Hamirpur district in Hamirpur district the disbursed amount has increased from 5.5 lakhs in 1999-00 to 52.03 lakhs in 2002-03 and then is has declined to 46.53 lakhs in 2006-07. Nevertheless, the Compound annual growth rate is also showing a drastic decline in the disburse amount of term loans in the state. The results of compound annual growth rate (CAGR) shows that in case of Category (A) Districts only three districts are showing a positive growth in disbursed loans i.e. Hamirpur district which is showing a positive growth of 0.35 percent, followed by Sultanpur district is 0.21 percent respectively. The rest districts of the Category are sowing a negative growth from 1999-200 to 2006-07. However, in Fatehpur district it is showing

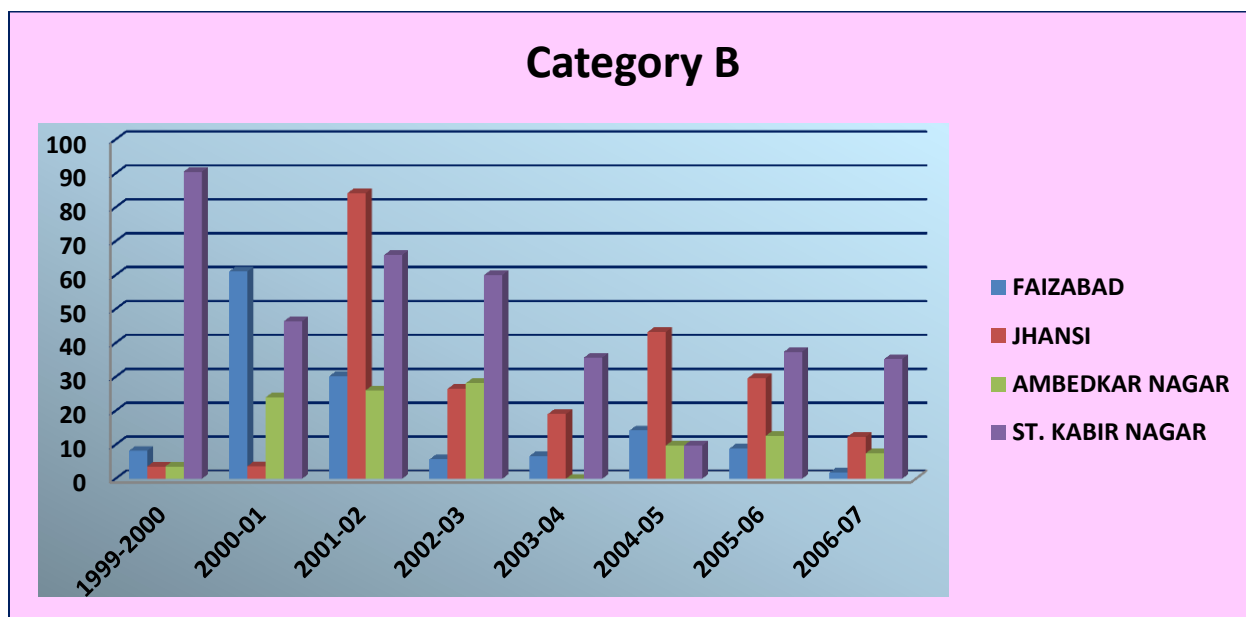
a negative growth of -0.35, followed by Kanpur Dehat -0.28 and U.S Nagar -0.01 respectively. Similarly, in case of Category (B) the highest amount has been disbursed to Jhansi the amount disburse of the terms loans for Jhansi has been increased from 3.62 lakhs in 1999-2000 to 84.23 lakhs in 2001-02 and then declined to 12.4 lakhs in 2006-07, followed by Ambedkar Nagar 3.64 lakhs in 1999-2000 to 28.2 lakhs in 2002-03 and then it has declined to 7.50 lakhs in 2006-07, followed by Faizabad district 8.32 lakhs in 1999-00 to lakhs in 2000-01 61.12 and then has declined to 1.81 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount disbursed is for Jhansi 0.19 percent followed by Ambedkar Nagar 0.11 percent. In case of negative growth the Faizabad is on the top i.e. a negative growth of -0.19 followed by ST.Kabir Nagar -0.12 percent respectively. Moreover, in case of Category (C) the highest amount has been disbursed to Noida (GB Nagar) i.e. the disbursed amount has been increased from 345.25 lakhs in 1999-00 to 1570.8 lakhs in 2002-03 and then has declined to 650.43 lakhs, followed by Kannauj District in which in amount disburse of loans has been increased from 137.48 lakhs in 1999-00 to 309.43 lakhs in 2001-02 then has declined to 83.89 lakhs in 2006-07. Then Bulandshahar 1.5 lakhs in 1999-00 to 141.06 lakhs in 2006-07, Mainpuri 140.24 lakhs in 1999-00 to 240.23 lakhs in 2003-04 and then declined to 109 lakhs in 2006-07, followed by Etawah 209.15 lakhs in 1999-00 to 486.9 lakhs in 2002-03 and declined to 136 lakhs in 2006-07 . Moreover, the Compound Growth Results are showing that the highest growth has achieved by Bulandshahar 0.91 percent followed by Mathura 0.60 percent, Deoria 0.55 percent and Etah 0.19 percent respectively. While in case of negative growth the Moradabad is on the top i.e. it is showing negative growth of -0.19percent followed by Barabanki -0.13 percent and Auraiya -0.10 percent respectively.

Graph 3.9.1:Area Wise Distribution of Term Loan Disbursed of SSI Sector



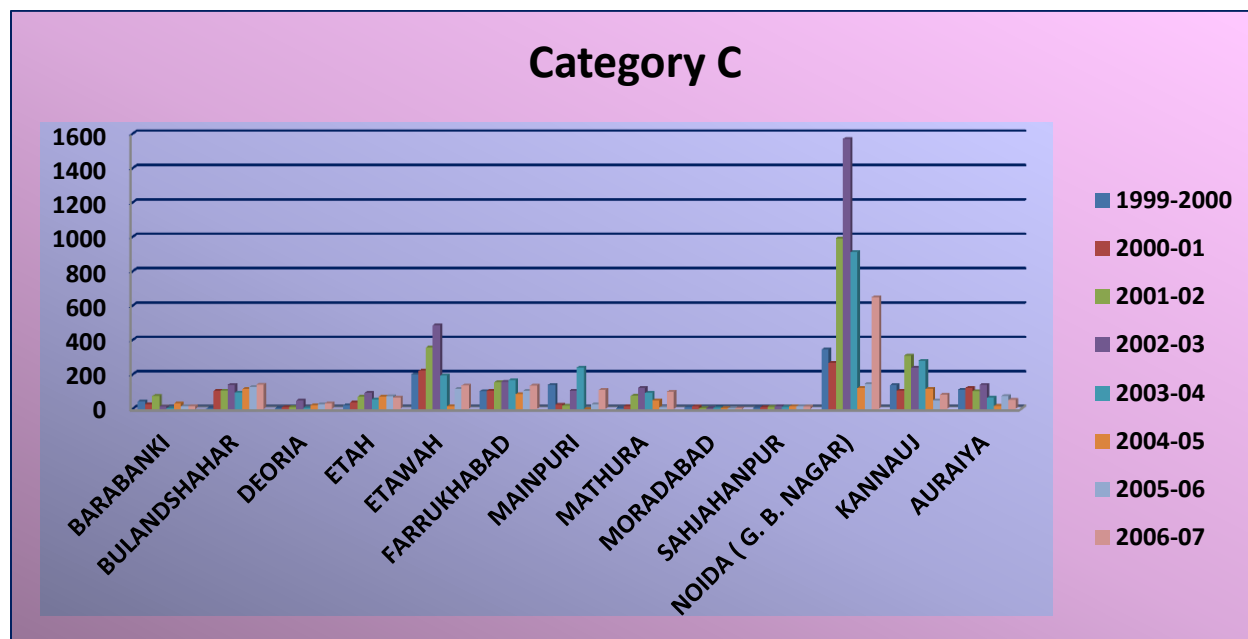
Source: Estimated from below tables

Graph 3.9.2:Area Wise Distribution of Term Loan Disbursed of SSI Sector



Source: Estimated from below tables

Graph 3.9.3:Area Wise Distribution of Term Loan Disbursed of SSI Sector



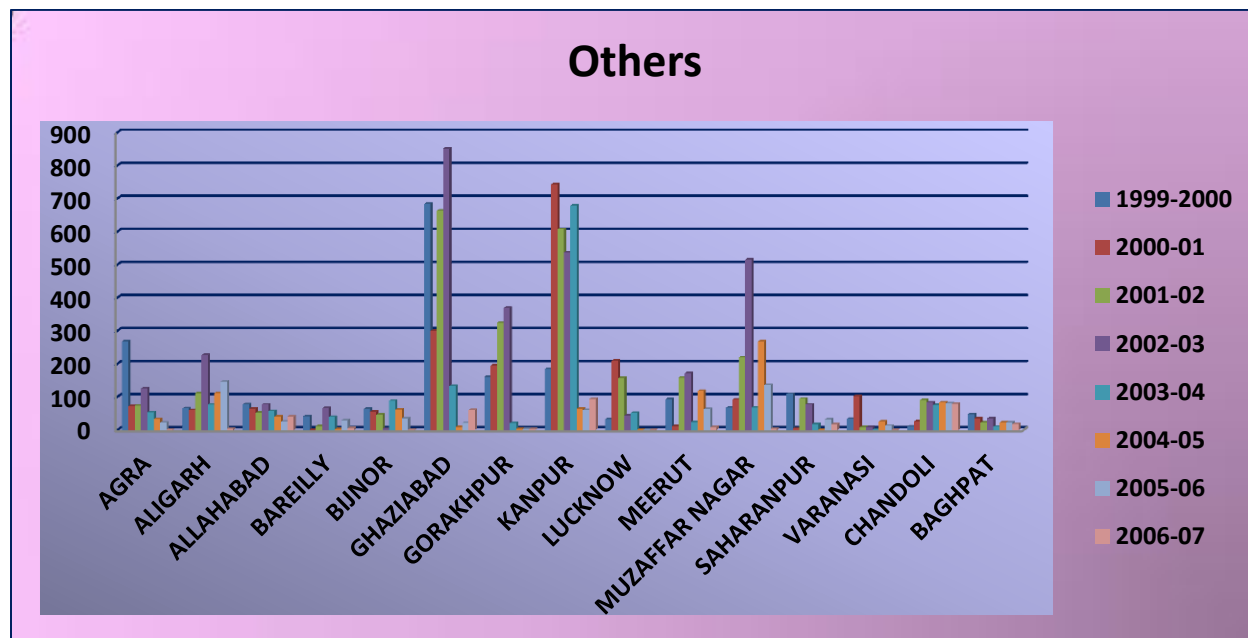
Source: Estimated from below tables

3.10 Area Wise Distribution of Term Loan Disbursed of SSI Sector

The section shows the area wise distribution of term disbursed to industrial sector by State Finance Corporation of Uttar Pradesh. The table 3.10 shows that in case of the Other Districts the highest term loan has been disbursed to Ghaziabad which has increased from 683.85 lakhs in 1999-00 to 851.08 lakhs in 2002-03 and then has declined to 60.13 lakhs in 2006-07, followed by Gorakhpur 160.72 lakhs in 1999-00 to 369.2 lakhs in 2002-03 and then it has declined to 2.5 lakhs in 2006-07, followed by Lucknow district. In Lucknow the disbursed amount has been increased from 33.01 lakhs in 1999-2000 to 209.78 lakhs in 2000-01 and has declined to 0.72 lakhs in 2006-07 and then in Kanpur the disbursed amount has been increased from 184.79 lakhs in 1999-00 to 743.47 lakhs in 2000-01 and then it declined to 93.9 lakhs in 2006-07, followed by Muzaffar Nagar the disbursed amount has been increased from 67.95 lakhs in 1999-00 to 515.52 lakhs in 2002-03 and then declined to 3.66 lakhs in 2006-07. However, in case of Compound Annual Growth rate the results are showing that the highest growth rate of amount disbursed is for Chandoli district i.e. 0.34 percent. In case of negative growth the Agra is on the

top i.e. it is showing a negative growth is -0.55 percent followed by Varanasi and Bijnor -0.45 percent, Lucknow -0.42 percent, Bareilly -0.25 percent and Baghpat -0.12 respectively.

Graph 3.10: Area Wise Distribution of Term Loan Disbursed of SSI Sector



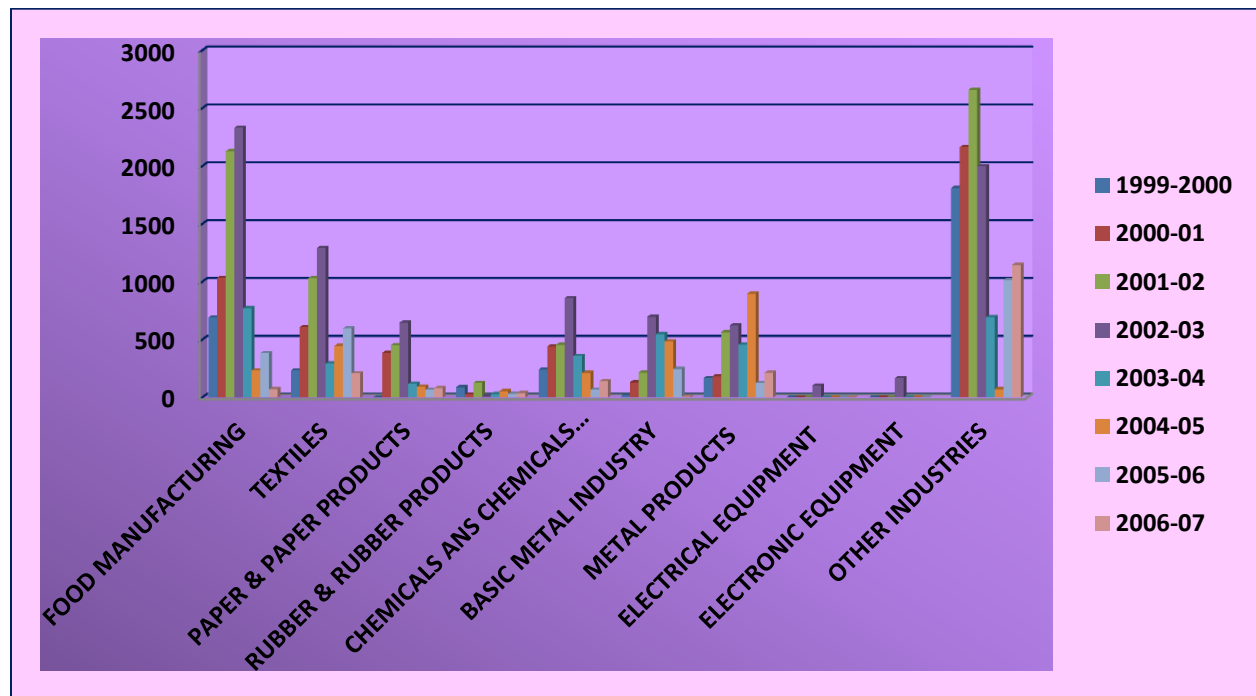
Source: Estimated from below tables

3.11 Industry Wise Term Loan Sanctioned by UPSFC

The Uttar Pradesh State Financial Corporation is providing term loans to the industrial sector of the state. Therefore, it is necessary to evaluate the industry wise sanction of the term loans in the state. So, this section shows the industry wise classification of the Term Loan Sanctioned to the industrial sector by Uttar Pradesh State Financial Corporation. Therefore, the table 3.11 highlights that the highest Term loan sanctioned by the state industrial financial corporation was to Food Manufacturing industries which has increased from 691.68 Lakhs to 2332.9 lakhs in 2002-03 then the amount sanctioned has declined to 772.35 lakhs in 2003-04 to 72.93 lakh in 2006 2-07 for these food industries of the state, followed by Chemicals and Chemicals Product. In Chemicals and Chemicals Product the amount sanction of terms loans has been increased from 240.97 lakhs in 1999-00 to 860 lakhs in 2002-03 then it has declined from 359.03 lakhs in 2003-04 to 140.46 lakhs in 2006-07, then followed by Textiles. In case of textiles the amount sanctioned of term loans has been increased from 234.96 lakhs in 1999-00 to 1294.01 lakhs in 2002-03 then it has

declined to 209.8 lakhs in 2006-07. Similarly, in case of Basic Metal Industries the term sanction loans has increased from 16.5 and lakhs in 1999-00 to 247.06 lakhs in 2005-06 then has declined to 7.5 lakh in 2006-07. Then in Paper & Paper Products the term loan amount has been increased from 2.98 Lakhs in 1999-00 to 82.12 lakhs in 2006-07. However, the Compound Annual Growth Rate results are showing that only Paper & Paper Products and Metal Products are showing a positive growth i.e. it is showing a positive growth of 0.61 percent from 2000 to 2007. Similarly, the Metal Products are showing the growth of 0.034 percent from 2000 to 2007 in the state. While as , in case of negative growth the Rubber and Rubber Products are showing a negative growth of -0.11 percent, followed by Food Manufacturing industries -0.27 respectively. Hence from the table it has been clear that after year 2005 the term loan sanctioned by the Uttar Pradesh State Financial Corporation has been declined in almost all industries of the state.

Graph 3.11: Industry Wise Term Loan Sanctioned by UPSFC

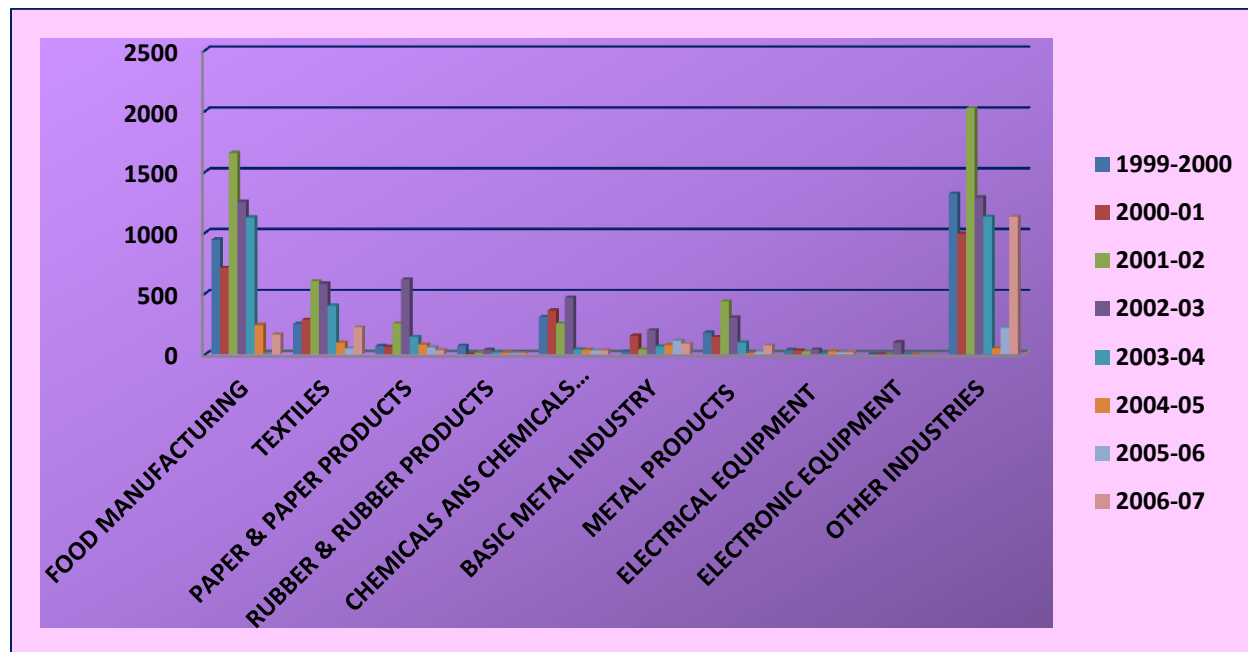


Source: Estimated from below tables

3.12 Industry Wise Term Loan Disbursed by UPSFC

The section shows the industry wise classification of the Term Loan disbursed to the industrial sector of the State by Uttar Pradesh State Financial Corporation. Therefore the table 3.12 highlights that the highest Term loan disbursed by the state financial corporation was to Food Manufacturing industries in which disbursed amount has increased from 945.68 Lakhs in 1999-2000 to 1656.86 lakhs in 2001-02 then the amount disbursed has declined to 1254.84 lakhs in 2003-04 to 163.99 lakhs in 2006-07, then followed by Chemicals and Chemicals Product Industries, in which the amount disbursement of terms loans has been increased from 2308.08 lakhs in 1999-00 to 486.22 lakhs in 2002-03 then it has declined from 43.11 lakhs in 2003-04 to 35.98 lakhs in 2006-07, then followed by Textile industries, in case of textiles the amount disbursed of term loans has been increased from 252.2 lakhs in 1999-00 to 604.24 lakhs in 2001-02 then it has declined to 223.56 lakhs in 2006-07. Similarly, in case of Basic Metal Industries the term loans disbursement has increased from 23.11 lakhs in 1999-00 to 197.97 lakhs in 2002-03 then has declined to 86.80 lakh in 2006-07. Then in Paper & Paper Products industries the term loan amount has been increased from 69.28 Lakhs in 1999-00 to 36.25 lakhs in 2006-07. However, the Compound Annual Growth Rate results are showing that only Basic Metal industry is showing a positive growth i.e. it is showing a positive growth of 0.21 percent from 2000 to 2007. While as , in case of negative growth the Rubber and Rubber Products are showing a negative growth of -0.23 percent, followed by Food Manufacturing industries -0.22 respectively.. Therefore, from the table it is clear that the disbursement of term loans has been declined from 2003-04 to 2006-07 in almost all industries of the state and the same reasons of losses, lack of funds and debt of the corporation is responsible for declining disbursement of the loans to these industries in the state.

Graph 3.12: Industry Wise Term Loan Disbursed by UPSFC

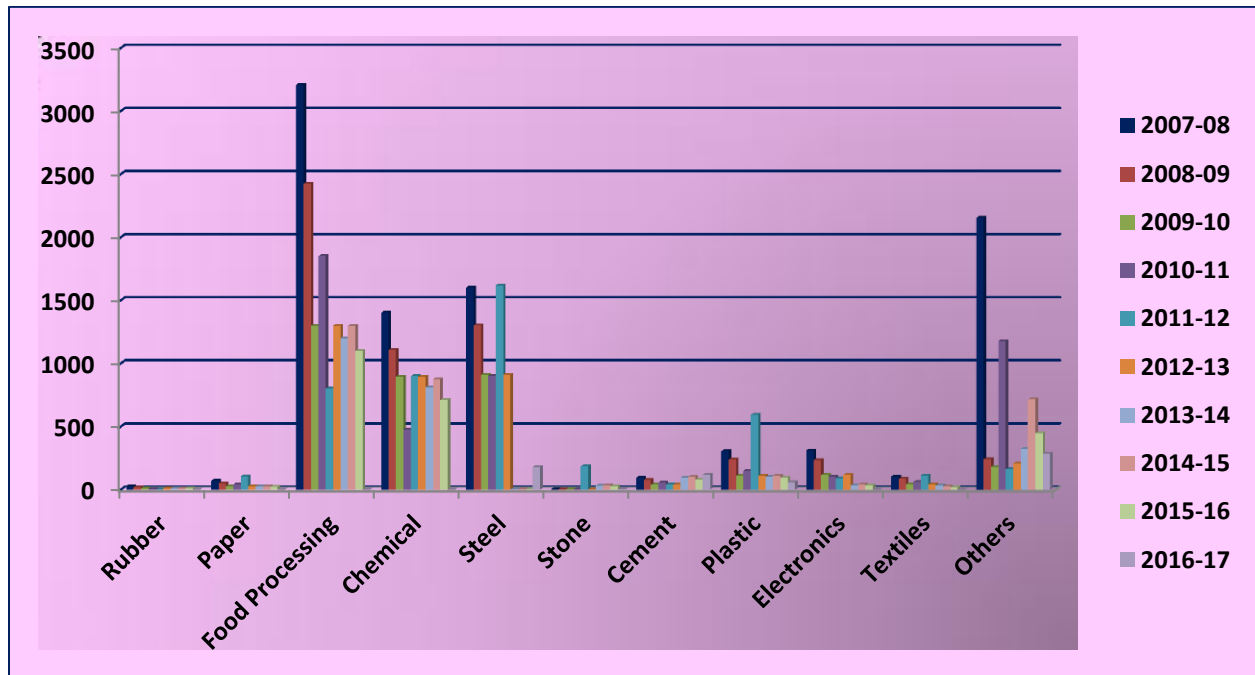


Source: Estimated from below tables

3.13 Recovery of Loans

The table 3.13 shows the financial recovery of Uttar Pradesh State Financial Corporation from 2007-08 to 2016-17. Therefore, the table highlights that the highest amount of recovery has been recovered from Food processing industries followed by Chemical Industries and steel industries. The highest amount of recovery from food processing was 3209.21 crores in 2007-08 followed by Steel industries 1603 crores rupees in 2007-08. The table also highlights that the share of amount recovering has been declining from 2012-13 in almost in all the industries.

Graph 3.13: Recovery of loans

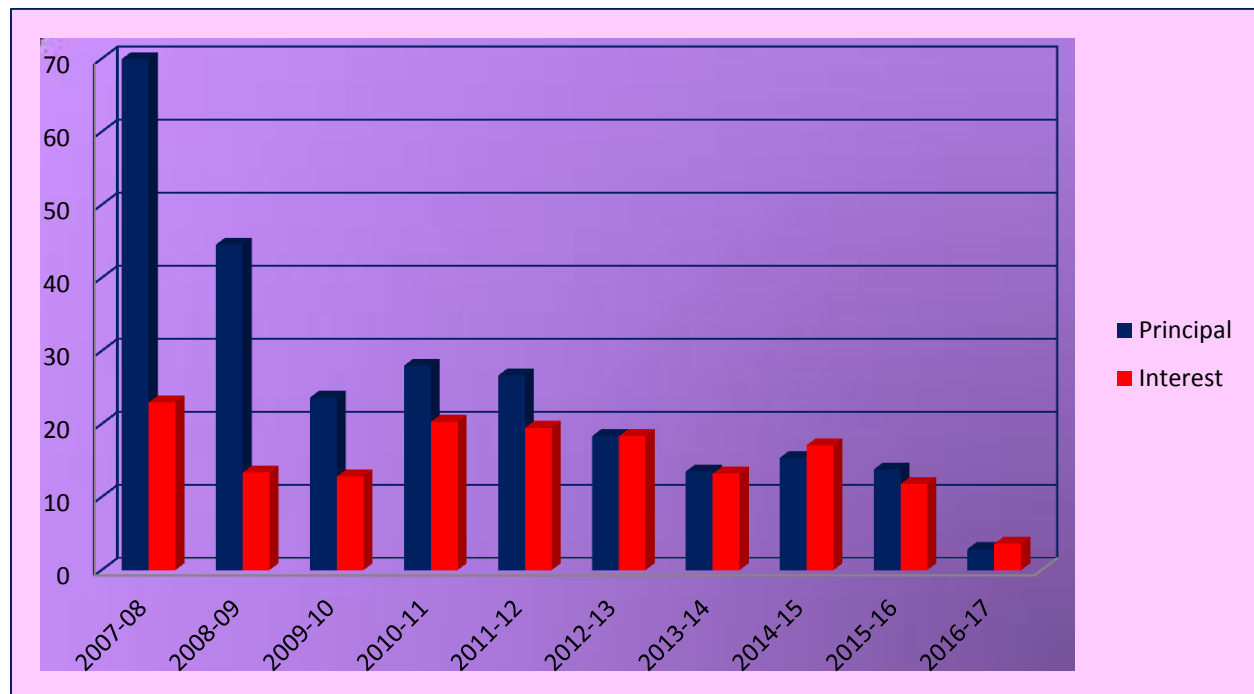


Source: Estimated from below tables

3.14 Recovery Position

The table 3.14 shows that the year wise recovery position of recovery loans of State financial corporation of Uttar Pradesh, therefore, the highlights that the highest amount of the principal loan was recovered in the year 2007-08 i.e. 69.96 cores with an interest amount of 22.93 cores and the total amount of 92.89 crores has been recovered in 2007-08. The table also highlights that the amount of recovery was increasing till 2011-12 year. After 2011-12 the amount of recovering are showing a drastic decline and for 2015-16 the amount of recovery was very low i.e. an amount of 25.54 lakhs were recovered with an interest of 11.78 cores

Graph 3.14: Recovery Position



Source: Estimated from below tables

Problems in Recovery and Recovery procedure adopted by the Uttar Pradesh State Financial Corporation

The Uttar Pradesh State Financial Corporation is facing many problems and challenges in recovering the loan amount from the borrowing entrepreneurs. The following are the main problems of recovering the loan amount from the borrowers

- (i) The borrower obtains stay against recovery from Dist. Court/High Court.
- (ii) The borrowing company moved to BIFR for rehabilitation.
- (iii) The company moved application for liquidation & Court appoint official liquidator for liquidation of assets of unit where in assets of unit were sold by official liquidator.

Recovery procedure adopted by the Uttar Pradesh State Financial Corporation

First of all recall notice is issued to borrower to repay the defaulted amount within stipulated time (10 or 15 days).

- (i) To issue notice U/s. 29 of SFC's act where in Corporation has got power to take over the assets of unit for realization of its dues.
- (ii) The physical possession of unit taken over by Corporation after expiry of stipulated period of notice U/s. 29 (Normally 15 days).
- (iii) The assets taken in possession were advertised for sale in newspapers.
- (iv) The available offers were negotiated and tried to get maximum value offer and if it covers the present value of assets, the same was again advertised for inviting 5% higher offer as per policy. In absence of higher offer the proposal of offer is processed and approved by Competent Authority.
- (v) The sale amount approved has been deposited by purchaser & Corporation executes sale deed in favor of purchaser.

B. Through Recovery Certificate

- (i) Sometimes the Corporation issue Recovery Certificate to Collector for recovery of its dues as an arrear of land revenue. In this case assets as well as personal belongings of unit were attached by revenue Department and open auction were held and auctions were confirmed in favor of highest bidder by District Authorities. The revenue department Charges 10% of amount recovered from Corporation.

Conclusions

From the above study it is clear that the industrial development of Uttar Pradesh has not accelerated at an impressive pace. Therefore, the Uttar Pradesh state has yet to achieve many milestones in order to make the state industrially developed in the country. Undoubtedly, the state financial corporations are the key drivers of industrial development in the country.

However, in-context of Uttar Pradesh the State financial corporation has played a sluggish role in flourishing the industrial development of the state. The reason behind this is that due to declining grants from both Centre and State Governments and problems in recovering the loan amounts from borrowers the UPSIDC is facing losses due to which it has stopped the sanctioning of loans from 2008 to the industrial sector of the state. So from 2008 the corporation has started only recovering the old loans from its borrowers. Moreover, due to lack of funds and losses of the corporation its performance has also declined in-terms of all key variables such as Sanction, Disbursement, Investment, Employment and Production. Therefore, the results of the study are showing that the growth rate of the sanctioned amount of State Financial Corporation of Uttar Pradesh has declined from 3.06 percent in 2000 to -1.38 percent in 2008. In case of Disbursement amount it has declined from 2.07 percent in 2000 to 0.33 percent in 2008. Similarly, in case of investment and Employment in the industrial sector are showing a drastic decline i.e. the growth of an investment has declined from 31.20 percent in 2000 to -99.58 percent in 2008 and in case of employment its growth has been declined from 62.72 percent to -96.20 percent in 2008. The results also shows that in-terms of industry wise term loan disbursement , the highest term loan disbursed by the state industrial financial corporation was to Food Manufacturing industries which has increased from 945.68 Lakhs to 1656.86 lakhs in 2001-02 then the amount disbursed has declined to 163.99 lakh in 2006-07, followed by Chemicals and Chemicals Product. In Chemicals and Chemicals Product the amount disbursement of terms loans has been increased 2308.08 lakhs in 1999-00 to 486.22 lakhs in 2002-03 then it has declined to 35.98 lakhs in 2006-07, then followed by Textiles. In case of textiles the amount disbursed of term loans has been increased from 252.2 lakhs in 1999-00 to 604.24 lakhs in 2001-02 then it has declined to 223.56 lakhs in 2006-07. Similarly, in case of Basic Metal Industries the term loans disbursement has increased from 23.11 lakhs in 1999-00 to 197.97 lakhs in 2002-03 then has declined to 86.80 lakh in 2006-07. So from the above study the overall results are showing that the state financial corporation of Uttar Pradesh is not showing any positive indications of growth in-terms of both term loan sanctions and disbursement to the industrial sector, as the growth of both has start declining from 2002-03 onwards.

Annexure Tables

Table 3.1: Year Wise Sanction, Disbursement and Profit & Loss of State Financial

Corporation of Uttar Pradesh (in lakhs)

Year	Sanction	Percentage Growth Over Pervious Year	Disbursement	Percentage Growth Over Pervious Year	Profit & Loss
2000	283123.03	-	278771.91	-	-4,557.12
2001	291799.73	3.06	284562.65	2.07	-2,392.05
2002	303808.36	4.11	294581.22	3.52	-8,015.71
2003	319988.51	5.32	307054.77	4.23	-7,420.67
2004	321969.11	0.61	315709.37	2.81	-9,273.95
2005	318973.34	-0.93	316960.23	0.39	-9,811.28
2006	323,598.28	1.44	319020.73	0.65	184.51
2007	329476.97	1.81	323782.23	1.49	6,010.05
2008	324908.42	-1.38	324881.89	0.33	-47.93
CAGR	0.017	Nil	0.019	Nil	-0.43

Source: UPFC Annual Reports

Table3.2: Socio Economic Contributions Assisted State Financial Corporation (in lakhs)

Year	Value Of Output	% Growth Over Previous Year	Investment	% Growth Over Previous Year	Employment	% Growth Over Previous Year	New Entrepreneurs Assisted
1999-2000	47231.75	-	10648.27	-	2082		216
2000-2001	60099.66	27.24	13971.47	31.20	3388	62.72	153
2001-2002	69815.75	16.16	17314.96	23.93	4756	40.37	250
2002-2003	100198.57	43.51	21810.98	25.96	3476	-26.91	321
2003-2004	31346.09	-68.71	7502.8	-65.60	1975	-43.18	230
2004-2005	2071.97	-93.39	1625.13	-78.33	228	-88.45	24
2005-2006	15233.87	635.23	11096.8	582.82	1533	572.36	73
2006-2007	11947.42	-21.57	7828.85	-29.44	1053	-31.31	86
2007-2008	49.7	-99.58	51.66	-99.34	40	-96.20	14
CAGR	-0.58		-0.49		-0.39		-0.29

Source: UPFC Annual Reports

Table 3.3: Area Wise Distribution of Sanction Of Term Loan Of State Financial Corporation(in lakhs)

Name Of Districts	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Category 'A'									
Fatehpur	104	75	225	171.92	47.32	29.3	11.28	154	0.05
Hamirpur	70	55	85	25	55	55	45	51.66	-0.04
Jalaun	52	10	54.6	4.1	22.9	27.2	18.06	22.72	-0.11
Jaunpur	102	106.25	190	370	222.08	260.69	284.25	255.67	0.14
Sultanpur	28	50	40.5	117.9	74.75	77.71	39.33	0.95	-0.38
Kanpur(Dehat)	286.27	255	516.8	482	202	28.8	60	60.9	-0.19
Dehradun	157.08	128.28	86.51	123.95	112.91	107.79	71.39	35	-0.19
Nainital	27.25	70.75	357.32	20.19	29.9	135.80	61.96	75.88	0.15
U.S. Nagar	294	407.47	273.47	664.92	115	351.13	377.01	281.04	-0.01
Mahoba	21.13	42	0.26	10	5.13	7.565	60	77.47	0.20
Category 'B'									
Faizabad	55.62	81.5	29.75	32.15	11	6.42	1.9	5.8	-0.27
Jhansi	104.28	72.5	136.06	58.25	43.25	22.81	2.38	490.63	0.24
Rae Bareli	8	61.2	113.58	60.92	78.56	84.35	74.61	80	0.38
Ambedkar Nagar	3.64	43	10	96.39	38.25	46.91	47.88	57.36	0.48
St. Kabir Nagar	45	74	115	109.13	85	97.065	48.61	20.25	-0.18
Category 'C'									
Azamgarh	9.04	13.28	4.8	9.04	6	17	28	46	0.26
Barabanki	55	29.3	69.5	15.6	0.25	7.92	4.08	0.66	-0.47
Bulandshahar	116.5	83.1	314	185	0	0	318	7.5	-0.32
Deoria	77.56	89.62	65.5	58	7.5	32.75	73.5	53.12	-0.05
Etah	62.25	30	94.5	197.8	24.4	0	0	10	-0.23
Etawah	200	332.84	467.9	581.57	180.28	50	115	136.95	-0.05
Farrukhabad	110	159.5	178.7	276	150.93	90.46	103.83	135.57	0.030
Mainpuri	56.5	30	78	192.5	114.4	8	25	109	0.09
Mathura	47	596.5	1022	170.1	70.58	36	75	44.5	-0.01
Moradabad	80.28	55	10	302	156	229	0.93	104	0.04
Sahjahanpur	4.14	21	15.65	4	11.19	7.59	9.39	12.4	0.17
Unnao	65	144.43	104	129	90	107.66	108.88	108.27	0.07
Noida (G. B. Nagar)	286.05	792.95	2381.36	3914.76	1075.68	1376.49	1677.35	1086.05	0.21
Kannauj	155	187.22	330	548	282.74	97.75	50	73.875	-0.10
Jyotiba Ph. Nagar.	96.5	91	102	122	102.87	112.43	107.65	2.19	-0.42
Auraiya	64.7	93.5	35.9	152	62.5	2.9	72.46	37.68	-0.07

Source: UPFC Annual Reports

Table 3.4: Area Wise Distribution Of Sanction Of Term Loan Of State Financial Corporation (Developed District) (in lakhs)

Developed District	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Agra	259.5	263.5	259.25	1149.23	193.3	22	10	471	0.08
Aligarh	60.8	517.5	253.3	283.89	76.89	0	150.89	66.91	0.01
Allahabad	79.8	15	69.97	215.99	274	23	216.9	189.3	0.13
Bijnor	51.35	45.96	25	4	105	0	35.95	0.85	-0.44
Ghaziabad	679.18	1369.22	1938.39	2705.97	1587.22	0	1991.82	2894.15	0.23
Gorakhpur	118.5	438.51	610.81	681.82	18.85	0	65	89.25	-0.04
Kanpur	444.33	952.28	679.92	1002.66	642.64	47.35	0	246.49	-0.08
Lucknow	83	176.35	194	193.73	1.65	0	503.06	654.57	0.34
Meerut	303.62	464.47	514.3	632.2	128	0	60	8.96	-0.39
Muzaffar Nagar	227.42	432.95	1279.34	1540.38	70.5	0	2.85	0.9	-0.54
Saharanpur	126.8	78.53	490.3	306.95	120	213.47	85	149.23	0.02
Varanasi	263.9	389	279.64	202.37	169.5	0	150	196.9	-0.04
Hardwar	12.5	44	95.3	328	119.95	146.81	172.5	191.81	0.47
Maharajganj	55.68	30	23.3	26.6	4.5	15.55	18.77	22	-0.12
Chandoli	15.42	25	164.6	504.38	75	0	75	12	-0.03
Baghpat	47.5	13.44	0	132.45	0	0	0	60	0.03

Source: UPFC Annual Reports

**Table3.5: Area Wise Distribution Of Disbursed Term Loan Of State Financial Corporation
(in lakhs)**

Name Of Districts	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Category 'A'									
Fatehpur	151.41	84.68	205.83	172.31	52.45	143.53	112.35	81.17	-0.08
Hamirpur	5.50	2550	50	52.03	51.015	54.06	56.09	55.07	-0.47
Jalaun	36.68	10	42.2	14.18	25.765	23.03	26.29	22.32	-0.06
Jaunpur	71.39	124.89	69.04	183.75	28.4	93.73	49.715	5.7	-0.30
Sultanpur	3.57	25.43	15.12	60.44	25.89	37.01	3.83	20.42	0.28
Kanpur(Dehat)	387.46	143.95	535.77	106.27	510.54	38.59	34.11	36.35	-0.29
Dehradun	135.27	52.91	117.72	23.83	64.82	68.79	52.48	62.03	-0.11
Nainital	13.72	46.67	165.01	56.07	38.04	86.37	60.16	61.52	0.24
U.S. Nagar	196.12	156.1	161	373.7	385.45	17.27	258.80	220.51	0.02
Mahoba	20.815	29.67	11.96	10	17.21	25.24	33.27	86.78	0.23
Category 'B'									
Faizabad	23.1	61.12	30.26	9.18	14.44	17.96	16.2	5.81	-0.18
Jhansi	3.62	3.69	97.3	36.82	29.48	54.53	42.01	312.51	0.89
Rae Bareli	8.68	2.01	76.24	35.16	13.34	27.086	20.21	23.65	0.15
Ambedkar Nagar	3.64	23.99	29.09	34.2	3.02	22.575	12.79	17.69	0.25
St. Kabir Nagar	90.55	46.44	97.52	76.17	60.76	9.82	37.44	32.25	-0.13
Category 'C'									
Azamgarh	40.09	13.28	4.79	0	6	0	25	48.72	0.03
Barabanki	44.12	27.43	74.44	12.67	2.93	30.01	15.20	22.61	-0.09
Bulandshahar	8.15	137.81	107	189.47	95.75	0	0	141.06	0.50
Deoria	2.46	7.74	42.01	51.17	27.21	0	0	33	0.45
Etah	19.55	37.78	69.5	92.74	55.58	0	0	6.09	-0.15
Etawah	201.28	220.7	375.52	489.22	199.44	17	115	136	-0.05
Farrukhabad	106.89	105.33	153.63	157.95	166.07	85.4	103.54	135.57	0.03
Mainpuri	140.24	23.65	18	106.47	241.23	0	33	109	-0.04
Mathura	299.34	48.68	869.25	121.89	92.33	49.47	7.95	99.17	-0.14
Moradabad	53.35	58.88	7.75	54.18	0	0	0	1.83	-0.38
Unnao	39.93	125.43	48.05	52.04	9	89.99	50.34	70.17	0.08
Noida (G. B. Nagar)	199.28	509.29	1387.73	1858.14	1058.35	120.55	188.62	1229.69	0.29
Padrauna (Kusi Nagar)	6.98	0	14.67	11.49	1.88	9.35	5.61	7.48	0.01
Kannauj	137.48	113.51	309.43	240.39	279.94	117.79	50	83.89	-0.07

Source: UPFC Annual Reports.

Table 3.6: Area Wise Distribution Of Disbursed Of Term Loan Of State Financial Corporation (in lakhs)

Developed District	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Agra	303.59	177.5	198.63	754.02	517.93	33.27	22.15	143.6	-0.10
Aligarh	65.45	59.69	214.65	226.02	76.82	0	146.22	10.94	-0.23
Allahabad	79.31	0	62.56	157.11	240.87	14.03	45.08	61.81	-0.03
Bareilly	107.93	19.67	82	66.05	39.37	3.21	29	5.4	-0.35
Bijnor	63.6	9.4	0	4	88.6	0	35	0.95	-0.45
Ghaziabad	1090.5	652.4	1100.9	1804.5	1895.3	324.27	915.82	1615	0.06
Gorakhpur	161.41	205.4	338.21	584.82	21.19	3.49	0	35.4	-0.19
Kanpur	300.91	750.7	625.78	578.38	763.53	64.1	60	222.4	-0.04
Lucknow	53.95	209.7	156.51	68.47	79.26	1.05	0.77	21.62	-0.12
Meerut	263.5	228.9	362.44	571.26	134.53	0	0	8.2	-0.39
Muzaffar Nagar	237.91	281.3	790.93	1351.4	107.24	65	0	3.66	-0.45
Saharanpur	210.1	218.1	94.54	259.72	180.85	56	35.86	90.9	-0.11
Varanasi	419.65	11.25	85.18	133.1	23.17	25.28	114.15	90.87	-0.19
Chandoli	21.63	37.6	130.88	87.45	377.58	7.25	0	0	-1
Baghpat	47.5	13.44	0	56.13	10	0	0	30.2	-0.06

Source: UPFC Annual Reports.

Table 3.7: Area Wise Distribution of Term Loan Sanctioned of SSI Sector (in lakhs)

Name of District	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Category 'A'									
Fatehpur	100	75	75	171.92	47.32	52.96	11.28	11.98	-0.26
Hamirpur	152	97.5	85	25	89.875	74.34	68.55	64.44	-0.12
Jalaun	52	10	54.6	4.1	30.17	24.71	28.39	21.84	-0.17
Sultanpur	22.5	25	20	117.9	70	51.08	56.79	63.15	0.16
Kanpur(Dehat)	286.2	247	146.8	482	202	276.9	320.3	266.41	-0.01
U.S. Nagar	64	252.4	170.93	664.92	288.08	344.1	367.0	416.02	0.31
Category 'B'									
Faizabad	55.62	81.5	29.75	2	5	3.45	1.9	0.95	-0.44
Jhansi	67.97	60	75.95	37.25	30.5	16.44	2.38	11.63	-0.22
Ambedkar Nagar	3.64	43	10	85	35.41	67.07	77.62	88.18	0.58
St. Kabir Nagar	45	74	67	84.13	85	66.80	48.61	20.25	-0.11
Category 'C'									
Barabanki	55	29.3	69.5	15.6	0.25	28.45	14.77	0.66	-0.46
Bulandshahar	116.5	33.1	314	135	160.7	203.2	318	7.5	-0.32
Deoria	56.38	79.62	33.15	21	7.5	40.5	73.5	57	0.01
Etah	62.25	30	94.5	197.8	24.4	105.5	109.6	79.74	0.04
Etawah	200	332.84	381.4	533.57	180.28	50	115	136.95	-0.05
Farrukhabad	110	159.5	178.7	276	150.28	90.46	103.8	135.57	0.03
Mainpuri	56.5	20	78	192.5	114.4	69.7	25	109	0.09
Mathura	7	96.5	82	170.1	70.58	36	75	44.5	0.30
Moradabad	17.88	11.44	5	2	6.15	3.54	0.93	1.4	-0.30
Sahjahanpur	4.14	8.5	15.65	4	9.38	9.68	11.04	12.4	0.17
Noida (G. B. Nagar)	421.4	607.4	2088.7	2737.2	725.68	903.24	1080.8	736.05	0.08
Kannauj	155	185	330	548	282.74	97.75	50	143.49	-0.01
Auraiya	48.75	78	19.5	152	62.5	2.9	72.47	45.96	-0.01

Source: UPFC Annual Reports.

Table3.8: Area Wise Distribution of Term Loan Sanctioned of SSI Sector(in lakhs)

Developed District	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Agra	259.5	80	128.25	152.9	55.7	22	10	16	-0.33
Aligarh	60.8	77.5	150	253.8	76.89	113.89	150.89	44.71	-0.04
Allahabad	79.8	70	60.2	90.99	74	23	76.9	49.3	-0.07
Bareilly	82.85	97.8	112.8	119	45.6	54.55	63.5	26.05	-0.15
Bijnor	51.35	52.925	54.5	4	105	70.475	35.95	0.85	-0.44
Ghaziabad	426.18	622.82	935.39	847.25	133.62	102.06	70.5	92.66	-0.19
Gorakhpur	108.5	415.51	600.65	371.85	18.85	330.45	172.85	15.25	-0.24
Kanpur	316.36	937.28	634.92	661.24	640.64	47.35	82.67	117.99	-0.13
Lucknow	83	162.15	145.5	98.73	1.65	1.88	2.11	14.57	-0.22
Meerut	103.62	34.47	339.3	107.2	28	2	5.48	8.96	-0.29
Muzaffar Nagar	69.27	150	460.84	540.3	70.5	36.67	2.85	0.9	-0.46
Saharanpur	29.8	37.28	255.3	151.95	16	141.08	103.01	86.69	0.16
Varanasi	3.4	149	8	12.36	44.5	21.62	11.76	1.9	-0.08
Chandoli	15.42	25	99.6	54.38	75	75	75	12	-0.04
Baghpat	47.5	13.44	130.85	228	167	92.35	162.45	140.6	0.17

Source: UPFC Annual Reports.

Table3.9: Area Wise Distribution of Term Loan Disbursed of SSI Sector (in lakhs)

Name Of Districts	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Category 'A'									
Fatehpur	147.65	75	68.33	159.81	52.45	93.53	50.35	7.17	-0.35
Hamirpur	5.5	27.75	50	52.03	43.26	48.43	47.91	46.53	0.35
Jalaun	49.13	10	42.2	14.18	22.13	26.17	20.82	23.04	-0.10
Sultanpur	3.57	4.785	6	46.72	21.14	22.77	3.83	13.3	0.21
Kanpur(Dehat)	386.98	143.95	178.09	16.27	192.97	38.58	34.11	36.34	-0.28
U.S. Nagar	57.52	121.23	71	15.73	69.32	52.02	45.69	55.67	-0.01
Category 'B'									
Faizabad	8.25	61.12	30.26	5.73	6.74	14.24	8.90	1.81	-0.19
Jhansi	3.62	3.69	84.23	26.53	19.07	43.28	29.63	12.4	0.19
Ambedkar Nagar	3.64	23.99	26.095	28.2	0.01	9.82	12.68	7.50	0.11
St. Kabir Nagar	90.55	46.44	65.95	60.09	35.76	9.82	37.44	35.25	-0.12
Category 'C'									
Barabanki	44.21	27.43	74.44	12.67	2.93	30.01	15.20	16.05	-0.13
Bulandshahar	1.5	104.51	107	140.04	95.74	114.26	127.66	141.06	0.91
Deoria	1.55	7.74	10.71	47.86	6.13	21.57	27.28	33	0.55
Etah	19.55	37.78	69.5	92.74	55.58	72.61	73.64	67.27	0.19
Etawah	201.15	220.7	356.52	486.9	193.19	17	115	136	-0.05
Farrukhabad	102.15	105.33	153.63	157.95	166.07	85.4	103.54	135.57	0.04
Mainpuri	140.24	23.65	18	106.47	241.23	0	25	109	-0.04
Mathura	3.6	15.35	75.06	121.89	92.33	49.47	7.95	99.17	0.60
Moradabad	7.85	12.88	2.82	4.18	6.62	4.54	3.18	1.83	-0.19
Sahjahanpur	6.14	8.5	11.8	15.1	11.8	12.9	13.26	12.66	0.11
Noida(G.B. Nagar)	345.25	267.58	992.15	1570.8	910.54	120.55	145.55	650.43	0.09
Kannauj	137.48	106.93	309.43	240.39	279.94	117.79	50	83.89	-0.07
Auraiya	111.76	121.30	102.23	140.38	64.08	17.9	74.12	52.03	-0.10

Source: UPFC Annual Reports.

Table3.10:Area Wise Distribution of Term Loan Disbursed of SSI Sector(in lakhs)

Developed Districts	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Agra	268.22	71.76	73.76	126.03	53.26	33.27	22.15	1	-0.55
Aligarh	65.45	59.69	111.35	226.51	76.82	111.52	146.22	3.78	-0.33
Allahabad	77.41	64.54	51.67	77.08	56.9	40.95	25	40.72	-0.08
Bareilly	41.5	0.8	12	66.05	39.37	3.21	29	5.4	-0.25
Bijnor	63.6	54.95	46.3	4	88.6	61.8	35	0.95	-0.45
Ghaziabad	683.85	299.4	663.21	851.08	132.9	9.12	21.39	60.13	-0.29
Gorakhpur	160.72	195.13	324.35	369.2	21.19	3.49	2.99	2.5	-0.45
Kanpur	184.79	743.47	607.48	537.16	678.66	64.1	60	93.9	-0.09
Lucknow	33.01	209.78	156.51	43.47	51.2	1.05	0.77	0.72	-0.42
Meerut	93.5	11.57	158.18	171.71	24	117.96	63.08	8.2	-0.29
Muzaffar Nagar	67.95	91.67	219.57	515.52	67.83	267.64	135.65	3.66	-0.34
Saharanpur	109.07	4.28	94.54	77.06	17.79	0.98	31.94	16.90	-0.23
Varanasi	33.45	102.55	8	9	1.37	25.28	12.89	0.5	-0.45
Chandoli	10.22	25.53	90.88	82.94	75	82.94	80.29	79.41	0.34
Baghpat	47.5	34.95	22.4	34.8	10	22.4	22.4	18.26	-0.12

Source: UPFC Annual Reports.

Table 3.11: Industry Wise Classification of Term Loan Sanctioned by UPFC(in lakhs)

Type Of Industry	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Food Manufacturing	691.68	1034.03	2129.97	2332.94	772.35	235.05	384.78	72.93	-0.27
Textiles	234.93	607.8	1031.58	1294.01	295.5	446.75	598	209.8	-0.02
Paper & Paper Products	2.98	386.75	453.17	647.51	120	94.75	69.5	82.125	0.61
Rubber & Rubber Products	89	25	126	10	30	55.33	31.77	39.03	-0.11
Chemicals And Chemicals Product	240.97	440.46	455.5	860.28	359.03	213.32	67.61	140.46	-0.07
Basic Metal Industry	16.5	130.5	215	697.57	547.32	486.63	247.065	7.5	-0.11
Metal Products	169.35	182.71	564.22	623.05	456.66	897	125	214	0.034
Electrical Equipment	0	0	0	103	0	0	0	0.95	0
Electronic Equipment	0	0	0	167.78	0	0	0		0
Other Industries	1811.9	2165.5	2660.49	1999.19	694.96	72.35	1015.21	1145.9	-0.06

Source: UPFC Annual Reports.

Table3.12: Industry Wise Classification of Term Loan Disbursed (in lakhs)

Type Of Industry	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	CAGR
Food Manufacturing	945.68	713.52	1656.86	1254.84	1126.67	242.59	3.83	163.99	-0.22
Textiles	252.2	286.35	602.64	582.16	401.23	98.09	48.75	223.56	-0.02
Paper & Paper Products	69.28	62.81	253.44	616.86	145.45	82.27	59.385	36.5	-0.08
Rubber & Rubber Products	73.2	2.87	14	38.26	20.69	15	9.31	12.155	-0.23
Chemicals And Chemicals Product	308.80	361.94	255.66	468.22	43.11	38.36	33.61	35.985	-0.26
Basic Metal Industry	23.11	154.79	40	197.97	67.66	78.15	114.59	86.80	0.21
Metal Products	179.65	145.07	434.86	304.37	99.19	8.45	22.66	74.67	-0.12
Electrical Equipment	38.03	33.58	24.68	42.48	6.89	24.68	15.78	20.23	-0.08
Electronic Equipment	0	0	0	100.03	0	0	0	0	0
Other Industries	1322.93	992.66	2023.68	1291.87	1133.24	49.16	219.95	1134.48	-0.02

Source: UPFC Annual Reports.

Table 3.13: Recovery of Loans (in lakhs)

Sector Wise	Financial Year wise Recovery									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Rubber	28.32	19.65	11.40	5.65	0.32	11.65	9.65	10.39	10.65	0.00
Paper	70.12	51.13	28.26	42.13	105.74	28.26	25.14	27.32	23.14	0.00
Food Processing	3209.21	2425.76	1300.01	1850.76	800.91	1300.01	1201.02	1300.04	1100.02	0.00
Chemical	1403.12	1109.08	897.02	477.01	900.19	897.02	813.09	875.09	712.09	0.00
Steel	1603.02	1301.70	912.10	900.10	1619.63	912.10	1.70	2.95	1.60	180.00
Stone	4.50	3.60	2.70	3.01	185.34	2.70	31.02	35.02	29.42	2.12
Cement	95.30	76.76	39.02	57.07	39.41	39.02	95.26	101.09	80.26	120.00
Plastic	305.12	240.12	110.26	150.26	593.37	110.26	101.50	110.32	95.15	60.00
Electronics	310.76	235.31	115.50	101.50	90.48	115.50	35.27	40.12	35.09	0.00
Textiles	105.26	85.12	42.26	61.16	112.86	42.26	32.00	24.86	18.00	0.00
Others	2154.27	242.77	181.47	1178.00	161.75	206.22	323.35	715.80	448.58	286.88
Total	9289.00	5791.00	3640.00	4826.65	4610.00	3665.00	2669.00	3243.00	2554.00	649.00

Source: UPFC Annual Reports.

TABLE 3.14: Recovery Position (in lakhs)

Year wise Recovery Position			
Year	Principal	Interest	Total
2007-08	69.96	22.93	92.89
2008-09	44.55	13.36	57.91
2009-10	23.60	12.80	36.40
2010-11	27.98	20.28	48.26
2011-12	26.63	19.47	46.10
2012-13	18.33	18.32	36.65
2013-14	13.50	13.19	26.69
2014-15	15.35	17.08	32.43
2015-16	13.76	11.78	25.54
2016-17	2.89	3.60	6.49

Source: UPFC Annual Reports.

REFERENCES

- ❖ Annual Reports of Uttar Pradesh State Financial Corporation.
- ❖ Dangwal, R. C., & Negi, K. S. (1999). Institutional Finance and Industrialization (A Study of UPSFC). *Industrialization: New Challenges*, 9, 28.
- ❖ Goldsmith, R., (1969). “Financial Structure and Development”. New Haven: Yale University Press.
- ❖ Indrani, C., (2008). Does Financial Development cause Economic growth? The case of India. *South Asia Economic Journal*.
- ❖ Kaushal, S., & Ghosh, A., (2016). Financial institutions and economic growth: An empirical analysis of Indian economy in the post liberalized era. *International Journal of Economics and Financial Issues*, 6, 3, 1003-1013
- ❖ King, R., Levine, R., (1993). “Finance and Growth: Schumpeter Might Be Right,” *Quarterly Journal of Economics*, Vol. 108(3), 717-37.
- ❖ McKinnon, R., (1973). “Money and Capital in Economic Development”. Washington, D.C., Brookings Institution
- ❖ Paul, H., & Vassili, P., (2001). Financial development and poverty Alleviation: Issues and Policy Implications for Developing and Transition countries, IMF Working Paper
- ❖ Robinson, J., (1952). “The Generalization of the General Theory”. London: MacMillan Press.
- ❖ Schumpeter, Joseph A., (1911) *The Theory of Economic Development* (Cambridge, MA: Harvard University Press.
- ❖ Shaw, E., (1973). “Financial Deepening In Economic Development” Oxford University Press.
- ❖ T.S. Papola,(2012), *Structural Changes in the Indian Economy: emerging patterns and implications*, Working Paper 2012/02, Institute for Studies in Industrial Development, New Delhi
- ❖ World Bank.,(2012). *Rethinking the role of the state in finance*. Washington, DC: World Bank

Chapter 4

Uttar Pradesh State Industrial Development Corporation

Introduction

The progress of every economy is depending on the industrial development of the country. As the industrial progress enhances in the country it leads to a sectorial shift of the economy. The economy shifts from low income sector which is known as agricultural or primary sector to High income sector i.e. industrial or modern sector.(Lewis, W.A. (1954). Therefore, the strong industrial development is the key factor for rapid economic growth and development of the country. Nevertheless, the industrialization is an effective instrument for solving the economic problems and enhancing the social status of the society. Therefore, Industrialization is playing a major role in the economic development of not only under-developing but also in the developed countries of the world (Rodrik, D. 2007). Hence, it is clear that the developing countries of the world has to follow the path way of industrialization in-order to remove their economic and social backwardness of their countries, and same is true for the country like India where the industrial sector possess a large potential of exploiting the economic opportunities because of the easy availability of raw materials and supply of the labor force in the country.

However, over the years, the transformation from agriculture through creation of forward and backward linkages with industry has been emerging as an important segment to overcome the increasing challenges of un-employment by creating rapid employment opportunities for increasing labor force and sustaining the livelihood of the unemployed persons of the country (Ranis, G, and C.H. Fei. 1961). The most important point is that the transformation depends upon various factors without these factors the transformation cannot be possible and these factors include adequate capital, basic infrastructure, transportation and communication and other basic amenities in a country. On the other hand the development of the industrial sector is the only optimum solution for enhancing the economic growth and development and to overcome from the regional economic imbalances in a country. Therefore, In the process of reaping advantages of industrialization it is necessary to adopt a comprehensive long term approach towards the development of basic infrastructure for the industrialization in the country (T.S. Papola 2012),

Nevertheless, the Industrial development of any country is depending upon the various industrial financing and promotional bodies. We can say that industrialization is the composite of various industrial promotion agencies that are boosting the industrial growth of a country and without them the growth and development of the industrial sector or industrial development for any country is impossible. Therefore, Industrial Promotion agencies are the pillars of the Industrial development of any nation throughout the world. These agencies may be described as the economic builders of the nation in the sense that the future of a nation vests in the development of Industrialization. Nevertheless, the economic development of the nation depends upon industrialization; strong the industrialization rapid will be the economic growth and development of the nation, as the industrialization and economic development are synonymous with each other(Kniivilä, M. (2007). Therefore, industrialization of a nation can be boosted up only with the promotion of various Industrial Promotion bodies or Agencies. In general sense, the Industrial Promotion Agencies extended the support of various sorts of assistance to the industrial sector for the prospective of entrepreneurs in the nation. The activities and services of Industrial Promotion Agencies are pervasive as their services are like life-blood for an enterprise in a nation. However, among all these Industrial Promotion Agencies there are some agencies which are financial supporting agencies and other are non-financial agencies among the non-financial. It may take two main forms i.e. infrastructural assistance and non-infrastructural assistance. However, as far as the non-financial agencies are concerned these agencies plays a prominent role in the development and up-gradation of Industrialization of a nation. These non-financial assistance promotional bodies are primarily focusing on infrastructure development of the industrial sector of a nation and if the basic infrastructure facilities like power, transportation and communication are lacking then new industry can take place or no new enterprises can be attracted to such place unless otherwise such facilities are provided and supplied (Dangwal, R. C., & Negi, K. S. 1999). Therefore to industrialize to a particular region or a nation is necessary then that there must be a strong and vibrant industrial promotion. On the other side the industrial sector of any country is depending on machinery and technology so , there is a need to establish and strengthened the vertical and horizontal, backward and forward linkages of Research and Development organizations to in-order to improve the economic efficiency of this industrial sector so that they can play a vibrant role in transforming the domestic economy with the global economy.

Undoubtedly, after independence, the government of India has recognized the importance of industrialization in-order to make the development process more rapid and also to transform the traditional agricultural economy into the modern industrial sector based economy. Therefore, in early fifties the government of India has launched an effective process of industrialization in the country via through conscious and deliberate policies which consists the introduction of various institutions and corporations for providing the long term financial requirements, easy availability of credit, infrastructure development, marketing and other basic amenities to the industrial sector at both state and at national level in the country.(Kumar, S., & Arora, N. 2011). Each of these Institutions and Corporations has assigned their roles and duties in-order to make the India an industrially developed as well as a self-reliant country in the world. Therefore, in every respective state of the country has setup various institutions and corporations for accelerating the pace of industrial development and to meet the requirements of industrial sector, among them the major institutions are State Financial Corporation, Directorate of Industries and Commerce and State Industrial Corporation. Nevertheless, the State of Uttar Pradesh has a vibrant State Industrial Corporation which was introduced in 1961 in the state in order to facilitate the industrial development of the state.

Therefore, the Uttar Pradesh State Industrial Development Corporation is an enterprise of Uttar Pradesh Government registered under the Company's Act 1950, which promotes industries and develops industrial infrastructure in the State with its head office at Kanpur and several Regional offices/Branch offices located at Agra, Aligarh, Allahabad, Bareilly, Ghaziabad, Gorakhpur, Kanpur, Lucknow, Meerut, Surajpur and Tronica City. UPSIDC was incorporated as a company limited by shares on March 29, 1961. Its authorized capital is Rs 40 crores and paid-up share capital is Rs 24,07,51,000 as on March, 2015. UPSIDC plays an important role for rapid industrialization by providing Industrial accommodation for Industries. The UPSIDC Corporation has developed 159 Industrial areas and 23 residential areas which encompass 41948 acres of land with a wide range of infrastructure facilities.

The Corporation is following the Industrial Policy since it was announced and made remarkable changes in the state. Besides other development for making Uttar Pradesh the most preferred location for investment, UPSIDC has been making sincere efforts for removing the infrastructure gap in Uttar Pradesh by putting the state in number one position in making the state the most

preferred and favorable industrial destination of the country. The UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz; Export Promotion Industrial Park, Agro/Food Processing, Bio-technology, Apparel, Chemicals, Handicraft, Gem and Jewelry, Electronics, Leather and Leather products Textile, Plastics, etc.

The major objectives of the UPSIDC are Acquisition of land for Industrial Development Land Development in Industrial Areas, land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure updation plan under MSE-CDP, Integrated Infrastructure Development Centre and Development of Industrial Area.

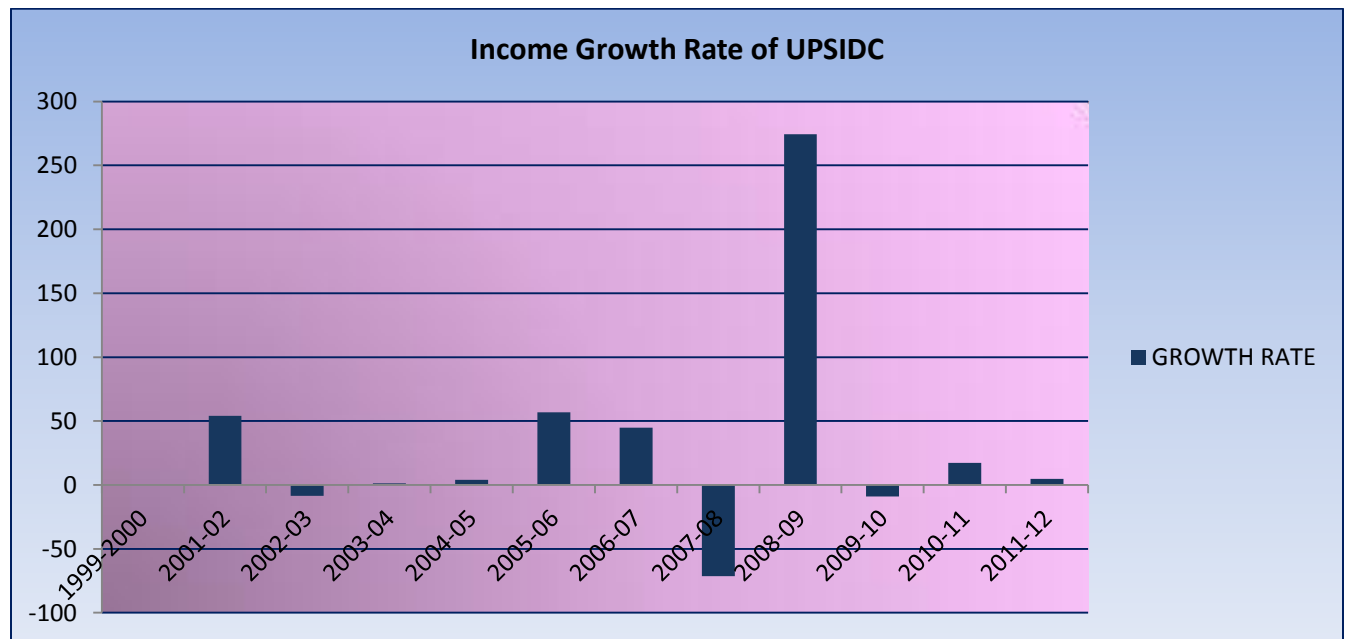
Therefore, The Uttar Pradesh State Industrial Corporation has attained a special importance in today's liberalized economy. This corporation has performed its role successfully in channelizing various services for industrial development. Uttar Pradesh State Industrial Development Corporation has performed well with the optimum utilization of available resources by introducing the Special Economic Zones (SEZs) which contributes to the state's economy by generating additional economic activity, promoting exports of goods and services, promoting investment from domestic and foreign sources and creating employment opportunities. Therefore, with the greater efforts of Uttar Pradesh State Industrial Development Corporation the state is a leading electronic hardware exporter in the country and has also emerged as a key hub for IT/ ITeS and service sector including software, captive business process outsourcing (BPO) and R&D services. But still the State of Uttar Pradesh has achieved many milestones for make the state much industrially developed and vibrant in the country as the industrial sector has a great opportunities in the state because the state of Uttar Pradesh is having a large availability of raw materials and labor force as the state is spread across 2, 40, 928 square kilometers and having 18 divisions, 75 districts and 821 community development blocks in the country and every district is full of natural resources. Therefore, the present chapter examines the performance of Uttar Pradesh State Industrial Corporation for providing the Industrial Development in the State. The performance of corporation is studied in-terms of income, production, employment, industrial areas, equipment and other economic variables like expenditure fund utilization and profit and loss.

4.1 Income sources of Uttar Pradesh State Industrial Development Corporation

The Uttar Pradesh State Industrial Corporation is one of the major key drivers of industrial development in the state. The UPSIDC has played a significant role in flourishing the industrial development in the state.

Therefore, the present section explores the major sources of incomes of Uttar Pradesh State Industrial Corporation. Therefore, the table 4.1 highlights that the interest is the main source of income for the UPSIDC followed by other income and dividends. The table also highlights that from 1999-2000 to 2011-12 the UPSIDC has received its major income from the interest i.e. the amount from the Interest has increased from 2590 lakhs in 1999-00 to 9502 lakhs in 2011-12. While as, in case of other sources of incomes it has increased from 3138.67 lakh in 1999-00 to 3078.12 lakh in 2011-12. Moreover in case of total income it has increased from 3138.67 lakhs in 1999-00 to 12658.19 lakhs in 2011-12. However, the growth rate of the income is showing much fluctuation i.e. the growth rate of income has declined from 54.15 percent in 1999-00 to -8.4 percent in 2002-03 then it has increased from 1.31 in 2003-04 to 2006-07 then again it has declined to -77.41 percent to -8.99 percent in 2009-10 .then it has been increased and has reached to 4.75 percent respectively and same is explained in graph below.

Graph4.1: Income sources of Uttar Pradesh State Industrial Development Corporation



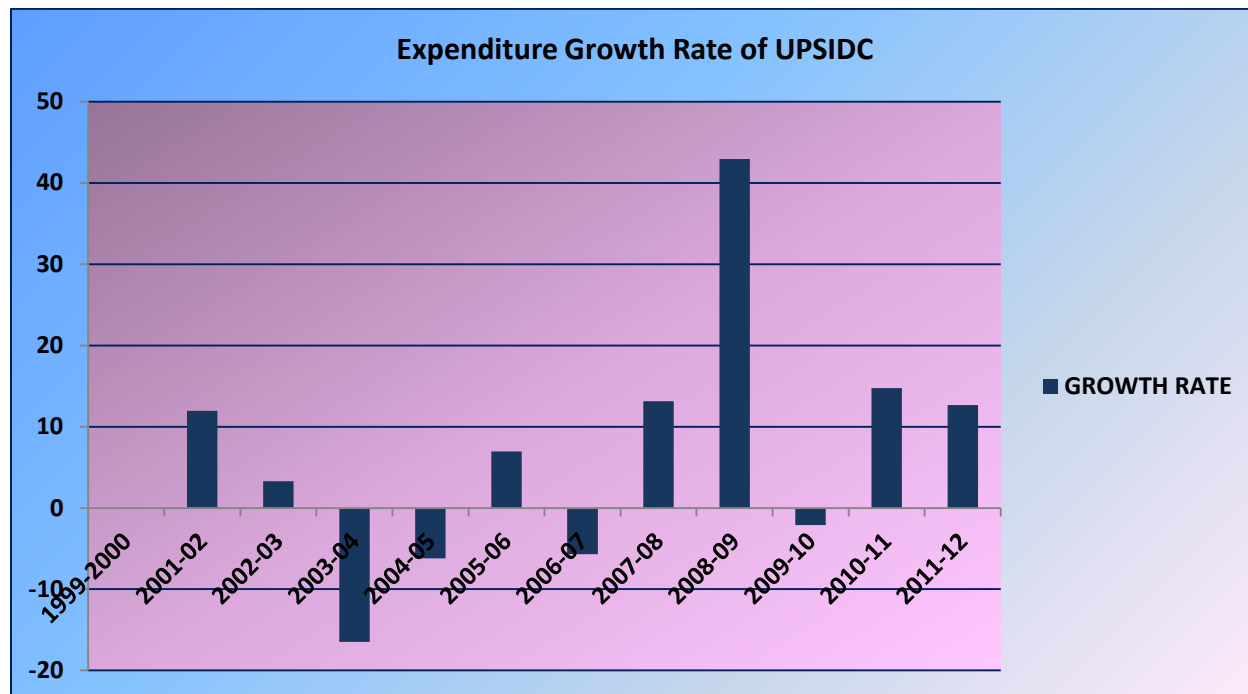
Source: Estimated from below tables

4.2 Various Expenditures of Uttar Pradesh State Industrial Development Corporation

The expenditure section gives us the information about the various expenditures made by the corporation for industrial development and other purposes the expenditures also explores the losses and surplus of the corporation when we deducts it from the income.

So this section will explore the expenditures of the Uttar Pradesh state development corporation. Therefore the table 4.2 shows the various expenditures of the Uttar Pradesh State Financial corporation and the results shows that the expenditures of corporation has increased from 2844.53 to 5318.64 lakh in 2011-12 in the state. However, the table also shows that the highest expenditure of the corporation is in-terms of administrative expenses i.e. out of total expenditure of 5318.64 lakh rupees the administrative expenses were a 5311.25 lakh rupees followed by depreciation on fixed assets and survey equipment 6.35 lakhs and interest expenses of 0.54 lakhs in 2011-12. The table also shows that the depreciation on fixed assets and Eng. survey equipment and interest expenditures has declined drastically i.e. the expenditures on depreciation on fixed assets and eng. survey equipment's has declined from 144.37 lakhs in 1999-00 to 6.85 lakhs in 2011-12. While in case of interest expenditures it has declined from 783.80 lakhs in 1999-00 to 0.54 lakhs in 2011-12. But the Administrative expenses have increased from 1916.45 lakhs in 1999-00 to 5311.25 lakhs in 2011-12. Moreover, in case of expenditure growth rate it is showing a fluctuating trend that is from 2000-to 2007 it is declining and after that the growth of expenditures are increasing and has reached to 12.67 percent in 2011-12 and same is showing in graph below.

Graph4.2: Various Expenditures of Uttar Pradesh State Industrial Corporation



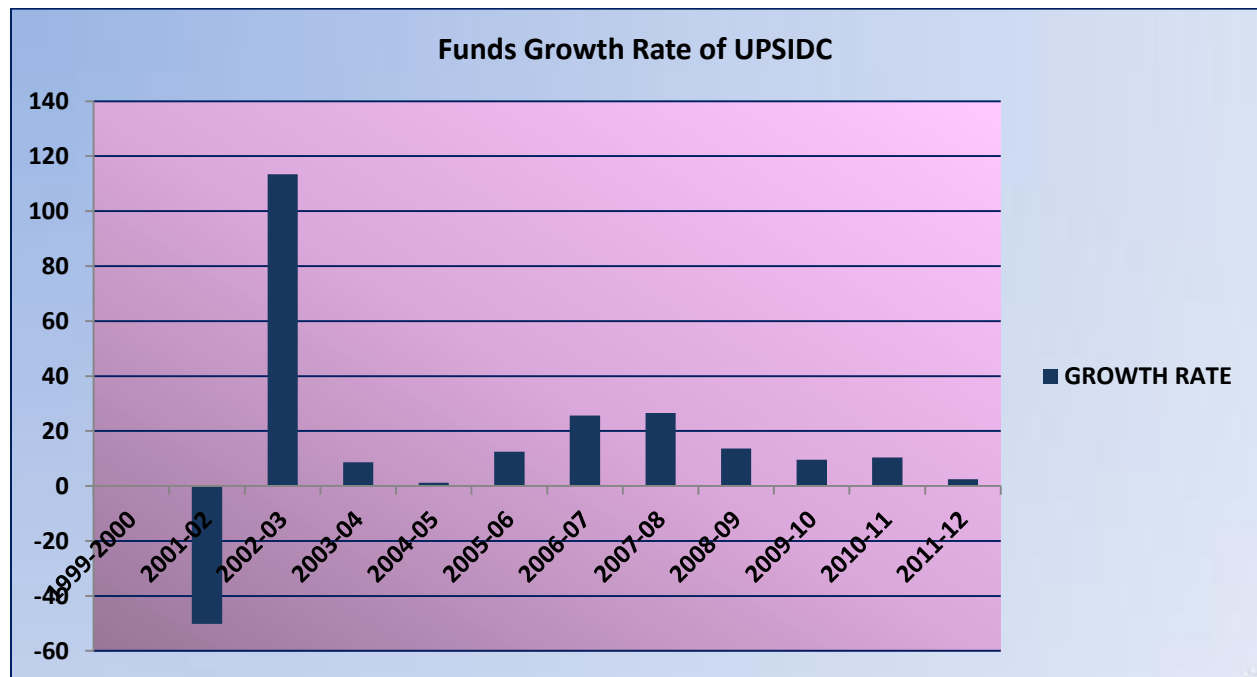
Source: Estimated from below tables

4.3 Sources of Funds

The financial requirements are crucial for every sector and without the financial assistance it is impossible for every sector to achieve its assigned goal. Therefore, it is important to explore where from the corporation is borrowing in-order to meet the financial requirements or in other words it is important to explore the various sources of funds from which Uttar Pradesh State Financial Corporation are meeting its financial requirements. The Uttar Pradesh State Industrial Development Corporation is also facing the credit constraints and the major sources of funds for Uttar Pradesh State Industrial Development Corporation are Share Capital, Reserve and Surpluses, Unsecured Loans and Deferred Tax Liability. Therefore, in order to overcome from the capital constraints, the UPSIDC is raising money from public by issuing shares of the company and the funds which is raised in lieu of the shares is called share capital. It is also raising it funds from unsecured loans these are those loans that have not been “secured” with any type of collateral and from Reserves and Surpluses the Reserves are the funds which are kept for a specific purpose, which the company intends to use in future. While as Surplus is where the profits of the company reside.

Therefore, the table 4.3 shows that from 1999-00 to 2011-12 the share capital has remained fixed of 2407.51 lakh rupees. While in case of Reserve and Surpluses of the UPSIDC it has increased from 3488.14 lakhs in 1999-00 to 39476.72 in 2011-12, and in case of unsecured loans it has increased from 10157.08 lakh rupees to 4942.87 lakh. One point must be noted here that from 2007-08 the unsecured loans have remained fixed to 4942.87 lakh rupees. Similarly, in case of deferred Tax Liability it has increased from 265.5 lakhs in 2002-03 to 511 lakhs 2011-12. Therefore, the total amount of various sources of funds it is has increased from 16052.73 lakh in 1999-00 to 47338.10 lakh in 2011-12. However, in case of total amount growth rate its growth has been increased from -50.14 percent to 9.53 percent which was highest in 2002-03 i.e. 113.45 percent. Therefore overall analyses of the table is showing that in order to overcome from the credit constraints the UPSIDC is meeting its credit constraints by using these major four sources of Funds i.e. Share Capital, Unsecured loans Reserves and Surpluses and Deferred Tax Liabilities. But after 2007-08 the Unsecured Loans has remained constant i.e. 4942.82 Lakh Rs due to which the total amount growth rate of funds has declined in the state.

Graph 4.3: Sources of Funds



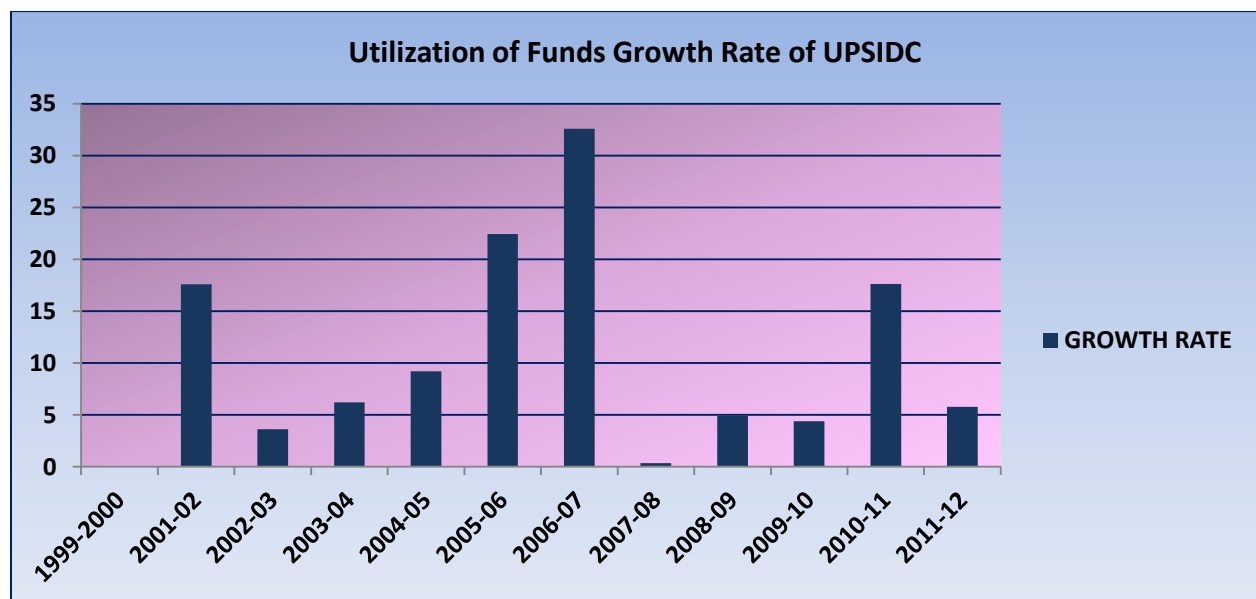
Source: Estimated from below tables

4.4 Utilization of Funds

The utilization of funds means putting together all the economic resources at hand and to make the efficient use of them and taking decisions that can successfully culminate in acquiring vibrancy of the cooperation. The improper utilization of the resources always leads to the losses of the corporation or any other business activity therefore, it is important for every corporation or any business enterprise that the utilization of the resources should be managed in a proper way so that the self-reliance can be achieved.

Therefore, the table 4.4 shows the fund utilization of the Uttar Pradesh State Industrial Corporation and the results shows that the major amount of funds are held in-terms Current Assets i.e. from 1990-00 the current assets has increased from 50130.02 lakhs to 168545.45 lakh rupees followed by advances and loans i.e. it has increased from 4453.62 lakh rupees to 6629.22 in 2011-12. Similarly, in case of fixed assets it has been increased from 3507.80 lakh rupees to 11031.01. While in case of investment it has declined from 1393.93 lakhs in 1999-00 to 178.63 in 2011-12. However, due to decline in the funds from 2007-08 it has led to the decline in the investment. Therefore, the growth of total amount has increased from 17.59 percent in 2000-01 to 107 percent in 2011-12 and is showing many fluctuations during this period.

Graph4.4: Utilization of Funds

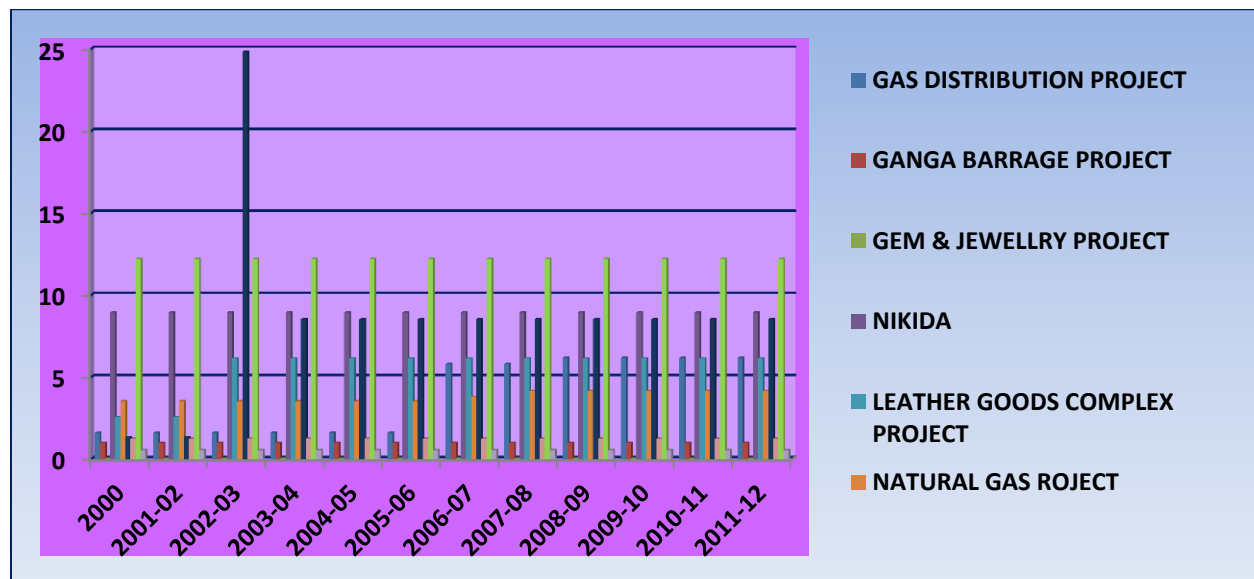


Source: Estimated from below tables

4.5 Expenditure incurred under various projects

The Uttar Pradesh State Industrial Corporation is also running various projects in the state and is incurring its expenditures on them every year. Therefore, the present section explores the expenditures made by the Uttar Pradesh State Industrial Corporation on various projects. The results shows that the highest expenditure were made on Taj Express Highway Project with an expenditure 12.19 lakh from 2000 to 2012, followed by Nikkida project 8.93 lakh rupees then followed by Agro Complex Project in which expenditures has increased from 1.34 lakh in 2000-02 the has increased to 8.52 lakh rupees , then Gas Distribution Project its expenditures has been increased from 1.60 lakh rupees in 2000 to 2004-05 then has increased to 6.16 lakh rupees and so on in the state. However, one point must be noted here that the expenditures has remained constant in almost all projects except Gas Distribution Project and Agro Complex Project i.e. in Gas Distribution Project the expenditures has increased from 1.63 lakhs in 1999-2000 to 6.16 lakhs in 2011-12 and for Agro Complex Project its expenditures has increased from 1.34 lakhs in 1999-2000 to 8.52 lakhs in 2011-12 which was highest in 24.81 lakhs in 2003-04. The compound annual growth rate is showing a positive trend of 0.18 percent for Agro Complex Project, followed by Gas Distribution Project 0.13 percent and 0.08 percent for Leather Goods Complex Project in the state .Same is explained in Graph 4.5 below.

Graph4.5:Expenditure incurred under various projects



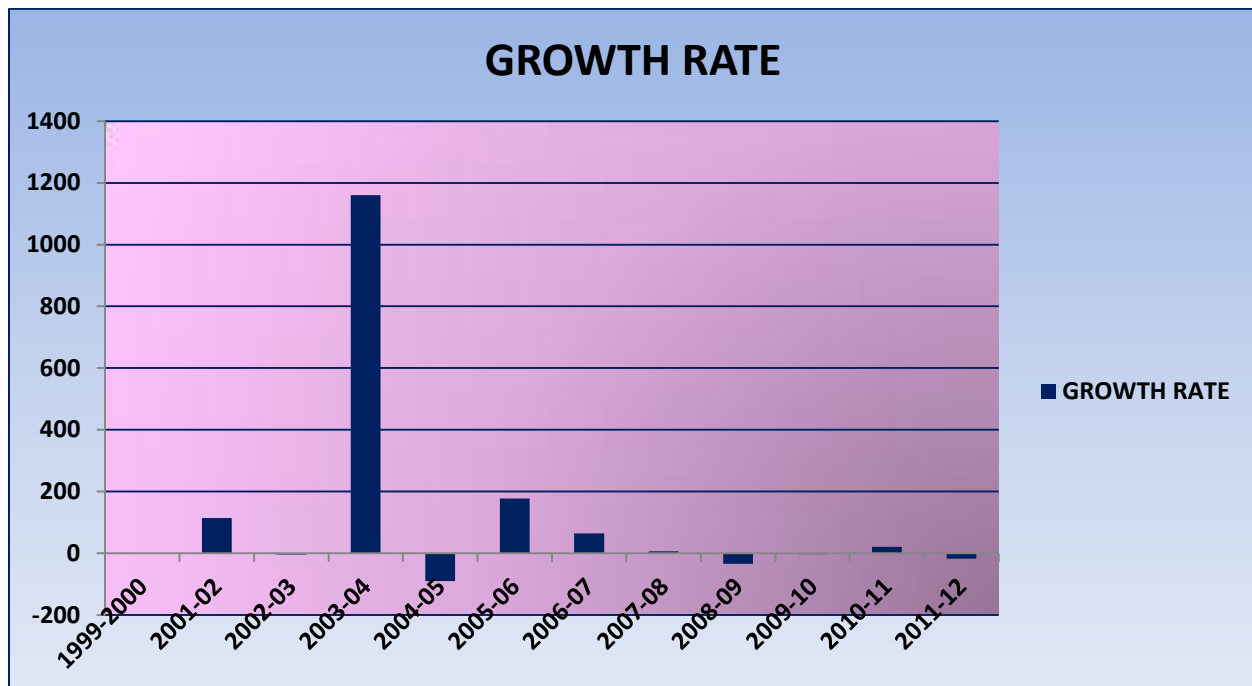
Source: Estimated from below tables

4.6 Profit and Losses

Profit and losses are one of the most important economic indicators of an organization or of a firm. The profit and loss statement summarizes the total revenues and total expenditures generated by the by the company or an organization over the entire reporting period. The basic equation on which the profit & losses is calculated by Revenues – Expenses. If revenue is higher than expenditures then a company or organization is in profit and if expenses are greater than revenue then it is in losses.

Therefore, the financial statements constitute an important source of information regarding the finance status of a business unit which helps the manager to correct measures of investment and making proper utilization of the funds. In other words the financial statements are prepared to ascertain the profits earned or losses incurred by a business concern or business entity during a specified period and also to ascertain its financial position at the end of that specified period. Hence, it is important to examine the profit and losses of the Uttar Pradesh State Financial Corporation so that it will give the information about the vibrancy of the corporation. Therefore, the table 4.6 shows profit and losses of the Uttar Pradesh State Financial Corporation before and after tax and its surplus for appropriation in the state and the results shows that the profit after tax of the corporation has been increased from 482.85 lakhs in 1999-00 to 4604.20 lakhs in 2011-12. While in case of Surpluses it has been increased from 560.93 lakhs in 1999-00 to 4604.31 lakhs in 2011-12. Therefore from the overall analysis of the table it has been cleared that the UPSIDC is having running into profits and its surplus has increased for appropriation between 1999-2000 to 2005-06 then it has declined and the main reason behind this is that after 2006-07 the fund of the UPSIDC has remained constant due to which its investment declines which affects the profits of the Corporation However, the results of the compound growth rate of the Profit After Tax is showing a positive growth of 0.23 percent and for surplus available for appropriation is showing a positive growth of 0.21 percent in the state.

Graph4.6: Profit and Losses



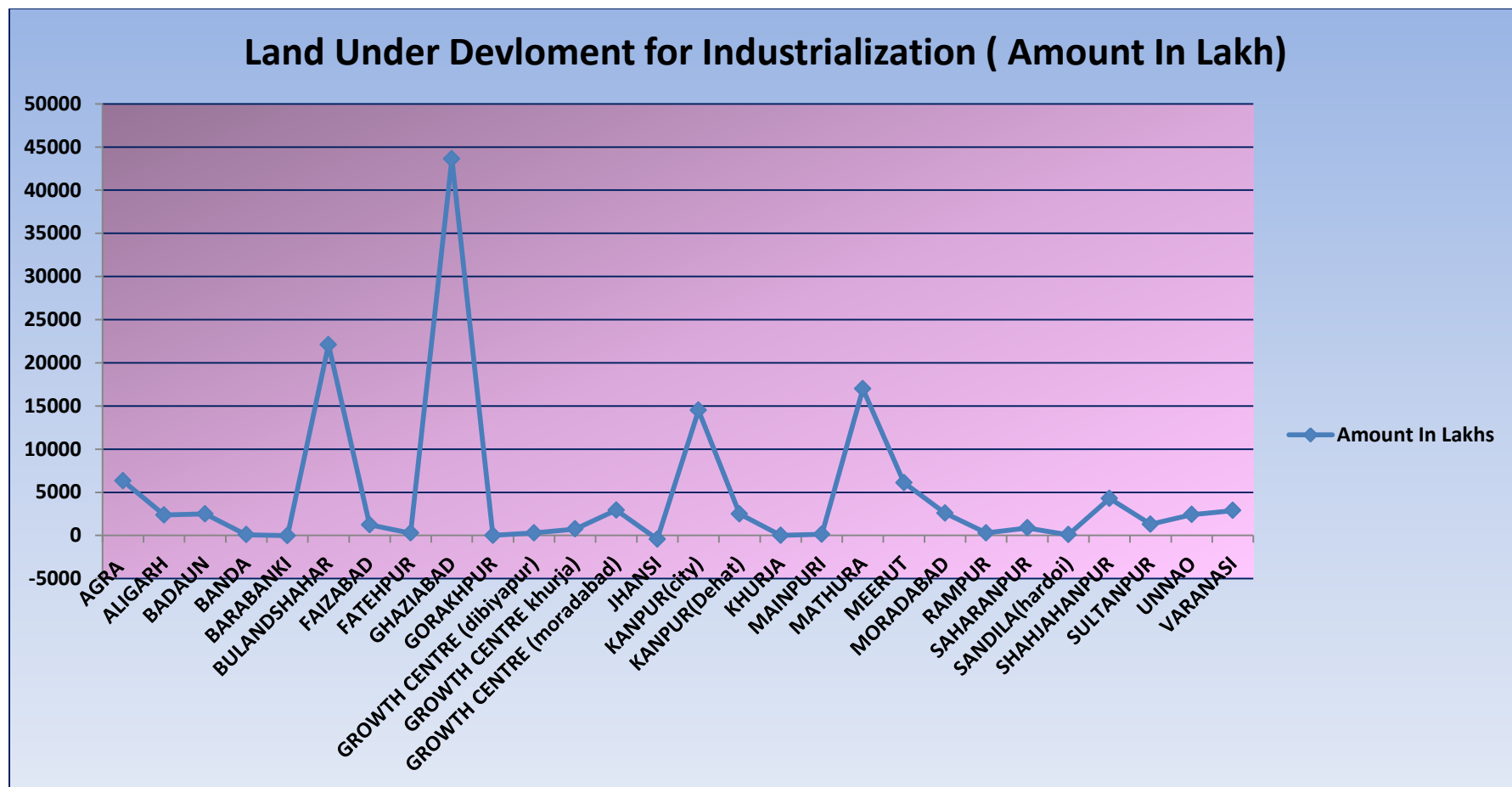
Source: Estimated from below tables

4.7 Land under Development for Industrialization

Nevertheless, the main aim of the Uttar Pradesh State industrial corporation is to Acquisition of land for Industrial Development Land Development in Industrial Areas, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ and Development of Industrial Area. Therefore, the present section of the study explores the Industrial land under development for development of industrial areas in the state. However, the major land has taken under development from the industrially developed districts of the stated which are also known as the industrial Hub districts because these districts comprise a higher industrial output and are already Industrially developed. Therefore, the results shows that the highest land under Industrial development is at Ghaziabad in which the amount for Land development has been increased from the 1893.42 lakh rupees in 1999-2000 to 11911.38 2007-08 then it has declined to 909.48 lakh rupees in 2011-12, followed by Kanpur (City) in which the amount for Land development has been increased from the 549.55 lakh rupees in 1999-2000 to 1862.08 lakh rupees 2011-12. However, the total figures shows that the highest amount for the development of land has been

received by Ghaziabad 43623.08, lakh, Mathura 16984.80 lakh rupees followed by 14502.54 and Agra 6339.02 lakh Rupees. While in case of lowest amount the Gorakhpur is at the top of the ladder i.e. it has received a small amount of 0.02 lakh Rs followed by Khurja 11.48 lakh then followed by Banda 92 lakh and Manipuri 134 lakh so on. However, these districts have received very less amount because the industrial activity in these districts is very little as the UPSIDC is giving its highest priorities to the advanced industrially developed districts because these districts are giving higher returns to the state. So from the table it is clear that major land for industrial development has been taken from advanced industrial developed and for less industrially districts very less amount has been spend for development of land for Industrialization in the state.

Graph4.7: Land under Development for Industrialization (In Lakh)

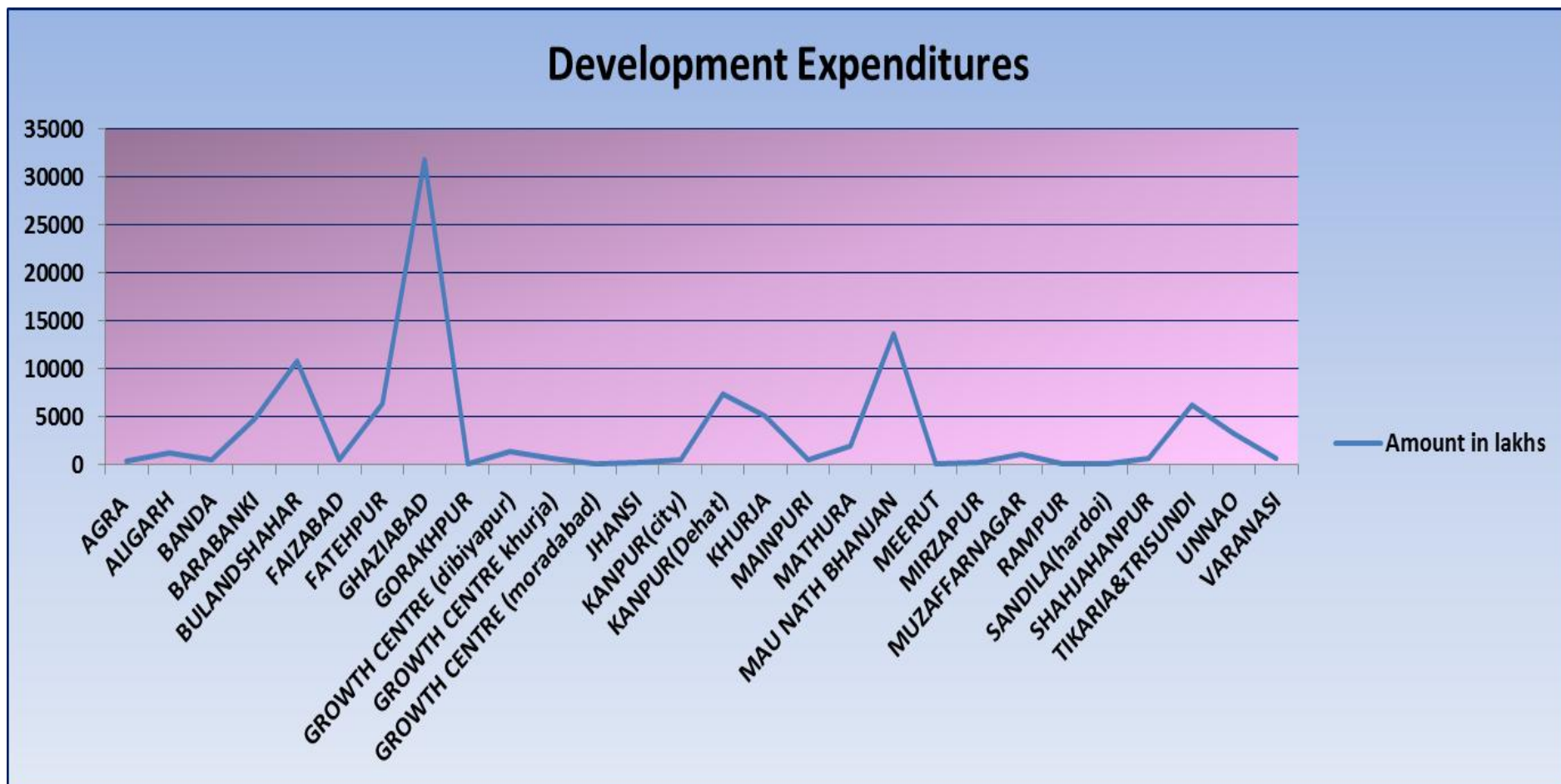


Source: Estimated from below table

4.8 Development Expenditures

Development expenditures are one of the important fragments which give the information about the financial activity of the corporation. Therefore it is important to analyze the developmental expenditures of the Uttar Pradesh State Industrial Corporation so that it will explore the developmental activity of the corporation. Hence, the table 4.8 shows the District wise development expenditures of the Uttar Pradesh State industrial Corporation. The results of the study shows that highest developmental expenditures were made in Ghaziabad in which the developmental expenditures has been increased from 2816.97 lakhs in 2000 to 6291.64 lakhs in 2005-06 then its development expenditures has been declined to 2675.03 lakh rupees in 2011-12, followed by Bulandshahar in which developmental expenditures has been increased from 256.14 lakh rupees in 2000 to 684306 lakh in 2009-10 then its development expenditures has been terminated from 2010 onwards. Then Kanpur Dehat in which the developmental expenditures has been increased from 114 lakh in 1999-000 to 1950 lakh rupees in 2007-08 then it has declined to 274.3 lakh in 2011-12. However, in case of total development expenditures the highest development is received by the Ghaziabad district wile as in case of lowest development expenditures it is Sandila (Hardoi) i.e. total developmental expenditures of 3.29 lakhs from 2000-12, followed by Gorakhpur 33.42 lakh rupees and Rampur District 88.12 lakh respectively in the same time period. One point must be noted here that the Ghaziabad is the Industrial Hub of the Uttar Pradesh State and as the Major Industrial products are being produced in the state therefore, the Uttar Pradesh State Industrial Developmental corporation is continuously making its highest expenditures in the Ghaziabad district and other industrially developed districts and very less expenditures are being made on less industrially districts of the state

Graph4.8: Development Expenditures (In lakhs)

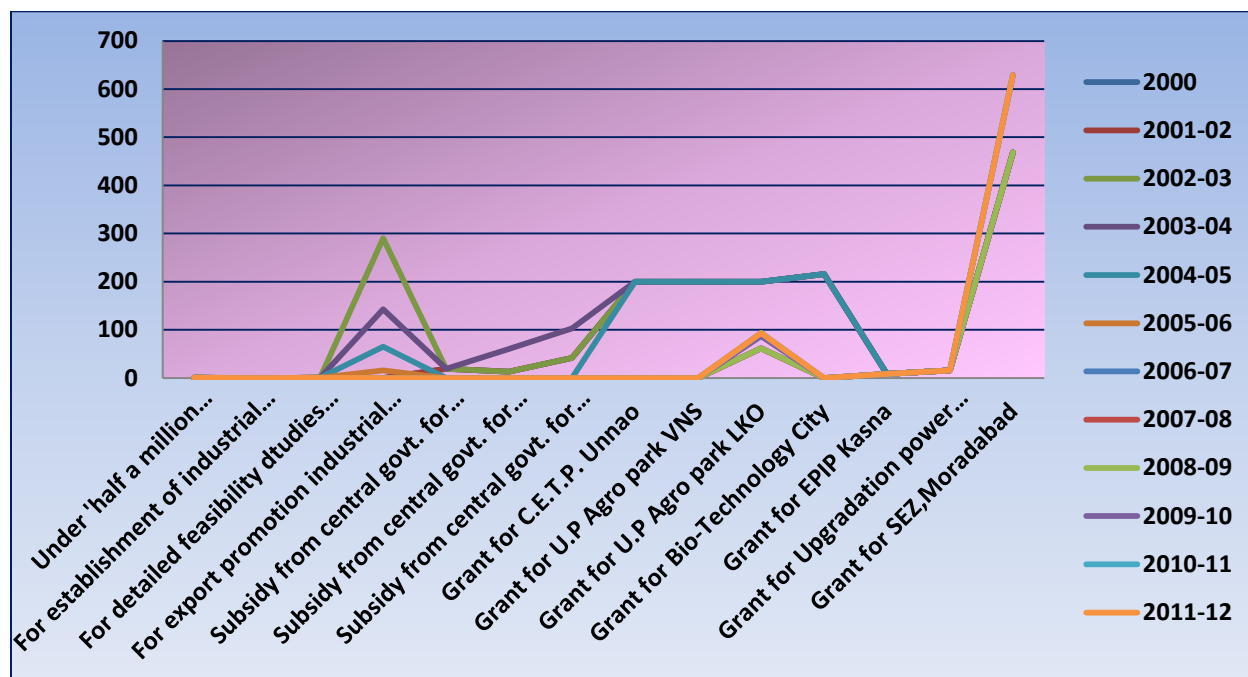


Source: Estimated from below tables

4.9 Amount Received from U.P Government for Disbursement /Expenditure under Various Schemes

The Uttar Pradesh State Industrial Corporation is receiving various amounts from both Central Government and Uttar Pradesh Government under various schemes for flourishing the industrial development of the country among them the most amount is to paid for the development of the Special Economic Zones of the state so that it can help to develop the market for the industrial products of the state .Therefore, the present section will explore the various amounts of rupees received by Uttar Pradesh State Industrial Development Corporation for development of the Special economic zones and other agro parks, bio technology and industrial parks in the state. The results of the table 4.9 shows that the highest amount has been received for the development of special zone of Moradabad the amount the received amount has been increased from 468.48 lakhs in 1999-00 to 628.9 lakhs in 2011-12. Followed by the development of Bio-Technology City and the grants received for the development of Bio-Technology City were 200 lakhs for the period from 2000 to 2004-05 then the funds has been terminated. Similarly, in case of Grants for U.P Agro Park LKO the funds have been declined from 200 lakhs in 1999-200 to 98.83 lakhs in 2011-12 and so on. However, the one important point which should be noted here is that in almost all schemes the grants has been either terminated or has been declined from after 2004-05. Moreover, the grants from the Central Government for the development of various economic zones have also been terminated from 2004-5 onwards in the State of Uttar Pradesh. However, no reason has been mentioned that why the Grants has been terminated or declined.

Graph4.9: Amount Received from U.P Government for Disbursement /Expenditure Under Various Schemes



Source: Estimated from below tables

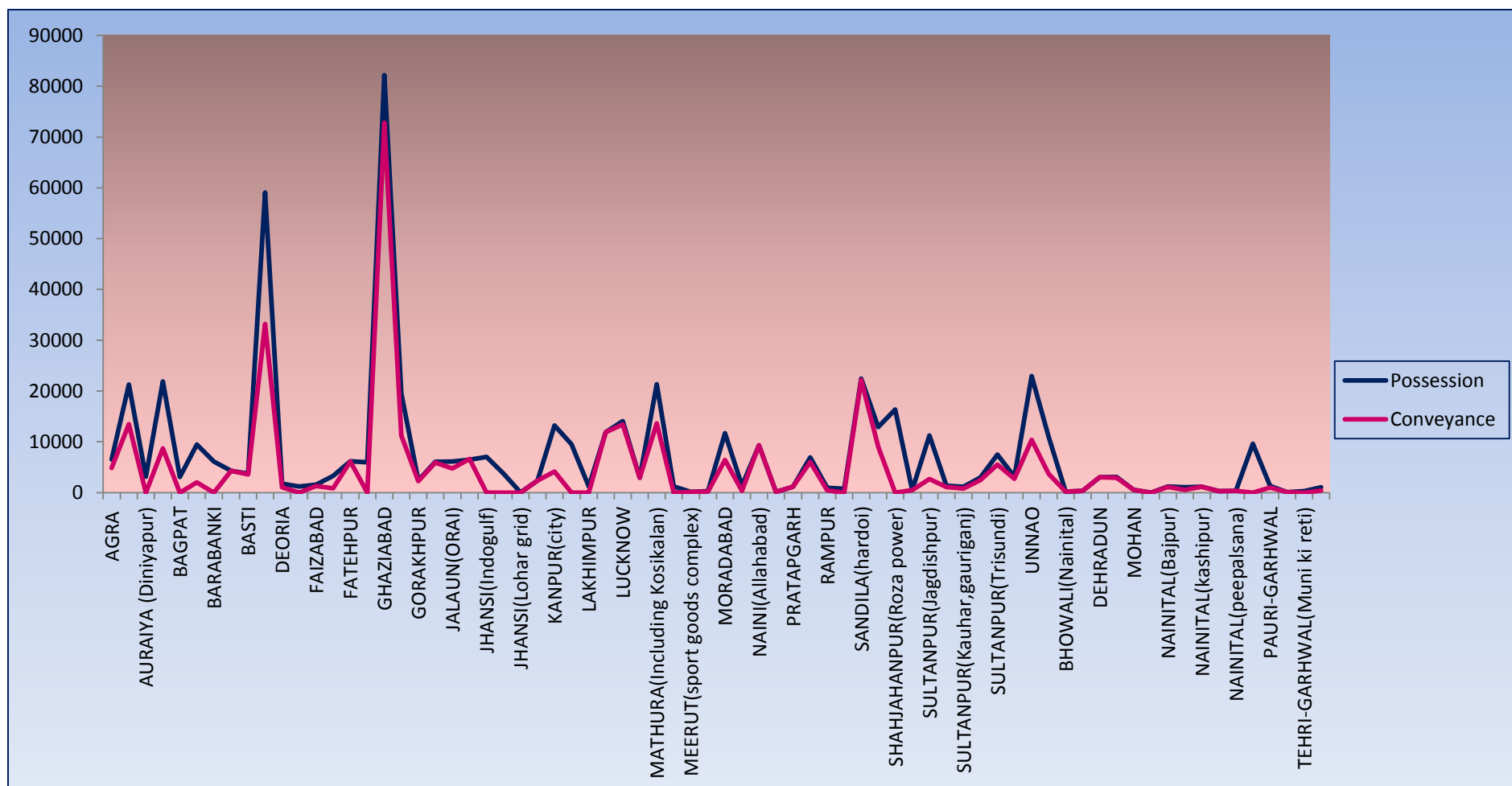
4.10 Possession and Conveyance of Land

The main aim of the Uttar Pradesh State Development Corporation is to develop the industrial infrastructure by acquisition of land for Industrial Development Land, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure upgradation plan under MSE-CDP, Integrated Infrastructure Development Centre and Industrial Areas. Apart from this, the UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz; Export Promotion Industrial Park, Agro/Food Processing, Bio-technology, Apparel, Chemicals, Handicraft, Gem and Jewelry, Electronics, Leather and Leather products Textile, Plastics, etc.

Therefore, the present section examines the Possession and Conveyance. The Possession of land means the total amount of land which the Uttar Pradesh has taken for Industrial development and the conveyance of land means the total land which they have given to the entrepreneurs for development of the industrial units in the state. Therefore, this section analyses District wise

status of land procession and conveyance of the Uttar Pradesh State Industrial Corporation. The table 4.10 shows that the highest procession of the land has been taken in Ghaziabad i.e. from 1999-2000 to 2011-12 the Uttar Pradesh State industrial development has taken 82177.22 Acres of land for industrial development among which they have Conveyance 72814.6956 Acres for establishing the industrial Units in Ghaziabad district, followed by Bulandshahar in which the total procession of land is 59063.67 Acres and in which 33173.61 Acres of land has been conveyance for industrial units, then Unnao district in which total procession of land is 22933.31 and conveyance 10371.0108 acres, then Sandila(Hardoi) 22417.38n Acres and conveyance 22176.24 Acers. Similarly, in case of less Procession of land Jhansi (Lohar grid) 48.98 Acres, Meerut(sport goods complex) in which possession of land were 152.71 and all of the land has been Conveyance and Partapur(Meerut) in which procession of land were 148.48 Acres and all the land were Conveyance and so on. So from the overall analyses it has been cleared that the land under procession has been taken in almost all the districts of the state but the land for conveyance is showing very high for much industrially advanced districts and is low for less industrially developed districts of the state. Therefore the higher concentration is given to the industrially developed districts of the state.

Graph 4.10 Possessions and Conveyance of Land



Conclusion

Undoubtedly, the Industrial development of any country is depending upon the various industrial promotional bodies or we can say that industrialization is the composite of various industrial promotion agencies that are boosting the industrial growth of a country and without them the growth and development of the industrial sector or industrial development for any country is impossible.

Industrial Promotion agencies are the pillars of the Industrial development of any nation throughout the world. These agencies may be described as the economic builders of the nation in the sense that the future of a nation vests in the development of Industrialization and same is true case with Uttar Pradesh Industrial development Corporation. The Uttar Pradesh Industrial development Corporation is the main driver of Industrialization in the State as its main aim is to develop and to provide the industrial infrastructure in the state by acquisition of land for Industrial Development Land, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure updation plan under MSE-CDP, Integrated Infrastructure Development Centre and Industrial Areas. Apart from this, the UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz; Export Promotion Industrial Park, Agro/Food Processing, Bio-technology, Apparel, Chemicals, Handicraft, Gem and Jewelry, Electronics, Leather and Leather products Textile, Plastics, etc. However, the results of the study is showing that Uttar Pradesh Industrial development Corporation has achieved many milestones in the state, as it has reached almost in all the districts of the state but has not provide the equal distribution of industrialization in the state. The some of the districts have received much attention in-terms of industrial development and some are still lagging behind. The results also shows that the Total Income of the UPSIDC has increased from 3138.67 Lakh rupees in 2000 to 12658.19 lakhs in 2011-12 and the major source of the income for the Corporation is Interest. While in case of Total expenditures it has been increased from 2844.53 lakh Rupees in 1999-00 to 5318.64 lakh rupees in 2011-12 in the state.

Annexure Tables

Table 4.1: Income of Uttar Pradesh Industrial Development Corporation (in lakhs)

Year	Interest	Dividend	Other Income	Total Income	Growth Rate
1999-00	2590	2.16	546.51	3138.67	
2001-02	4395	7.01	436.28	4838.28	54.15
2002-03	3779	0.10	652.01	4431.11	-8.41
2003-04	3835	2.92	651.27	4489.19	1.31
2004-05	3890	3.42	770.18	4663.60	3.88
2005-06	5952	2.87	1361.01	7315.87	56.87
2006-07	8469	3.32	2119.90	10592.23	44.78
2007-08	1222	2.90	1803.31	3028.22	-71.41
2008-09	9693	21.22	1619.07	11333.29	274.25
2009-10	8179	41.82	2092.63	10313.45	-8.99
2010-11	9502	64.07	2517.34	12083.42	17.16
2011-12	9502	78.07	3078.12	12658.19	4.75

Source: UPSIDC Annual Reports

Table 4.2: Various Expenditures of Uttar Pradesh State Industrial Corporation (in lakhs)

	Administrative, Operative And Expenses	Depreciation On Fixed Assets And Eng. Survey Equipment	Interest	Total Expenses	Growth Rate
1999-00	1916.45	144.37	783.70	2844.53	
2001-02	2381.60	172.26	630.75	3184.63	11.95
2002-03	2456.88	263.28	568.81	3288.98	3.27
2003-04	1918.67	296.21	531.63	2746.52	-16.49
2004-05	2090.59	30.30	455.23	2576.13	-6.20
2005-06	2279.16	320.26	156.02	2755.44	6.96
2006-07	2271.82	316.20	10.91	2598.95	-5.67
2007-08	2368.41	570.50	1.41	2940.33	13.13
2008-09	3644.09	558.15	0	4202.24	42.91
2009-10	3471.34	643.06	0.02	4114.42	-2.08
2010-11	4100.22	620.05	0.04	4720.32	14.72
2011-12	5311.25	6.85	0.54	5318.64	12.67

Source: UPSIDC Annual Reports

Table 4.3: Sources of Funds of the Uttar Pradesh State Industrial Corporation (in lakhs)

Year	Share Capital	Reserve & Surplus	Unsecured Loans	Deferred Tax Liability	Total	Growth Rate
1999-00	2407.51	3488.14	10157.08	0	16052.73	
2001-02	2407.51	4705.24	890.58	0	8003.34	-50.14
2002-03	2407.51	5393.06	9026.29	256.5	17083.37	113.45
2003-04	2407.51	6703.10	9147.31	307.2	18565.13	8.67
2004-05	2407.51	8059.66	7967.84	358.8	18793.82	1.23
2005-06	2407.51	12016.89	6340.87	372.7	21137.97	12.47
2006-07	2407.51	18681.85	5084.87	378	26552.24	25.61
2007-08	2407.51	25752.19	4942.87	497	33599.57	26.54
2008-09	2407.51	30346.66	4942.87	487	38184.05	13.64
2009-10	2407.51	33964.39	4942.87	511	41825.77	9.53
2010-11	2407.51	38376.74	4942.87	452.01	46179.13	10.49
2011-12	2407.51	39476.72	4942.87	511	47338.10	2.50

Source: UPSIDC Annual Reports

Table 4.4: Utilization of Funds (in lakhs)

Year	Fixed Assets	Investment	Current Assets	Loans & Advances	Total	Growth Rate
1999-00	3507.80	1393.93	50130.02	4453.62	59485.38	
2001-02	3948.26	1344.67	60167.41	4490.18	69950.53	17.59
2002-03	6845.35	1173.82	60914.96	3532.21	72466.35	3.59
2003-04	8007.76	1179.79	64131.21	3650.34	76969.11	6.21
2004-05	8430.96	1188.00	70808.46	3623.32	84050.76	9.20
2005-06	11031.91	1184.41	86705.55	3985.75	102907.63	22.43
2006-07	11731.57	1178.63	119164.51	4361.40	136436.12	32.58
2007-08	10213.69	1178.63	120283.15	5204.05	136879.54	0.32
2008-09	9832.35	178.63	126938.81	6629.22	143579.03	4.89
2009-10	10699.91	178.63	134014.90	4963.86	149857.31	4.37
2010-11	10856.52	178.63	156565.68	8642.13	176242.96	17.60
2011-12	11031.01	178.63	168545.45	6629.22	189524524	107

Source: UPSIDC Annual Reports

Table 4.5: Expenditure incurred under various projects (in lakhs)

	2000	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	CAGR
Gas Distribution Project	1.60	1.60	1.60	1.60	1.60	1.60	5.80	5.80	6.16	6.16	6.16	6.16	0.13
Ganga Barrage Project	1	1	1	1	1	1	1	1	1	1	1	1	-
Gem & Jewelry Project	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-
Nikida	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	-
Leather Goods Complex Project	2.57	2.57	6.14	6.14	6.14	6.14	6.14	6.14	6.14	6.14	6.14	6.14	0.08
Natural Gas Project	3.52	3.52	3.52	3.52	3.52	3.52	3.80	4.16	4.16	4.16	4.16	4.16	0.01
Agro Complex Project	1.34	1.34	24.81	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	0.18
Plastic Extrusion Project	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	-
Taj Express Highway Project	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	-
Indl. Cluster Project	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	-

Source: UPSIDC Annual Reports

Table 4.6: Profit and Losses (in lakhs)

Year	Profit Before Tax	Growth Rate	Profit After Tax	Growth Rate	Surplus Available For Appropriation	Growth Rate
1999-00	618.85		482.85		560.93	
2001-02	1286.67	107.91	1188.67	146.17	1198.77	113.71
2002-03	1264.32	-1.73	1127.92	-5.11	1146.05	-4.39
2003-04	1716.01	35.72	1447.30	28.31	14447.59	1160.63
2004-05	1805.54	5.21	1493.95	3.22	1494.28	-89.65
2005-06	4554.19	152.23	4141.29	177.20	4141.69	177.16
2006-07	7903.44	73.54	6805.79	64.33	6806.42	64.33
2007-08	9701.17	22.74	7211.17	5.95	7211.47	5.95
2008-09	6833.62	-29.55	4724.37	-34.48	4735.01	-34.34
2009-10	6164.70	-9.78	4604.20	-2.54	4604.31	-2.76
2010-11	7363.32	19.44	5553.18	20.61	5554.02	20.62
2011-12	6164.70	-16.27	4604.20	-17.08	4604.31	-17.09
CAGR	0.23		0.23		0.21	

Source: UPSIDC Annual Reports

Table 4.7: Industrial Land under Development(In Lakh)

	1999-00	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
Agra	231.31	231.31	23.88	480.53	-3.16	-	2.76	-	5250.29	40.68	40.68	40.68	6339.02
Aligarh	657.08	657.08	182.63	173.66	189.44	102.73	88.87	-7.28	33.11	97.55	97.55	97.55	2370.03
Badaun	-	-	4.51	0.72	-	9.78	-	-	-	826.30	826.30	826.30	2493.94
Banda	0.92	0.92	-	18.53	13.16	55.49	-	3.16	-	-	-	-	92.21
Barabanki	0.12	0.12	-29.01	-	-	-	-	-	3.13	0.90	0.90	0.90	-22.91
Bulandshahar	503.95	503.95	1456.44	279.45	864.50	11425.20	4813.15	2259.58	-	-	-	-	22106.25
Faizabad	-	-	0.04	26.68	0.24	116.75	39.61	-	-	-	-	-	1233.72
Fatehpur	17.8	17.88	7.64	0.70	16.76	183.11	1.60	3.83	15.42	1.58	1.58	1.58	269.61
Ghaziabad	1893.42	1893.42	2210.94	2978.47	1959.41	6351.40	5689.97	11911.38	6006.16	909.48	909.48	909.48	43623.08
Gorakhpur	0.01	0.01	-	-	27.22	-27.22	-	-	-	-	-	-	0.02
GROWTH CENTRE (Dibiyapur)	113.93	113.93	-	-	3.89	1.79	60.82	1.45	-	-	-	-	295.83
GROWTH CENTRE (Khurja)	376.75	376.75	-	-	-	-	-	-	-	-	-	-	753.50
Growth Centre (Moradabad)	1436.02	1436.02	-	41.80	-	17.50	1.90	-	-	-	-	-	2933.26
Jhansi	-218.75	-218.75	0.00	1.37	-	1.08	-	-	-	-	-	-	-435.04
KANPUR(City)	549.55	549.55	50.33	29.01	881.58	13.57	6486.61	102.72	252.19	1862.46	1862.46	1862.46	14502.54
Kanpur(Dehat)	121.06	121.06	202.56	259.75	416.76	777.62	324.76	44.87	88.87	44.29	44.29	44.29	2490.23
Khurja	-20.38	-20.38	-	-	-	52.26	-	-	-	-	-	-	11.48
Mainpuri	45.01	45.01	-	-	-	44.05	-	-	-	-	-	-	134.08
Mathura	2122.24	2122.24	0.21	112.96	3.52	209.91	-	7.39	7000.23	1802.02	1802.02	1802.02	16984.80
Meerut	776.02	776.02	-	2.14	-	8.38	-	376.9	0	1390.40	1390.40	1390.40	6110.74

Moradabad	1050.74	1050.74	24.76	4.33	-	224.90	-	-15.32	-	82.97	82.97	82.97	2589.09
Rampur	12.20	12.20	247.69	-	11.29	9.30	3.37	-	-	-	-	-	296.07
Saharanpur	292.19	292.19	292.19	3.04	-	-	-	-	-	-	-	-	879.63
Gorakhpur)	14.33	14.33	14.33	-	1.90	-	-	-	-	15.46	15.46	15.46	91.30
Sahjahanpur	1118.32	1118.34	934.12	92.71	-	24.70	726.87	-	-	92.68	92.68	92.68	4293.16
Sultanpur	404.7436	404.7436	404.7436	0	1.10522	82.4527	-	-	-	-	-	-	1297.78
Unnao	624.45	624.4	624.47	13.09	-	164.49	3.52	125.44	-	76.15	76.15	76.15	2408.41
Varanasi	698.15	698.15	861.37	109.88	12.25	370.83	133.57	7.15	2.71	-	-	-	2894.11

Source: UPSIDC Annual Reports

Table 4.8:Development Expenditure (In lakhs)

	2000	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
Agra	7.50	7.50	-34.9	35.08	10.53	45.08	14.59	86.60	12.85	357.21	-105.24	-105.24	331.59
Aligarh	39.04	39.04	21.97	4.46	8.82	2.50	6.95	104.97	406.35	31.78	262.87	262.87	1191.69
Banda	2.68	2.68	2.62	0	0.04	63.50	3.09	0.17	-0.64	443.06	0.35	0.35	517.94
Barabanki	6.51	6.51	130.12	407.4	399.50	1013.92	90.25	248.74	823.3	1443.49	78.09	78.09	4726.01
Bulandshahar	256.14	256.141	466.89	510.09	65.10	0	0	88.25	2365.10	6843.06	0	0	10850.80
Faizabad	0.33	0.33	0.87	0.39	14.80	20.69	17.03	0.18	43.39	257.41	38.06	38.06	431.62
Fatehpur	7.41	7.41	3.45	35.38	42.85	588.3	4157.64	102.6	546.2	700.11	54.62	54.62	6300.69
Ghaziabad	2816.9	2816.97	1473.02	1753.57	1629.06	6291.64	2957.39	2477.90	1820.74	2455.65	2675.03	2675.03	31843.03
Gorakhpur	6.09	6.09	2.90	3.95	3.49	4.74	0	0.997	0	5.13	-	-	33.42
GROWTH CENTRE (Dibiyapur)	0.55	0.55	9.55	284.02	114.18	1.17	111.79	577.34	243.11	-	-	-	1342.29
GROWTH CENTRE Khurja)	-	-	85.96	6.42	46.32	231.48	76.6	14.40	19.86	120.80	-	-	601.96
GROWTH CENTRE (Moradabad)	0.93	0.93	0.06	0.06	-	-	-	-	-	-	-	-	2.00
Jhansi	0.85	0.85	-	35.30	-	126.67	46.97	-1	-	14.08	-	-	223.7
KANPUR(City	-409.11	-409.11	26.79	4.40	1.32	6.49	232.18	93.85	-	120.80	443.03	443.03	553.72
Kanpur(Dehat)	114.52	114.52	58.20	391.69	1004.49	822.57	1063.17	820.39	1950.5	410.83	274.73	274.73	7300.44
Khurja	117.99	117.99	156.93	415.17	1416.10	550.70	126.02	131.96	709.62	1366.73	12.58	12.58	5134.45
Mainpuri	-4.23	-4.23	3.37	127.32	2.01	18.19	37.14	150.6	18.65	18.63	87.06	87.06	541.61
Mathura	3.29	3.29	1.50	-	0.89	13	-	-	1.59	1022.87	463.51	463.51	1973.49
Mau Nath Bhanjan	98.48	98.48	110.6	14.19	24.23	174.4	24.96	-0.71	128.64	1161.80	5888	5888	13611.13
Meerut	5.93	5.93	9.42	2.30	8.43	31.02	20.95	2.21	0.21	19.70	7.73	7.73	121.61

Mirzapur	28.77	28.77	22.06	1.25	3.32	44.44	47.01	20.53	6.66	0.03	33.78	33.78	270.46
Muzaffarnagar	0.33	0.33	33.7	244.42	98.41	43.96	0.01	29.45	101.46	181.20	181.86	181.86	1097.11
Rampur	11.03	11.03	0	1.00	9.03	28.92	11.70	14.93	0.18	0.56	-	-	88.41
SANDILA(Har doi)	0.04	0.04	-	-	-	0.13	0.12	-	-	-	1.46	1.46	3.29
Shahjahanpur	-	-	0.32	34.22	88.30	107.53	110.48	1.81	3.01	22.07	156.80	156.80	681.39
Tikaria&Trisun di	4.56	4.56	4.44	11.63	0.57	211.47	877.50	1205.4	784.79	1543.41	756.48	756.48	6161.41
Unnao	124.17	124.17	9494	90.07	288.92	107.23	331.72	40.71	112.21	872.83	505.82	505.82	3198.66
Varanasi	8.29	8.29	0.31	0.29	18.04	356.09	62.06	161.6	17.97	-	-	-	633.04

Source: UPSIDC Annual Reports

Table 4.9 Amount Received From U.P Government for Disbursement /Expenditure(in lakhs)

Programme (Amount In Lakhs)	1999-00	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Under 'Half A Million Job'programme For Ancillary Units At Unnai Against Stipend,Administrative Expenses Etc.	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
For Establishment Of Industrial Complex	0.05	0.05	0.05	0.05	0.05	0.051	0.05	0.05	0.05	0.05	0.05	0.05
For Detailed Feasibility Studies Market Survey Etc.	0.32	0.32	0.3	0.32	0.3	0.32	0.32	0.32	0.32	0.32	0.32	0.32
For Export Promotion Industrial Park Agra	0	0	290	142.5	64.91	15.4	0	0	0	0	0	0
Subsidy From Central Govt. For IIDC,Mathura	18.96	18.96	18.96	18.96	0	0	0	0	0	0	0	0
Subsidy From Central Govt. For IIDC,Etah	12.89	12.89	12.89	60.27	0	0	0	0	0	0	0	0
Subsidy From Central Govt. For IIDC,Unnao	41.50	41.50	41.50	103.03	0	0	0	0	0	0	0	0
Grant For C.E.T.P. Unnao	200	200	200	200	200	0	0	0	0	0	0	0
Grant For U.P Agro Park VNS	200	200	200	200	200	0	0	0	0	0	0	0
Grant For U.P Agro Park LKO	200	200	200	200	200	62	62	62	62	86.72	93.83	93.83
Grant For Bio-Technology City	216	216	216	216	216	0	0	0	0	0	0	0
Grant For EPIP Kasna	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Grant For Upgradation Power Distribution,Aligarh	16.14	16.14	16.14	16.14	16.14	16.14	16.14	16.14	16.14	16.14	16.14	16.14
Grant For SEZ,Moradabad	468.48	468.48	468.48	468.48	468.4	468.48	468.48	468.4	468.4	628.93	628.9	628.9

Source: UPSIDC Annual Reports

Table 4.10: Land Possession (in lakhs)

Name Of Industrial Area	2000	2001-02	2002-03	2003-04	2004-05	2005-06
Agra	543.45	543.45	545.34	545.34	545.34	545.34
Aligarh	1572.49	1572.49	1814.97	1814.97	1814.97	1814.97
Badaun	1804.71	1804.71	1823.94	1823.94	1823.94	1823.94
Banda	730.43	730.43	798.20	798.20	798.20	798.20
Bareilly	356.86	356.86	356.86	356.86	356.86	356.86
Basti	311.93	311.93	311.93	311.93	311.93	311.93
Bulandshahar	1502.01	1502.01	4761.66	4761.66	5563.71	5563.71
Faizabad	111.57	111.57	111.57	111.57	141.05	141.05
Farrukhabad	266.61	266.61	273.48	273.48	273.48	273.48
Fatehpur	516.04	516.04	516.04	516.04	516.04	516.04
Firozabad	482.92	482.92	498.35	498.35	498.35	498.35
Ghaziabad	7095.08	7095.08	6328.79	6578.85	6733.34	6733.34
Ghaziabad(Surajpur)	1275.70	1275.70	1475.56	1499.69	1499.69	1499.69
Gorakhpur	201.36	201.36	201.36	201.36	201.36	201.36
Hamirpur	506.92	506.92	506.89	506.89	506.89	506.89
Jalaun(Orai)	549.03	549.03	503.29	503.29	503.29	503.29
Jaunpur(Including Satharia)	552.43	552.43	522.43	522.43	522.43	522.43
Jhansi(Bijoli)	199.06	199.06	199.06	199.06	199.06	199.06
Kanpur(City)	823.40	823.40	928.40	928.40	961.97	961.97
Kanpur(Dehat)	783.24	783.24	783.24	797.89	797.89	797.89
Lalitpur	993.61	993.61	993.61	993.61	993.61	993.61
Lucknow	1173.79	1173.79	1173.78	1173.78	1173.78	1173.78
Mainpuri(Bhoghaon)	242.73	242.73	242.73	242.73	242.73	242.73
Mathura(Including Kosikalan)	1373.17	1373.17	1528.59	1528.59	1919.79	1919.79
Meerut(Sport Goods Complex)	12.72	12.72	12.72	12.72	12.72	12.72
Mirzapur	26.26	26.26	26.22	26.26	26.26	26.26
Moradabad	939.55	939.55	979.30	979.30	979.30	979.30
Muzaffarnagar	113.52	113.52	113.52	113.52	113.52	113.52
Naini(Allahabad)	776.62	776.62	776.62	776.62	776.62	776.62
Partapur(Meerut)	12.34	12.34	12.34	12.34	12.34	12.34
Pratapgarh	97.92	97.92	97.92	97.92	97.92	97.92
Raebarareli	576.51	576.51	576.51	576.51	576.51	576.51
Rampur	48.38	48.38	48.39	48.39	97.74	97.74
Sandila(Hardoi)	1868.11	1868.11	1868.11	1868.11	1868.11	1868.11
Shahjahanpur	1077.22	1077.22	1077.22	1077.22	1077.22	1077.22
Sitapur	39.51	39.51	39.51	39.51	39.51	39.51
Sultanpur(Jagdishpur)	1705.91	1705.91	781.61	781.61	781.61	781.61

Sultanpur(Kauhar,Gauriganj)	111.63	111.63	111.63	111.63	111.62	111.63
Sultanpur(Kauhar,Gauriganj)	94.93	94.93	94.93	94.93	94.93	94.93
Sultanpur(Tikaria Bikhaur)	249.66	249.66	249.66	249.66	249.66	249.66
Sultanpur(Trisundi)	625.12	625.12	625.12	625.12	625.12	625.12
Sultanpur (Usha Rect.)	424.68	424.68	225.98	225.98	225.98	225.98
Unnao	1203.86	1203.88	1023.88	1023.88	2275.28	2275.28
Varanasi(Ram Nagar)	567.02	567.02	567.02	567.02	1092.41	1092.41
Bhowali(Nainital)	16.5	16.5	16.5	16.5	16.5	16.5
Chamoli(Karan Prayag)	28.85	28.85	28.85	28.85	28.85	28.85
Dehradun	254.26	254.26	254.26	254.26	254.26	254.26
Hardwar	341.76	341.76	238.78	238.78	238.78	238.78
Mohan	46	46	46	46	46	46
Nainital	0.337	0.33	0.33	0.33	0	0
Nainital(Bajpur)	141.87	141.82	89.93	89.93	89.93	89.93
Nainital(Bhimtal)	44.21	44.21	96.1	96.1	96.1	96.1
Nainital(Kashipur)	97.23	97.23	97.23	97.23	97.23	97.23
Nainital(Khatima)	25.79	25.79	25.79	25.79	25.79	25.79
Nainital(Peepalsana)	29.41	29.41	29.41	29.41	29.41	29.41
Nainital(Ramnagar)	803	803	803	803	803.33	803.33
Pauri-Garhwal	107.96	107.96	107.96	107.96	107.96	107.96
Pithoragarh	8.3	8.3	8.3	8.3	8.3	8.3
Tehri-Garhwal(Muni Ki Reti)	25.47	25.47	25.7	25.7	25.7	25.7
Roorkee	0	0	102.97	102.97	102.97	102.97

Cont.126

Name Of Industrial Area	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Agra	545.34	545.34	545.34	545.34	545.34	545.34	6540.33
Aligarh	1814.97	1814.97	1814.97	1814.97	1814.97	1814.97	21294.73
Badaun	1826.72	1826.72	1826.72	1826.72	1826.72	1826.72	21865.56
Banda	798.20	798.20	798.20	798.20	798.20	798.20	9442.88
Barabanki	509.76	509.76	509.76	509.76	509.76	509.76	6117.12
Bareilly	356.86	356.86	356.86	356.86	356.86	356.86	4282.32
Basti	311.93	311.93	311.93	311.93	311.93	311.93	3743.26
Bulandshahar	5563.71	5969.03	5969.03	5969.03	5969.03	5969.03	59063.67
Faizabad	141.05	141.05	141.05	141.05	141.05	141.05	1574.71
Farrukhabad	273.48	273.48	273.48	273.48	273.48	273.48	3268.02
Fatehpur	516.04	516.04	516.04	516.04	516.04	516.04	6192.48
Firozabad	498.35	498.35	498.35	498.35	498.35	498.35	5949.34
Ghaziabad	6578.85	6944.98	6944.98	6944.98	7099.46	7099.46	82177.22
Ghaziabad(Surajpur)	1654.17	1940.46	1940.46	1940.46	1785.98	1785.98	19573.58
Gorakhpur	201.36	201.36	201.36	201.36	201.36	201.36	2416.32
Hamirpur	506.89	506.89	506.89	506.89	506.89	506.89	6082.74
Jalaun(Orai)	503.29	503.29	503.29	503.29	503.29	503.29	6131.02
Jaunpur(Including Satharia)	522.43	552.43	552.43	552.43	552.43	552.43	6479.16
Jhansi(Indogulf)	584.25	584.25	584.25	584.25	584.25	584.25	7011
Jhansi(Growth Centre)	309.75	309.75	309.75	309.75	309.75	309.75	3743.54
Jhansi(Lohar Grid)	0	0	0	0	0	0	48.98
Jhansi(Bijoli)	199.06	199.06	199.06	199.06	199.06	199.06	2388.72
Kanpur(City)	1294	1294	1294	1294	1295	1295	13193.57
Lakhimpur	99.49	99.49	99.49	99.49	99.49	99.49	1193.88
Lalitpur	993.61	993.61	993.61	993.61	993.61	993.61	11923.32
Lucknow	1173.79	1173.79	1173.79	1173.79	1173.79	1173.79	14085.5
Mainpuri(Bhoghaon)	242.73	242.73	242.73	242.73	242.73	242.73	2912.76
Mathura(Including Kosikalan)	1919.79	1919.79	1997.92	1997.92	1919.79	1919.79	21318.14
Meerut(Sport Goods Complex)	12.72	12.72	12.72	12.72	12.72	12.72	152.71
Mirzapur	26.26	26.26	26.26	26.26	26.26	26.26	315.14
Moradabad	979.30	979.30	979.30	979.30	979.30	979.30	11672.12
Muzaffarnagar	113.52	113.52	113.52	113.52	113.52	113.52	1362.33
Naini(Allahabad)	776.62	776.62	776.62	776.62	776.62	776.62	9319.48
Partapur(Meerut)	12.34	12.34	12.34	12.34	12.34	12.34	148.12
Pratapgarh	97.92	97.92	97.92	97.92	97.92	97.92	1175.04
Raebarareli	576.51	576.51	576.51	576.51	576.51	576.51	6918.21
Rampur	97.74	97.74	97.74	97.74	97.74	97.74	975.47
Sandila(Hardoi)	1868.11	1868.11	1868.11	1868.11	1868.11	1868.11	22417.38
Shahjahanpur	1077.22	1077.22	1077.22	1077.22	1077.22	1077.22	12926.64
Sitapur	39.51	39.51	39.51	39.51	39.51	39.51	474.12
Sultanpur(Jagdishpur)	781.61	781.61	781.61	781.61	781.61	781.61	11228.02

Sultanpur(Kauhar,Gauriganj)	111.63	111.63	111.63	111.63	111.63	111.63	1339.58
Sultanpur(Kauhar,Gauriganj)	94.93	94.93	94.93	94.93	94.93	94.93	1139.26
Sultanpur(Tikaria Bikhaur)	249.66	249.66	249.66	249.66	249.66	249.66	2995.94
Sultanpur(Trisundi)	625.12	625.12	625.12	625.12	625.12	625.12	7501.51
Sultanpur (Usha Rect.)	225.98	225.98	225.98	225.98	225.98	225.98	3109.18
Unnao	2321.20	2321.20	2321.20	2321.02	2321.20	2321.20	22933.31
Varanasi(Ram Nagar)	1092.41	1092.41	1092.41	1092.41	1092.41	1092.41	11007.4
Bhowali(Nainital)	16.5	16.5	16.5	16.5	16.5	16.5	198
Chamoli(Karan Prayag)	28.85	28.85	28.85	28.85	28.85	28.85	346.2
Dehradun	254.26	254.26	254.26	254.26	254.26	254.26	3051.12
Hardwar	238.78	238.78	238.78	238.78	238.78	238.78	3071.41
Mohan	46	46	46	46	46	46	552
Nainital(Bajpur)	89.93	89.93	89.93	89.93	89.93	89.93	1183.03
Nainital(Bhimtal)	96.1	96.1	96.1	96.1	96.1	96.1	1049.42
Nainital(Kashipur)	97.23	97.23	97.23	97.23	97.23	97.23	1166.76
Nainital(Khatima)	25.79	25.79	25.79	25.79	25.79	25.79	309.55
Nainital(Peepalsana)	29.41	29.41	29.41	29.41	29.41	29.41	352.92
Nainital(Ramnagar)	803.33	803.33	803.33	803.33	803.33	803.33	9638.69
Pauri-Garhwal	107.96	107.96	107.96	107.96	107.96	107.96	1295.52
Pithoragarh	8.3	8.3	8.3	8.3	8.3	8.3	99.6
Tehri-Garhwal(Muni Ki Reti)	25.47	25.47	25.47	25.47	25.47	25.47	306.56
Roorkee	102.97	102.97	102.97	102.97	102.97	102.97	1029.76

Source: UPSIDC Annual Reports

Table 4.10: Land Conveyance(in lakhs)

Name Of Industrial Area	2000	2001-02	2002-03	2003-04	2004-05	2005-06
Agra	404.87	404.87	404.87	404.87	404.87	404.87
Aligarh	1123.58	1123.58	1123.58	1123.58	1123.58	1123.58
Badaun	723.59	723.59	723.59	723.59	723.59	723.59
Banda	166.75	166.75	166.75	166.75	166.75	166.75
Bareilly	356.86	356.86	356.86	356.86	356.86	356.86
Basti	297.80	297.80	297.80	297.80	297.80	297.80
Bulandshahar	1458.46	1458.46	3030.56	3030.56	3030.56	3023.56
Faizabad	110.96	110.96	110.96	110.96	110.96	110.96
Farrukhabad	72.3	72.3	72.3	72.3	72.3	72.3
Fatehpur	511.11	511.11	511.11	511.11	511.11	511.11
Ghaziabad	6067.89	6067.89	6067.89	6067.89	6067.89	6067.89
Ghaziabad(Surajpur)	937.14	937.14	937.14	937.14	937.14	937.14
Gorakhpur	187.15	187.15	187.15	187.15	187.15	187.15
Hamirpur	494.52	494.52	494.52	494.52	494.52	494.52
Jalaun(Orai)	394.52	394.52	394.52	394.52	394.52	394.52
Jaunpur(Including Satharia)	552.43	552.43	552.43	552.43	552.43	552.43
Jhansi(Bijoli)	199.06	199.06	199.06	199.06	199.06	199.06
Kanpur(City)	346.62	346.62	346.62	346.62	346.62	346.62
Lalitpur	993.61	993.61	993.61	993.61	993.61	993.61
Lucknow	1119.12	1119.12	1119.12	1119.12	1119.12	1119.12
Mainpuri(Bhoghaon)	242.73	242.73	242.73	242.73	242.73	242.73
Mathura(Including Kosikalan)	1079.94	1079.94	1079.94	1079.94	1079.94	1079.94
Meerut(Sport Goods Complex)	12.72	12.72	12.72	12.72	12.72	12.72
Mirzapur	16.56	16.56	16.56	16.56	16.56	16.56
Moradabad	533.89	533.89	533.89	533.89	533.89	533.89
Muzaffarnagar	27.66	27.66	27.66	27.66	27.66	27.66
Naini(Allahabad)	776.62	776.62	776.62	776.62	776.62	776.62
Partapur(Meerut)	12.34	12.34	12.34	12.34	12.34	12.34
Pratapgarh	97.92	97.92	97.92	97.92	97.92	97.92
Raebarareli	503.61	503.61	503.61	503.61	503.61	503.61
Rampur	35.45	35.45	35.45	35.45	35.45	35.45
Sandila(Hardoi)	1848.02	1848.02	1848.02	1848.02	1848.02	1848.02
Shahjahanpur	756.64	756.64	756.64	756.64	756.64	756.64
Sitapur	39.51	39.51	39.51	39.51	39.51	39.51
Sultanpur(Jagdishpur)	222.86	222.86	222.86	222.86	222.86	222.86
Sultanpur(Kauhar,Gauriganj)	93.51	93.51	93.51	93.51	93.51	93.51
Sultanpur(Kauhar,Gauriganj)	65.38	65.38	65.38	65.38	65.38	65.38
Sultanpur(Tikaria Bikhaur)	204.08	204.08	204.08	204.08	204.08	204.08
Sultanpur(Trisundi)	458.35	458.35	458.35	458.35	458.35	458.35

Sultanpur(Usha Rect.)	225.98	225.98	225.98	225.98	225.98	225.98
Unnao	864.25	864.25	864.25	864.25	864.25	864.25
Varanasi(Ram Nagar)	305.79	305.79	305.79	305.79	305.79	305.79
Bhowali(Nainital)	16.5	16.5	16.5	16.5	16.5	16.5
Chamoli(Karan Prayag)	28.85	28.85	28.85	28.85	28.85	28.85
Dehradun	251.38	251.38	251.38	251.38	251.38	251.38
Hardwar	271.84	271.84	238.78	238.78	238.78	238.78
Mohan	46	46	46	46	46	46
Nainital(Bajpur)	89.93	89.93	89.93	89.93	89.93	89.93
Nainital(Bhimtal)	44.21	44.21	44.21	44.21	44.21	44.21
Nainital(Kashipur)	97.23	97.23	97.23	97.23	97.23	97.23
Nainital(Khatima)	25.79	25.79	25.79	25.79	25.79	25.79
Nainital(Peepalsana)	29.41	29.41	29.41	29.41	29.41	29.41
Pauri-Garhwal	81.96	81.96	81.96	81.96	81.96	81.96
Pithoragarh	8.3	8.3	8.3	8.3	8.3	8.3
Roorkee	33.05	33.05	33.05	33.05	33.05	33.05

Name Of Industrial Area	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Agra	404.87	404.87	404.87	404.87	404.87	404.87	4858.51
Aligarh	1123.58	1123.58	1123.58	1123.58	1123.58	1123.58	13482.98
Badaun	723.59	723.59	723.59	723.59	723.59	723.59	8683.10
Banda	166.75	166.75	166.75	166.75	166.75	166.75	2001
Bareilly	356.86	356.86	356.86	356.86	356.86	356.86	4282.32
Basti	297.80	297.80	297.80	297.80	297.80	297.80	3573.70
Bulandshahar	3023.56	3023.56	3023.56	3023.56	3023.56	3023.56	33173.62
Deoria	147.89	0	147.89	147.89	147.89	147.89	1035.23
Faizabad	110.96	110.96	110.96	110.96	110.96	110.96	1331.58
Farrukhabad	72.3	72.3	72.3	72.3	72.3	72.3	867.6
Fatehpur	511.11	511.11	511.11	511.11	511.11	511.11	6133.39
Ghaziabad	6067.89	6067.89	6067.89	6067.89	6067.89	6067.89	72814.7
Ghaziabad(Surajpur)	937.14	937.14	937.14	937.14	937.14	937.14	11245.72
Gorakhpur	187.15	187.15	187.15	187.15	187.15	187.15	2245.8
Hamirpur	494.52	494.52	494.52	494.52	494.52	494.52	5934.24
Jalaun(Orai)	394.52	394.52	394.52	394.52	394.52	394.52	4734.24
Jaunpur(Including Satharia)	552.43	552.43	552.43	552.43	552.43	552.43	6629.16
Jhansi(Bijoli)	199.06	199.06	199.06	199.06	199.06	199.06	2388.72
Kanpur(City)	346.62	346.62	346.62	346.62	346.62	346.62	4159.53
Lalitpur	993.61	993.61	993.61	993.61	993.61	993.61	11923.32
Lucknow	1119.12	1119.12	1119.12	1119.12	1119.12	1119.12	13429.5
Mainpuri(Bhoghaon)	242.73	242.73	242.73	242.73	242.73	242.73	2912.76
Mathura(Including Kosikalan)	1079.94	1146.25	1224.38	1224.38	1224.38	1224.38	13603.37
Meerut(Sport Goods Complex)	12.72	12.72	12.72	12.72	12.72	12.72	152.71
Mirzapur	16.56	16.56	16.56	16.56	16.56	16.56	198.74
Moradabad	533.89	533.89	533.89	533.89	533.89	533.89	6406.72
Muzaffarnagar	27.66	27.66	27.66	27.66	27.66	27.66	332.00
Naini(Allahabad)	776.62	776.62	776.62	776.62	776.62	776.62	9319.48
Partapur(Meerut)	12.34	12.34	12.34	12.34	12.34	12.34	148.12
Pratapgarh	97.92	97.92	97.92	97.92	97.92	97.92	1175.04
Raebarareli	503.61	503.61	503.61	503.61	503.61	503.61	6043.36
Rampur	35.45	35.45	35.45	35.45	35.45	35.45	425.4
Sandila(Hardoi)	1848.02	1848.02	1848.02	1848.02	1848.02	1848.02	22176.24
Shahjahanpur	756.64	756.64	756.64	756.64	756.64	756.64	9079.68
Sitapur	39.51	39.51	39.51	39.51	39.51	39.51	474.12
Sultanpur(Jagdishpur)	222.86	222.86	222.86	222.86	222.86	222.86	2674.38
Sultanpur(Kauhar,Gauriganj)	93.51	93.51	93.51	93.51	93.51	93.53	1122.15
Sultanpur(Kauhar,Gauriganj)	65.38	65.38	65.38	65.38	65.38	65.38	784.56
Sultanpur(Tikaria Bikhaur)	204.08	204.08	204.08	204.08	204.08	204.08	2449.05
Sultanpur(Trisundi)	458.35	458.35	458.35	458.35	458.35	458.35	5500.21

Sultanpur (Usha Rect.)	225.98	225.98	225.98	225.98	225.98	225.98	2711.78
Unnao	864.25	864.25	864.25	864.25	864.25	864.25	10371.01
Varanasi(Ram Nagar)	305.79	305.79	305.79	305.79	305.79	305.79	3669.51
Bhowali(Nainital)	16.5	16.5	16.5	16.5	16.5	16.5	198
Chamoli(Karan Prayag)	28.85	28.85	28.85	28.85	28.85	28.85	346.2
Dehradun	251.38	251.38	251.38	251.38	251.38	251.38	3016.56
Hardwar	238.78	238.78	238.78	238.78	238.78	238.78	2931.57
Mohan	46	46	46	46	46	46	552
Nainital(Bajpur)	89.93	89.93	89.93	89.93	89.93	89.93	1079.25
Nainital(Bhimal)	44.21	44.21	44.21	44.21	44.21	44.21	530.52
Nainital(Kashipur)	97.23	97.23	97.23	97.23	97.23	97.23	1166.76
Nainital(Khatima)	25.79	25.79	25.79	25.79	25.79	25.79	309.55
Nainital(Peepalsana)	29.41	29.41	29.41	29.41	29.41	29.41	352.92
Pauri-Garhwal	81.96	81.96	81.96	81.96	81.96	81.96	983.52
Pithoragarh	8.3	8.3	8.3	8.3	8.3	8.3	99.6
Roorkee	33.05	33.05	33.05	33.05	33.05	33.05	396.6

REFERENCES

- ❖ Annual Reports of Uttar Pradesh State Industrial Corporation
- ❖ Dangwal, R. C., & Negi, K. S. (1999). Institutional Finance and Industrialization (A Study of UPFC). *Industrialization: New Challenges*, 9, 28.
- ❖ Fei, J. C., & Ranis, G., (1964). Development of the labor surplus economy; theory and policy.
- ❖ Kniiivilä, M., (2007). Industrial development and economic growth: Implications for poverty reduction and income inequality. *Industrial development for the 21st century: Sustainable development perspectives*, 295-333.
- ❖ Kumar, S., & Arora, N., (2011). Assessing Technical Efficiency of Sugar Industry in Uttar Pradesh: An Application of Data Envelopment Analysis. *Indian Economic Review*, 323-353.
- ❖ Lewis, W. A. (1954). Economic development with unlimited supplies of labor. *The Manchester school*, 22(2), 139-191.
- ❖ Rodrik, D.,(2007). Industrial development: Some stylized facts and policy directions. *Industrial development for the 21st century: Sustainable development perspectives*, 7-28
- ❖ T.S. Papola, (2012), Structural Changes in the Indian Economy: emerging patterns and implications, Working Paper 2012/02, Institute for Studies in Industrial Development, New Delhi.

Chapter 5

Summary, Conclusions and Recommendations

Uttar Pradesh, often described as the heartland of India, it is spread across 2, 40, 928 square kilometers and having 18 divisions, 75 districts and 821 community development blocks in the country. It is the fourth largest state in India in terms of land area covering 7.3 percent of the country's geographical area. The state has a population of 19.98 cores (as per 2011 census) which is around 16.5% of India's population and is the highest amongst all Indian states with a GSDP of Rs.11, 45, 234 crores in 2015-16. However, Uttar Pradesh is primarily an agrarian economy where still more than 60 percent of its total population is depending on agriculture for livelihood. The State of Uttar Pradesh exhibits all the characteristics of underdeveloped economy. The state is suffering from low per-capita income, unemployment, problems of poverty, poor quality of life. Nonetheless, the state is the largest food grain producer in India but the agriculture itself cannot be adequate for bringing the rapid economic growth and development and to free the state from economic backwardness (Sami.,L, and Prabhakar., R., 2015). The agriculture sector of Uttar Pradesh is facing problems like the agro climate conditions, inadequate monsoon, inadequate of modern agricultural inputs and uneconomical size of land holdings in the state .Agricultural sector is not able to promote adequate employment to the people in Uttar Pradesh. Hence, there is an important need to create a strong and a vibrant industrialization in order to remove the economic backwardness of the state. Therefore, the state of Uttar Pradesh has to follow the pathway of classical economist's theory for under-development economies remedies. The classical economists suggests that the developmental priorities should be given more on the development of modern industries this is because the industrial sector relatively possesses a higher marginal propensity to save and investment which inversely raise the income built self-sustaining economy and increases the employment opportunities in the economy and will accelerate the pace of growth and development in the state.

The structure of industrial economy of Uttar Pradesh is traditionally been dominated by small enterprises and traditional industries like agro-based and textile industries. The inadequate number of large scale industries has been considered as one of the factors which is responsible for lagging the industrial progress of the state (State Development Report 2014.). On the other side the problem of finance and other problems like credit, marketing, management, cost of production, raw

material, lack of skilled personnel, inadequate infrastructure, increasing competition are the major challenges for industrial of Uttar Pradesh . Therefore, the assistance as well as guidance from government and other organizations is the major hindrance for making the state of Uttar Pradesh more industrial state in the country. Nevertheless, the Government of Uttar Pradesh has put various efforts to improve the industrial development but still the industrial development has not reached up to mark.

Nevertheless, the industrial is indispensable for underdeveloped state like Uttar Pradesh where the per capita income is very low and the incidence of the poverty is very high among the people. As the economy of Uttar Pradesh is primarily an agrarian economy and the agriculture is only subsistence source of livelihood among the people of Uttar Pradesh. Therefore development of the industrial sector can play a pivotal role in transforming the agrarian economy of Uttar Pradesh to Modern industrial sector and will raise the socio-economic conditions of the state. Apart from this the development of the industrial sector will lead to the economic development of the state. The industrial development in the state will also help to achieve the most important Macro-economic goals of the state such as employment as the un-employment problem is a gigantic issue in the Uttar Pradesh economy. The Uttar Pradesh is one of the most populated states of the India and is suffering from the problem of large unemployment in the state. Therefore, development of the industrial sector can help to solve the problem of unemployment in the state. Moreover, the economy of Uttar Pradesh is facing the problem of un-equitable distribution of income. Therefore, with the development of the industrial sector in the state will bring the equitable distribution of income, as the industrial sector has a large potential of utilizing the local resources and providing employment to large chunk of people which will directly reduce the regional disparities in the state.

The state of Uttar Pradesh is bestowed with many natural resources which are yet to be exploited. The industrial development is indispensable for Uttar Pradesh. The industrial sectors are functioning almost in all districts of Uttar Pradesh but it has not increased with the accelerated pace and remained sluggish. There are many disparities in terms of industrial development among the district wise in Uttar Pradesh (Papola, T. S.1985). Some of the districts have achieved significant growth in-terms of industrial development where as other districts are still lagging. Moreover, development of heavy and medium industries in the state has maintained a constant trend in the state, by the end of the 2012-13 there were 7454 large scale industries with an employment of 1662491 lakhs with an investment of 276921.38 crores rupees in the state. While as, in case of small scale industries it

were 45164 units with an investment of 3021.3 crores rupees and were providing employment to 481695 lakhs in the state.

Therefore the study examines the performance of two financial and promotional bodies for industrial development in Uttar Pradesh i.e. State Financial Corporation and State Industrial Development Corporation of Uttar Pradesh. The main objective of the study is to analyze the industrial development of Uttar Pradesh in terms of production, employment, income and capital and to evaluate the financing and promotional bodies for industrial development in terms of loan disbursement, sanctions, employment and production. The major hypothesis of the study is that the Financing and promotional bodies have positive impact on industrial development in Uttar Pradesh. Moreover, the following Methodology has been adopted to accomplish the study. The study is confined to state of Uttar Pradesh. The period of study is from 2000-2015. This period is a born for industrial development in the state. The results of new economic policies were unable in the state development. The study in based on secondary data Moreover, the data has been collected from the various annual reports of these financing and promotional bodies of industrial development of Uttar Pradesh. Some appropriate statistical tools have been used for data analyzing with following Chapter Plan are Introduction, Theoretical Framework, Uttar Pradesh State Financing Corporation, Uttar Pradesh State Industrial Development Corporation And Summary Conclusions and Recommendations.

The Outset chapter of the study is **Introduction** which gives insights about the importance of industrial sector at both national and international level. The Introduction chapter also covers the review of literature, objectives, hypothesis and the Methodology and chapter plan of the study. After discussing the historical background of industrial sector at national and international level, the study highlights the need and importance of industrial development in Uttar Pradesh and its contribution in-terms of GSDP and employment generation in the state. For knowing more information about Industrial development of Uttar Pradesh and its contribution to the state economy and to assessing the research gap various literature has been reviewed which contains books, published papers and other government published reports. Through the review of literature it has been found that state of Uttar Pradesh is bestowed with many natural resources which are yet to be exploited therefore, the development of industrial sector is indispensable for Uttar Pradesh. Moreover, from the literature review it has been found that the industrial sectors are functioning in

almost all the districts of Uttar Pradesh but the development of industrial sector in Uttar Pradesh has not increased with impressive pace and has remained sluggish. There are so many bottlenecks which are a root cause hindrance for the industrial development in the state, which includes the problem of finance, capital flow, market and infrastructure bottlenecks etc. Further, on the basis of review of literature and research gap, the objectives and hypothesis of the study has been framed. To fulfill the objectives of the study the research methodology part has been designed and on the basis of research objectives the plan of the study has also been scheduled for accomplishing the study.

The Chapter Second of the present study is **Theoretical Framework** which gives us the theoretical understanding of the industrialization and its impact on the economic growth and development of both developing and developed countries of the world forwarded by many classical, neo-classical and Modern economists of different schools. This Theoretical framework gives the in-depth knowledge about the importance of industrialization for achieving the self-reliance and sustainable economic growth particularly in the developing countries of the world. The chapter also explains how to economic transformation i.e. the transformation from agriculture sector to modern sector through creation of forward and backward linkages in which industrial sector has emerged as an important segment to overcome the increasing challenges of un-employment by creating rapid employment opportunities for increasing labour force and sustaining the livelihood of the unemployed persons of the country.

The Chapter Third of the study is about **Uttar Pradesh State Financial Corporation**. The financial sector is a critical sector for every economy to bring economic growth and development in the economy. However, after independence the financial sector has been emerged in India in almost all the states and these financial institutions can be broadly classified into two categories viz., all India institutions and State level institutions. However, in context of Uttar Pradesh the Uttar Pradesh Financial Corporation was established on 1st November 1954 under the state financial corporation Act 1951. The Uttar Pradesh financial corporation took a principle step for the industrial development at the state of Uttar Pradesh by providing financial assistance to upcoming small and medium scale industries in the state of Uttar Pradesh and also for modernization, diversification and expansion of existing Industrial units. UPSFC plays a vital role in the order to make the financing activities efficient & thereby develops the economy of the state. At present the

UPFC has twenty regional offices and two branch offices that are spread throughout the state of Uttar Pradesh. The objective of Regional Offices is to ensure greater efficiency and providing quicker, faster, and quality services with regard to sanction and disbursement of loans.

Therefore, the present chapter analyses the performance of Uttar Pradesh State Financial Corporation in terms of providing financial support to the industrial sector of the state. Therefore, the results of the study are showing that the growth rate of the sanctioned amount of State Financial Corporation of Uttar Pradesh has declined from 3.06 percent in 2000 to -1.38 percent in 2008. While as, in case of Disbursement amount it has declined from 2.07 percent in 2000 to 0.33 percent in 2008. Similarly, in case of investment and Employment in the industrial sector are showing a drastic decline i.e. the growth of an investment has declined from 31.20 percent in 2000 to -99.58 percent in 2008 and in case of employment its growth has been declined from 62.72 percent to -96.20 percent in 2008. The results also shows that in-terms of industry wise term loan disbursement , the highest term loan disbursed by the state industrial financial corporation was to Food Manufacturing industries which has increased from 945.68 Lakhs to 1656.86 lakhs in 2001-02 then the amount disbursed has declined to 163.99 lakh in 2006-07, followed by Chemicals and Chemicals Product. In Chemicals and Chemicals Product the amount disbursement of terms loans has been increased 2308.08 lakhs in 1999-00 to 486.22 lakhs in 2002-03 then it has declined to 35.98 lakhs in 2006-07, then followed by Textiles. In case of textiles the amount disbursed of term loans has been increased from 252.2 lakhs in 1999-00 to 604.24 lakhs in 2001-02 then it has declined to 223.56 lakhs in 2006-07.

Chapter fourth of the Study is **Uttar Pradesh State Industrial Development Corporation**. Undoubtedly, Industrial Promotion agencies are the pillars of the Industrial development of any nation throughout the world. These agencies may be described as the economic builders of the nation in the sense that the future of a nation vests in the development of Industrialization and same is true case with Uttar Pradesh Industrial development Corporation. The Chapter 4 Analyses the performance of Uttar Pradesh Industrial development Corporation as UPSIDC is the main driver of Industrialization in the State and its main aim is to develop and to provide the industrial infrastructure in the state by acquisition of land for Industrial Development Land, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure updation plan under MSE-CDP, Integrated Infrastructure Development

Centre and Industrial Areas. Apart from this, the UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz; Export Promotion Industrial Park, Agro/Food Processing, Bio-technology, Apparel, Leather and Leather products Textile, Plastics, etc. However, the results of the study is showing that Uttar Pradesh Industrial development Corporation has achieved many milestones in the state, as it has reached almost in all the districts of the state but it has not provide the equal distribution of industrialization in the state. The some of the districts have received much attention in-terms of industrial development and some are still lagging behind. The results also shows that the Total Income of the UPSIDC has increased from 3138.67 Lakh rupees in 2000 to 12658.19 lakhs in 2011-12 and the major source of the income for the Corporation is Interest. While in case of Total expenditures it has been increased from 2844.53 lakh Rupees in 1999-00 to 5318.64 lakh rupees in 2011-12 in the state.

Uttar Pradesh is primarily an agrarian economy where still more than 60 percent of its total population is depending on agriculture for livelihood. The State of Uttar Pradesh exhibits all the characteristics of underdeveloped economy. The state is suffering from low per-capita income, unemployment, problems of poverty, poor quality of life. Nonetheless, the state is the largest food grain producer in India but the agriculture itself cannot be adequate for bringing the rapid economic growth and development and to free the state from economic backwardness. The agriculture sector of Uttar Pradesh is facing problems like the agro climate conditions, inadequate monsoon, inadequate of modern agricultural inputs and uneconomical size of land holdings in the state .Agricultural sector is not able to promote adequate employment to the people in Uttar Pradesh. Therefore, there is an important need to create a strong and rapid industrialization in order to remove the economic backwardness of the state. Therefore, the state of Uttar Pradesh has to follow the pathway of classical economists' theory for under-development economies. The classical economists suggests that the developmental priorities should be given more on the development of modern industries this is because the industrial sector relatively possesses a higher marginal propensity to save and investment which inversely raise the income built self-sustaining economy and increases the employment opportunities in the economy and will accelerate the pace of growth and development in the state. However, the industrial development is not possible at individual level; it requires a set of promotional bodies for providing the financial and non-financial support. Therefore the industrialization of a nation can be boosted up only with the promotion of these

various Industrial Promotion bodies or Agencies. In general sense, the Industrial Promotion Agencies extended the support of various sorts of assistance to the industrial sector for the prospective of entrepreneurs in the nation. The activities and services of Industrial Promotion Agencies are pervasive as their services are like life-blood for an enterprise in a nation. However, among all these Industrial Promotion Agencies there are some agencies which are financial supporting agencies and other are non-financial agencies among the non-financial it may take two main forms i.e. infrastructural assistance and non-infrastructural assistance. However, as far as the non-financial agencies are concerned these agencies play a prominent role in the development and up-gradation of Industrialization of a nation. These non-financial assistance promotional bodies are primarily focusing on infrastructure development of the industrial sector of a nation and if the basic infrastructure facilities like power, transportation and communication are lacking then new industry can take place or no new enterprises can be attracted to such place unless otherwise such facilities are provided and supplied. Therefore the present has analyzed the role and performance of two major industrial promotion bodies of Uttar Pradesh i.e. State Financial Corporation and State Industrial Corporation. The major objectives of the study are to analyze the industrial development of Uttar Pradesh in terms of production, employment, income and capital and to evaluate the role of financing and promotional bodies for providing the industrial development in terms of loan disbursement, sanctions, employment, production and exports and the major hypothesis of the study was to test that the financing and Promotional bodies have positive impact on industrial development in Uttar Pradesh, based on the above objectives the following methodology has been adopted to accomplish the study. The study is based on secondary data and the data have been taken from 2000 to 2015 for Uttar Pradesh Financial Corporation and for State Industrial Development Corporation the data have been taken from 2000 to 2012. Moreover, the data has been collected from the annual published reports of these financing and promotional bodies of industrial development of Uttar Pradesh. Whereas, appropriate statistical tools have been used for data analyzing.

In order, to go in the depth of the study the various literature has been reviewed in order to gain more insights of the topic, and after reviewing the literature review it has been found that the industrial sectors are functioning in almost all the districts of Uttar Pradesh but the development of industrial sector in Uttar Pradesh has not increased with impressive pace and has remained sluggish. There are so many bottlenecks which are a root cause hindrance for the industrial development in

the state, which includes the problem of finance, capital flow, market and infrastructure bottlenecks etc. Further, on the basis of review of literature and research gap, the objectives and hypothesis of the study has been framed. To fulfill the objectives of the study the research methodology part has been designed and on the basis of research objectives the plan of the study has also been scheduled for accomplishing the study.

Nevertheless, the Uttar Pradesh State Financial Corporation is providing financial support to the industrial sector of the state. But from the study it has been concluded that the performance of the Uttar Pradesh State financial corporation is not progressive in the state as the corporation has terminated the sanction of loans to the industrial sector of the state from 2008 onwards .The results are also showing that the growth rate of the sanctioned amount of State Financial Corporation of Uttar Pradesh has declined from 3.06 percent in 2000 to -1.38 percent in 2008. While as, in case of Disbursement amount it has declined from 2.07 percent in 2000 to 0.33 percent in 2008. Similarly, in case of investment and employment in the industrial sector it is also showing a drastic decline i.e. the growth of an investment has declined from 31.20 percent in 2000 to -99.58 percent in 2008 and in case of employment its growth has been declined from 62.72 percent to -96.20 percent in 2008. The results also shows that in-terms of industry wise term loan disbursement, the highest term loan disbursed by the state industrial financial corporation was to Food Manufacturing industries which has increased from 945.68 Lakhs to 1656.86 lakhs in 2001-02 then the amount disbursed has declined to 163.99 lakh in 2006-07, followed by Chemicals and Chemicals Product. 2308.08 lakhs in 1999-00 to 486.22 lakhs in 2002-03 then it has declined to 35.98 lakhs in 2006-07, then followed by Textiles. In case of textiles the amount disbursed of term loans has been increased from 252.2 lakhs in 1999-00 to 604.24 lakhs in 2001-02 then it has declined to 223.56 lakhs in 2006-07.

Moreover, in case of Uttar Pradesh State Industrial Development Corporation it is the main driver of Industrialization in the State as its main aim is to develop and to provide the industrial infrastructure in the state by acquisition of land for Industrial Development Land, Activities related to land allotment in Industrial Areas, Development of Special Economic Zones (SEZ), and Industrial Infrastructure updation plan under MSE-CDP. Apart from this, the UPSIDC has developed a series of Industrial Area, Integrated Township and Technology Park. It has set up a number of projects at various prominent locations for promoting Industries viz, Export Promotion Industrial Parks, Agro/Food Processing, Bio-technology, Apparel, Leather and Leather products

Textile, Plastics, etc. However, the results of the study is showing that Uttar Pradesh Industrial development Corporation has achieved many milestones in the state, as it has reached almost in all the districts of the state but it has not provide the equal distribution of industrialization in the state. The some of the districts have received much attention in-terms of industrial development and some are still lagging behind. The results also shows that the Total Income of the UPSIDC has increased from 3138.67 Lakh rupees in 2000 to 12658.19 lakhs in 2011-12 and the major source of the income for the Corporation is Interest. While in case of Total expenditures it has been increased from 2844.53 lakh Rupees in 19999-00 to 5318.64 lakh rupees in 2011-12 in the state.

Recommendations

- ❖ The state Government should come forward to check the sanction problems of the Uttar Pradesh State Financial Corporation in order to restart the sanction process of the Uttar Pradesh State Financial Corporation so that the Corporation can meet the financial requirements of the entrepreneurs again.
- ❖ In order to bring efficiency the State Government should make efforts to appoint the Special Financial Advisors (SPA) for State Financial Institutions to recuperate from financial constraints.
- ❖ The government should establish more regional branches of Uttar Pradesh State Industrial Corporation in the backward districts of the state in-order to develop industrial parks in these less Industrial districts of the state.
- ❖ In sanctioning of the credit facilities the State Financial Corporation should check the efficiency and vibrancy of the industrial units before sanctioning the amount to them so that the State Financial Corporation cannot face the problems of financial constraints and problems in recovering the loans from entrepreneurs.
- ❖ In order to bring the vibrancy in Uttar Pradesh State Financial Corporation and State Industrial Development Corporation. The State Government should approach to the Central government in order to meet the financial requirements of the both Uttar Pradesh State Financial Corporation and State Industrial Development Corporation.

- ❖ In order to develop the industrial units in the less industrial districts the loans should be given to the entrepreneurs at a lower rate of interest so that more industrial units can be developed in these less industrial districts.
- ❖ The State government should identify the districts where the industrial development can possess higher returns and then to approach both Uttar Pradesh State Financial Corporation and State Industrial Development Corporation to attract more entrepreneurs to establish new industrial units by providing loans at very low interest rates and other basic amenities.

REFERENCES

- ❖ Census Report (2011) Government Of India.
- ❖ Mehta G.S. (2011)., Agro-Processing Industry in Uttar Pradesh: Emerging Structure and Development Potentials Giri Institute of Development Studies Sector.
- ❖ Pandey, A. P. (2012). Industrial Development Of UP: In The Aftermath of Globalization.
- ❖ Papola, T. S., (1985). Industrial Spurt in Uttar Pradesh: Myth or Reality?. Economic and Political Weekly, 269-273
- ❖ Sami.,L.,Rajeev Prabhakar,(2015) Industrial Development in Uttar Pradesh: Akansha Publishing House 4649/21-B Ansari Road Daryagang Delhi.
- ❖ Uttar Pradesh: State Development Report (September 2014.)(Volume I and II) chapter 4.