

Role of Incentives in Industrialization of Backward Areas: A Case of Tapi District

Divyesh Mehta

Research Scholar, Dr. Babasaheb Ambedkar Open University, Ahmedabad, (Gujarat) India

Dr. Ashish Naik

Associate Professor, Arts & Commerce College, Vyara, (Gujarat) India

Abstract:

Entrepreneurship in backward area is a very challenging task given its geographical location and other issues like availability of skilled labour, capital, land for setting up of industrial unit, etc. are prominent. Hence, entrepreneurs need to overcome such challenges – some beforehand and few in the routine course of his business. Thus, the level of motivation amongst entrepreneurs has to be a notch higher than his counterparts in other regions. Similarly, the government does provide with some financial and non – financial incentives to them especially in backward areas for rapid economic development of that region. The present paper seeks to analyze the financial incentives available to entrepreneurs in the Tapi district, which is predominantly a backward and tribal area declared by the State government. The study in this paper is based on the primary data collected through field study directly from the entrepreneurs in the form of questionnaires with a sample size of 100 respondents. The responses we received can be divided into two groups – one that preferred incentives and second that didn't. 46% of the respondents preferred the financial incentives followed by sales tax benefits and lower electricity tariffs with 28% and 24% responses respectively. These incentives were withdrawn by the State government in the year 2002 amid protests from the industries. The paper also highlights the major issues faced by the entrepreneurs and concludes with suggestions to effectively resolve those issues.

Key Words: Entrepreneurship, Backward Area, Incentives

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Introduction:

According to research studies undertaken by various economists on industrialization, industrial growth brings changes in the social and economic structures. It helps in the equal distribution of income and balanced regional growth. It is a medium to achieve economic development. It also creates enough opportunities of employment to labourers where there are fewer facilities of irrigation and agriculture. Industrialization has been shown as a remedy for the unemployment

problem, which severely affects the underdeveloped, backward and tribal area of nation.

The rate of industrial development in any country is determined by social, economic and political conditions. In the developing country lack of industrial environment, local market, entrepreneurs, etc deter the sustained development of industrial sector. Nurkse R. (1953) states that the problem of entrepreneurs appears as the most acute problem faced by under-developed countries and the shortage of entrepreneurs

as possibly the most important limiting factor for their economic development. Industrial policy resolution (1948), also stated that cottage and small scale industries have a very important role in national economy, offering as they do, scope for individual, villager, cooperative enterprise and means for rehabilitation of displaced person.

Review of literature

Many scholars have shown great interest in studying various aspects of entrepreneurship. Here, an attempt to review some major studies on entrepreneurship in abroad and India is done.

According to a study of Sadhak H. on low growth rate in India (1986), entrepreneurs control on their social, cultural and institutional factors. Entrepreneurs have their hold on encouragement and financial resources. So distribution of entrepreneurship is more variable than the supply of capital and financial help. Thus, industries in tribal areas can be attracted effectively by providing local raw materials and other such encouraging factors. It is observed that there is a positive relationship in the matter of financial help and location of capital incentive industries.

Sadhak. H (1989) has found some important points from leading theories on entrepreneurship. According to him, there are four important qualities of successful entrepreneur- intelligence, motivation, knowledge and opportunity – which can further be subdivided as under: Capacity to take risk, work hard, desired for differed consumption, capacity to take advantages

of external situation, all type of inventive ability.

According to the study of Indulal Dahyabhai (1974), it is observed that instead of achieving the bigger task of industrialisation in tribal areas, it would be better to setup in tribal region, Development Corporation, District Development Corporation to help the people in tribal areas. Moreover encouragement and certain schemes of packages should be offered to the Entrepreneur with a view to help the large-scale industries and maximum efforts are to be made in this direction. Further, he says that instead of encouraging unproductive schemes in the tribal regions, maximum encouragement should be given to the Entrepreneur.

According to the view point of S B Verma, P Y Tukaram and S D Khetan (2005) entrepreneurship is enviable for the economic development and industrialisation. Innumerable small scale and large-scale industries in India and their present economic development are due to the entrepreneur only. Entrepreneurship does not only give the boost to the industrialisation and economic development but it also plays an important role in socially and industrially backward regions. As a result of this, cottage industries, small-scale industries and many small and large-scale industries have been organised under the programme of Entrepreneurship development programme. Local Entrepreneurship programme helps to create awareness in social, political, economical and industrial fields.

Mohd. SaudIlahi (2010) Studied different dimensions of Non-monetary supports like

consultancy service, training, infrastructure, technology, policy of government for the development of Entrepreneurship in MSMED of Delhi state. Regarding this study he selected 40 firms using these support and 40 firms not using them. Ilahi finds in his study that impact of non-monetary supports on organizational growth of small Scale Industries is better but firms using support are doing much better. According to him socio –economic background of the entrepreneur and entrepreneurial activities is also important for economic development. The study concludes with some suggestion like co-ordination with government department, training programmes should be more structural, role of industries association, availability of raw –material and Quality of electricity supply are important factors for better future for economic development of country.

Objectives: The Specific objectives of this study are:

- To gauge the awareness of the selected entrepreneurs about various schemes for industrialisation of the backward area and to find out whether they have availed benefits of schemes and the kind of advantages the entrepreneurs take.
- To collect information regarding the problems of the entrepreneurs of the backward area.

Methodology of the study:

An attempt to evaluate growth of entrepreneurship in Tapi district, this study will cover prominent industrial groups, viz. Chemical industry, stone crushing

units, units producing cement products, textile units etc. While selecting the ‘sample’, it is intended to select industrial enterprises located in Tapi district, as per the following steps:

- A list of enterprises registered with the District Industrial Centre was collected.
- Lists of the un-registered enterprises within Tapi district were collected from different associations.
- Out of total 427 enterprises registered in the Entrepreneur Memorandum II by District Industrial Centre of the Tapi District, a sample of 100 manufacturing enterprises were selected, and a few enterprises from the non-registered enterprises in the district.

Data Collection:

The present study is based on primary data as well as secondary data.

(a) Primary data:

In the present study, 100 entrepreneurs were selected on the basis of random sampling. Keeping in mind the objectives of this study, one questionnaire for the entrepreneurs has been prepared. A pilot study was conducted to test the interview schedule with 5 entrepreneurs. After due modifications in light of the responses given by the entrepreneurs in the pilot study, the final questionnaire was prepared and canvassed among the selected entrepreneurs. For collection of primary data from the entrepreneurs, the researcher visited industrial units several times to collect the information through questionnaires and personal interview.

(b) Secondary data:

In this study the secondary data were collected from various government department related to industry and entrepreneurship.

Data analysis:

Data collected from the entrepreneurs were arranged systematically using the software Statistical Package for Social Science (SPSS). Simple statistical tools like percentage etc. have been applied after detailed analysis of the primary data collected through questionnaires, and were presented in the frequency tables by the method of multiple response tools.

Development of Gujarat as an Industrial State:

Predominantly, Gujarat has been a developed region of India. The state's business culture and population are

traditionally attached with the whole world and has achieved industrial development since its separation from Maharashtra.

In the Post independence period Indian economy faced serious problems like intra and interstate disparities. For removing disparity in industrial development and for better use of local resources like raw materials, human resources, the Government of Gujarat has been periodically declaring its industrial policy since post independence. The recent Industrial Policy 2015 also emphasizes three basic objectives: (a) Facilitate investment in the state. (b) Employment generation and Employability enhancement. (c) Adherence to Quality standards.

Gujarat is known as a highly industrialized and investor friendly state. In the post liberalization era, Gujarat continues to attract large investments in the Industrial segment as depicted by the table below:

Table 1.1

Industrial entrepreneur memorandum of Gujarat and other leading state (01/08/1991 to 01/09/2012)

Sr. No	State	Nos.	% Share	Investment (Rs. Cr.)	% Share
1	Gujarat	10779	11.93	1117126	11.74
2	Maharashtra	16569	18.33	923842	9.71
3	Uttar Pradesh	7095	7.85	260481	2.74
4	Andhra Pradesh	7021	7.77	836896	8.8
5	Tamil Nadu	7451	8.25	391604	4.12
6	Karnataka	3946	4.37	708977	7.46
7	Chhattisgarh	2948	3.26	1222597	12.85
8	All India	90369	100	9513597	100

Source: Industries Commissionerate, Gandhinagar, Gujarat 2013.

The above table shows investment flows between various States in terms of investments committed as compared to other leading states. It ranks second in terms of no. of proposals and proposed investment with 10779 proposals and

proposed investment worth Rs. 1117126 crores.

Gujarat also leads in terms of the numbers of Letter of Intent (LoI) as reflected in table below.

Table 1.2

Numbers of Letter of Intent of Gujarat and Other Leading States (01/08/1991 to 01/09/2012)

Sr. No	State	Nos.	% Share	Investment (Rs. Crores)	% Share
1	Gujarat	471	10.43	27534	20.06
2	Maharashtra	603	13.35	18981	13.83
3	Uttar Pradesh	378	8.37	9957	7.25
4	Madhya Pradesh	147	3.25	3274	2.39
5	Andhra Pradesh	553	12.24	15972	11.64
6	Tamil Nadu	874	19.35	14238	10.44
7	Karnataka	294	6.53	11698	8.52
8	All India	4517	100	137255	100

Source: Industries Commissionerate, Gandhinagar, Gujarat 2013

It can be seen from the above table that in terms of nos. of LoI, the state has achieved fourth rank with 471 numbers and 10.43% of share. Similarly the State ranked first in terms of invested amount out of proposals received.

The contribution of small-scale industries in industrialization of Gujarat is very important. These industries play a vital role in economic development of Gujarat. Table 1.3 gives district wise number of micro, small and medium industries.

Table 1.3

District wise micro, small and medium industries in Gujarat (01/04/2010 to 31/07/2012) investment in lakhs

Sr.no.	District	Micro			Small			Medium			Total		
		ENTERPRISE REGD	INVEST	EMPLOY	ENTERPRISE REGD	INVEST	EMPLOY	ENTERPRISE REGD	INVEST	EMPLOY	ENTERPRISE REGD	INVEST	EMPLOY
1	AHMEDABAD	26018	676877.89	147512	1786	352375.37	35128	71	67167.21	6700	27875	1096420.5	189340
2	AMRELI	335	5671.1	2917	37	6758.48	1041	0	0	0	372	12429.58	3958
3	ANAND	732	8839.45	6361	60	7884.36	1124	2	4608	126	794	21331.51	7611
4	BANASKANTHA	279	2965.65	2577	64	12112.64	885	0	0	0	343	15078.79	3462
5	BHARUCH	1674	18359.62	12937	145	32831.14	5576	13	13199	975	1832	64390.34	19488
6	BHAVNAGAR	1492	18291.75	11533	198	39029.3	5947	1	851.2	132	1691	58172.25	17612
7	DAHOD	159	1741.07	923	14	2295.27	514	2	1085	70	175	5121.34	1507
8	DANG	0	0	0	0	0	0	0	0	0	0	0	0
9	GANDHINAGAR	692	89424.3	5348	254	51211.39	5733	8	7563.96	706	954	148197.65	11787
10	JAMNAGAR	1776	26182.44	14710	124	20046.02	2396	19	12438	142	1919	58666.46	17248
11	JUNAGADH	453	8172.66	3756	74	14334.16	2613	2	2073	407	529	24579.82	6776
12	KUTCH	379	7454.09	3285	134	25540.77	3343	16	16396.81	1110	529	49391.67	7738
13	KHEDA	211	5993.07	2302	71	20380.5	1156	6	5612	316	288	31985.57	3774
14	MEHASANA	437	8905.25	3740	163	32637.98	3403	13	13675.58	742	613	55158.81	7885
15	NARMADA	227	462.91	1563	5	280.55	64	1	1351	21	233	2093.91	1648
16	NAVSARI	756	5316.86	2503	93	15172.51	2386	3	2434	2403	852	22918.37	6692
17	PANCHMAHAL	354	4276.66	2287	58	9077.62	1448	3	2704	171	415	16058.28	3906
18	PATAN	139	2633.29	1184	59	9669	876	0	0	0	198	12302.29	2060
19	PORBANDAR	189	1254.47	870	28	6106.25	752	2	2908.87	523	219	10270.09	2145
20	RAJKOT	6857	161656.27	41053	1205	195348.71	16717	60	51448.42	2663	8122	408453.4	60433
21	SABARKHNTHA	693	5394.53	2978	130	23648.65	2722	9	6786.69	421	832	35829.86	7121
22	SURAT	42413	318447.39	232120	3005	253938.81	54089	127	97933.31	7651	45545	670319.51	293860
23	SURENDRANAGAR	678	9749.22	3830	115	15856.13	2475	5	4392.2	298	798	29997.55	6603
24	TAPI	174	1673.7	1339	16	2700.99	215	0	0	0	190	4374.66	1554
25	VADODARA	3615	66614.11	24423	386	71074.92	14242	24	26479.25	1445	4025	164168.28	40110
26	VALSAD	1042	19865.77	6871	263	57061.8	8131	23	22400.91	1840	1328	99342.5	18842
	TOTAL	91774	1476223.5	538922	8487	1277373.3	172976	410	363508.4	28862	100671	3117053	743160

Source: Industries Commissionerate, Gandhinagar, Gujarat 2013.

Above table reveals that the highest numbers of micro, small and medium enterprise were registered in Ahmedabad District during 2010 to 2012, while Dang had the last rank with zero registration. Out of 26 districts, Tapi district which had 174 micro and 16 small scale registered enterprises ranked 24th.

There were some attempts to identify the areas of slow economic growth with a view to enhance the State's economic growth more balanced. For this purpose, 185 talukas were declared as backward in 1965 on the basis of fifteen guidelines (agriculture, irrigation, urbanization, literacy, hospital etc.) decided by the planning commission.

Further, Dr. I G Patel committee was formed to review the backward areas and growth pattern of the State. According to the 25 directive features, divided into 3 sections, 56 talukas were found to be backward.

Again in the year 2004, The Cowlgi committee was setup by the Gujarat Government and had suggested 44 decisive features. According to the Committee report submitted in 2006, the State Government

had declared 30 talukas as underdeveloped and 26 as developed.

Area of the present study viz. Tapi district largely comprises of tribal population living in rural areas. Three talukas – Nizar, Uchchhal and Songadh- out of total five talukas of Tapi district were identified as backward by the Cowlgi committee.

There are possibilities of industrial growth in the district, especially industries related to quarry, mines and digging, by-product of cement, chemical, agro based, forest based and other subsidiary industries. There is natural feasibility for these businesses. Compared to this, there are satisfactory opportunities to develop agriculture.

Industrial Profile of Tapi District:

There are only 7 large scale industries located in Tapi district. Out of them, 1 each is of Cement block factory and a paper manufacturing unit, 3 Sugar factories and 2 are cotton ginning units. There are few numbers of unregistered micro and small scale industries as well. The details of micro, small and medium enterprises are given under in Table 1.4.

Table 1.4

Registered Enterprises in Tapi District

Total registered units (EM-II)	2010-11	2011-12	2012-13	2013-14	Total
Micro	72	91	114	108	385
Small	5	9	14	13	41
Medium	0	0	0	1	1
Total	77	100	128	122	427

Source: District Industrial Centre, TAPI

Table 1.4 provides data regarding registered units as MSMED during 2010 to 2014. There has been continuous increase in number of the registered units from 77 in 2010 – 11 to 122 in 2013 – 14.

Role of Incentives in Industrialization of Study Area:

As the industrial units selected for the study were established in the backward talukas, it was important to know whether these entrepreneurs were aware about various schemes which were supposed to be helpful to them. Distribution of the selected entrepreneurs according to the knowledge about various schemes for the backward areas is shown in Table-1.5 below:

Table 1.5

Distribution of the Selected Entrepreneurs According to Awareness about Government Scheme

		Responses		Percent of Cases
		N	Percent	N
Government scheme about backward area	Subsidy	85	37.3%	98.8%
	Sale tax Benefit	70	30.7%	81.4%
	Low Electricity Rate	61	26.8%	70.9%
	Royalty	3	1.3%	3.5%
	Others	9	3.9%	10.5%
	Yes	86		
	No	14		
Total		228	100.0%	265.1%

A Dichotomy group tabulated at value 1

Source: Field Study

As can be seen from this Table, 86 entrepreneurs were aware about the subsidies, while 70, 61, 3 and 9 entrepreneurs had knowledge about sales tax benefit, low electricity rate, royalty and others respectively.

The main reasons for ignorance of some of the entrepreneurs regarding such schemes

are: units were purchased from other entrepreneurs and had not tried to get information about the schemes due to economically sound background.

This study attempted to know the schemes that the entrepreneurs had tried to take benefit from. Information regarding this aspect is shown in Table 1.6 below:

Table 1.6
 Distribution of Entrepreneurs According to Whether Taken Benefits of Scheme

		Responses		Percent of Cases
		N	Percent	N
Benefits	Subsidy	31	45.6%	93.9%
	Sale tax Benefit	19	27.9%	57.6%
	Low Electricity Rate	16	23.5%	48.5%
	Others	2	2.9%	6.1%
Total		68	100.0%	206.1%

A Dichotomy group tabulated at value 1

Source: Field Study

As per this table, 68 entrepreneurs in all had taken benefits of various government schemes, out of which 93.9% had taken benefits of subsidy, 57.6% of subsidy in sales-tax, and 48.5% of subsidy in electricity rates, while 6.15% of the entrepreneurs had taken benefits of other schemes. 2 entrepreneurs did not avail of benefit of any schemes.

As the selected units are located in backward areas, an attempt is also made to determine the factors responsible for the growth of these units. Table 1.7 provides distribution of the selected entrepreneurs on the basis of factors affecting growth of their units.

Table 1.7

Distribution of Entrepreneurs According to Factors Responsible for Growth of Their Enterprises

		Responses		Percent of Cases
		N	Percent	N
Factors Responsible For Growth of Enterprise	Market	80	28.4%	81.6%
	Resources-Raw material	84	29.8%	85.7%
	Infrastructure	68	24.1%	69.4%
	Cheap Labour	25	8.9%	25.5%
	Government incentives	19	6.7%	19.4%
	Other	6	2.1%	6.1%
Total		282	100.0%	287.8%

A Dichotomy group tabulated at value 1

Source: Field Study

It is clear from the above table that as per the responses given by the selected entrepreneurs, 85.7% of the entrepreneurs thought that natural resources and raw materials were the factors responsible for growth of their units, while 81.6% believed it was access to markets.

The selected entrepreneurs faced a number of problems at the time of this field-

investigation. The entrepreneurs faced problems generally regarding resource availability, finance and borrowing, availability technical and managerial expertise, quality electricity, market and absence of labourers. Table – 1.8 gives relevant information.

Table 1.8
 Various Problems Faced by Entrepreneurs

	Responses	Percent of Cases		
		N	Percent	
Problems faced by entrepreneurs(a)	Raw Material and Resource Availability	19	11.5%	27.5%
	Finance and Borrowing	28	17.0%	40.6%
	Technical and Managerial Expertise Availability	12	7.3%	17.4%
	Quality electricity Availability	25	15.2%	36.2%
	Market	21	12.7%	30.4%
	Absenteeism of labour	60	36.4%	87.0%
Total		165	100.0%	239.1%

A Dichotomy group tabulated at value 1

Source: Field Study

It can be seen from the table given above that the entrepreneurs face a variety of problems and among them the most important is related to the indiscipline and absenteeism on the part of the workers. On the basis of the responses of the entrepreneurs, it was found that 87% of them considered this as an important problem. The second important problem was

regarding shortage of capital and its timely availability. 40.6% of the entrepreneurs felt shortage of capital, mainly due to delay incurred by the buyers in paying up the bills, after making purchases of goods from them. It is also due to the delay caused by banks in providing them loans at the time of establishment and indifference of the banks while providing them cash credit for working capital along with high rate of

interest. When timely loans are not given, they have to borrow funds from the private moneylenders at high rates of interest.

In the opinion of 36.2% of the entrepreneurs, as the machines used in their units are ultra-modern, quality electricity is extremely important. 57.5% of the entrepreneurs said that due to difficulty in getting market and non-availability of raw materials at subsidized rates at proper time, they have to buy them at higher prices and so their costs of production go up.

Thus, it can be seen from above that the main problems that entrepreneurs face are indiscipline and absenteeism of workers, attitude of the banks regarding loans and quality electricity, etc amongst others.

Moreover, these entrepreneurs also face difficulties in dealing with the government departments, which are depicted in Table 1.9 given below:

Table 1.9

Distribution of Entrepreneurs According Problem with Government Department

		Responses		Percent of Cases
		N	Percent	N
Entrepreneurs view(a)	High Sale Tax Rate	9	25.7%	33.3%
	High Electricity Rate	12	34.3%	44.4%
	Other	14	40.0%	51.9%
Total		35	100.0%	129.6%

A Dichotomy group tabulated at value 1

Source: Field Study

The above table shows that one of the difficulties faced by 44% of the entrepreneurs is that they have to pay a higher price for electricity compared to the price paid by industries of the neighboring states, which adversely affect their production cost. 33% of them opined that their units have to suffer due to high rates of sales tax or VAT. 51.9% of the selected entrepreneurs thought that inadequate infrastructural facilities like roads and water and the change in attitude of the government departments regarding formation of GIDC industrial estate, after the formation of Tapi

district, are also important problems faced by them.

It has been observed that the role of the central and state governments is very important in the development of backward areas. Earlier, Tapi was part of the undivided district of Surat, which is one of the developed districts of the State. The entrepreneurs of this area started industries on their own efforts and funds. As an industrial estate was not established during this period, the entrepreneurs had to buy private land at higher prices, resulting in increase in their fixed costs. Among the sample entrepreneurs, the number of

entrepreneurs who purchased or leased in below:
land, can be seen from Table 2.0 given

Table 2.0

Distribution of Entrepreneur According to Ownership of Land

			Land		Total
			Own	Rent	Own
Enterprise's Category	Food and Beverages	Count	11	4	15
		% within Enterprise's Category	(73.3%)	(26.7%)	(100.0%)
	Stone Crusher	Count	17	3	20
		% within Enterprise's Category	(85.0%)	(15.0%)	(100.0%)
	Agro-Based	Count	12	3	15
		% within Enterprise's Category	(80.0%)	(20.0%)	(100.0%)
	Textile and Garments	Count	1	0	1
		% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
	Bricks and Cement product	Count	6	9	15
		% within Enterprise's Category	(40.0%)	(60.0%)	(100.0%)
	Chemical and Pharmaceutical	Count	1	2	3
		% within Enterprise's Category	(33.3%)	(66.7%)	(100.0%)
	Engineering and metal product	Count	14	6	20
		% within Enterprise's Category	(70.0%)	(30.0%)	(100.0%)
	Forest Based	Count	3	0	3
		% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
	Plastic and Rubber	Count	3	2	5

		% within Enterprise's Category	(60.0%)	(40.0%)	(100.0%)
	Computer technology	Count	1	0	1
		% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
	Infrastructure	Count	2	0	2
		% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Total		Count	71	29	100
		% within Enterprise's Category	(71.0%)	(29.0%)	(100.0%)

Source: Field Study

Note: Figures in the parentheses indicate the percentage to the row totals

As can be observed from the above table, 71% of the entrepreneurs in the sample had taken land on rent. The entrepreneurs who had taken land on reported that they do not get benefits of the government's assistance programs. In these circumstances, an industrial estate established by the government is necessary for them, where infrastructural facilities are generally

available. In order to gauge importance of an industrial estate in the backward area, an attempt was made to know whether industrial units are functioning in the Gujarat Industrial Development Corporation's (GIDC) industrial estates; and if so, what are the benefits that can be derived from them. Table 2.1 gives the distribution of the entrepreneurs according to necessity of industrial estates.

Table 2.1

Distribution of Entrepreneurs According to Expectation for Establishment of Industrial Estate

			Do you have any expectation about establishment of industrial estate?		Total
			Yes	No	
Enterprise's Category	Food and Beverages	Count	15	0	15
		% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
	Stone Crusher	Count	20	0	20

	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Agro-Based	Count	15	0	15
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Textile and Garments	Count	1	0	1
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Bricks and Cement product	Count	14	1	15
	% within Enterprise's Category	(93.3%)	(6.7%)	(100.0%)
Chemical and Pharmaceutical	Count	3	0	3
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Engineering and metal product	Count	20	0	20
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Forest Based	Count	3	0	3
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Plastic and Rubber	Count	5	0	5
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Computer technology	Count	1	0	1
	% within Enterprise's Category	(100.0%)	(.0%)	(100.0%)
Infrastructure	Count	1	1	2
	% within Enterprise's Category	(50.0%)	(50.0%)	(100.0%)
Total	Count	98	2	100
	% within Enterprise's Category	(98.0%)	(2.0%)	(100.0%)

Source: Field study

Note: Figures in the parentheses indicate the percentage to the row totals.

The above table shows 98 % of the entrepreneurs covered in the sample consider ‘industrial estate’ as an important necessity. Hence, an attempt to know the detailed reasons for their opinion was made.

Table 2.2 given below, provides classification of the selected entrepreneurs on the basis of the suggestion made regarding necessity of ‘industrial estate’.

Table 2.2
 Distribution of Selected Entrepreneurs According to Suggestions Made for Requirement of Industrial estate

		Responses		Percent of Cases
		N	Percent	N
industrial estate(a)	Income Equality with Developed area	92	31.6%	93.9%
	Socio Economic Change	80	27.5%	81.6%
	Generating Employment	93	32.0%	94.9%
	Other	26	8.9%	26.5%
Total		291	100.0%	296.9%

A Dichotomy group tabulated at value 1

Source: Field Study

According to 94.9% of the selected entrepreneurs who declared the necessity of an industrial estate, the employment rate in this region will go up due to this: 93% of them clearly believed that establishment of an industrial estate in this region will lead to greater income equality: 81.6% of them thought that there will be social and economic transformation due to establishment of industrial estate, while 26.5% expressed a variety of other reasons for their belief.

The entrepreneurs believed that there are fewer possibilities for cultivation in some of the areas of this district. In these circumstances, to prevent migration by labourers and to increase the speed of economic development in this relatively backward area, there is a need to establish

other industries also. Also, industrial units associated with agriculture and other natural resources like minerals, forest produce etc. can also be started here.

According to the information available from the Tapi District Panchayat and the entrepreneurs, the government had worked out a plan to start a GIDC estate in the region, keeping in mind its need in this area, but still units have not started working under it.

It is necessary to know entrepreneurs’ view regarding important measures to be taken by the government for growth of the established units as well as growth of entrepreneurship in general in the district. Important measures suggested by the selected entrepreneurs for entrepreneurship development are summarized in the following Table 2.3

Table 2.3

Important Measures and Suggestions Made by the Selected Entrepreneurs for
 Entrepreneurship Development

		Responses		Percent of Cases
		N	Percent	N
Entrepreneur (a)	Education About Responsibility	54	11.1%	56.3%
	Infrastructure Facilities like Road, Electricity	71	14.6%	74.0%
	Necessity of Entrepreneur Development Programme	83	17.1%	86.5%
	Skill Training	83	17.1%	86.5%
	low interest rate	90	18.5%	93.8%
	Necessity of association of Entrepreneurs	91	18.7%	94.8%
	Other	14	2.9%	14.6%
	Total	486	100.0%	506.3%

A Dichotomy group tabulated at value 1

Source: Field Study

As per above table, out of all the entrepreneurs who expressed opinions about necessary measures to be taken for entrepreneurship development in this area, 94.8% gave maximum importance to formation of a Chamber of Commerce and Industries, for solutions of various problems faced by the entrepreneurs of this area and for entrepreneurship development in the district. 93.8% expressed the opinion that the banks and other financial institutions should fix low rates of interest for any type of loans. In the opinion of 86.5% of the entrepreneurs, entrepreneurship development programs should be

continuously conducted so that more and more entrepreneurs come forward.

As the area under study is backward, trained workers are not easily available, so the industrial units are forced to recruit unskilled workers. This leads to problem of low productivity and hence, lowers quality of products. Therefore, training programs to create skilled personnel are required to be undertaken. In this context, 86.5% entrepreneurs have suggested that arrangements for skill development should be jointly made by the government and entrepreneurs. 74% of the selected entrepreneurs suggested that the government should provide infrastructural facilities like

roads, electricity, and water in sufficient quantities in this backward area.

Summary:

1. In comparison with the agricultural sector, the micro, small and medium scale units contribute more to the national production, exports and employment. In these circumstances, if the central and state government pay more attention to entrepreneurship development in the backward areas, it will boost entrepreneurial activities to a large extent.
2. After independence, the industrial activities were concentrated in the urban areas and so the opportunities for entrepreneurial development were also found in the urban areas only. As there is a major pressure on agriculture in relation to the present population in the rural and backward areas, instead of the traditional industries, industries related to the primary sector such as minerals based on natural resources, mining, forest based and agro-based should to be established. However, its growth has been slow in the context of local entrepreneurship.
3. Industrialisation has been suggested as the solution of unemployment and also for complete development of the underdeveloped countries and the backward regions. But perhaps, development of entrepreneurship is more important, because the entrepreneurs can speed up the process of development in the backward regions.
4. According to “the statistical outline of district”, in this district agricultural activity is mainstay of the people,

providing livelihood to a large majority of the working population. Main workers constitute 55.05 percent of total population, while the non-workers constitute 44.94%, marginal workers account for 20.07 percent of the total population. Of the main workers, cultivators constitute 30.32% and agricultural labourers constitute 27.71 percent. The remaining main workers (1.89%) are household industry workers and 19.99% are other workers.

Recommendations:

1. According to the entrepreneurs selected in the sample for this study, in order to attract new entrepreneurs in this backward area, facility of provision of loans at low interest rates, subsidy in electricity charges, cash subsidies etc. and permanent offices of SIDBI and the state financial corporation are urgently needed.
2. Except for the stone crusher, all other units have started their working on the lands purchased by them; the government should provide all other infrastructural facilities to them.
3. Most of the entrepreneurs want to expand their plants, but land is not available at reasonable price. In these circumstances, as land of a tribal cannot be purchased as per the statutory provisions, they are not able to undertake expansion of their units. At same time, according a number of entrepreneurs, even after 8 years of formation of this district, a GIDC estate has not come up. If such an industrial estate is formed or government land is

provided at reasonable rate, entrepreneurship can expand very fast.

4. There is an ample opportunity for the tribals to start with Micro and small enterprises on their own land. Hence, it is of utmost importance for the Appropriate Government to enhance the participation of tribal land owners to themselves participate in establishing new MSMEs.
5. Few local tribal residents are the entrepreneurs of the enterprises under study. There should be more structural special programs to convert the local residents into entrepreneurs. By doing so, the local residents will be benefited

through increase in income. The government should give all types of support and help. A special institution should be started for this purpose in the backward areas.

6. To facilitate entrepreneurship development in the tribal areas and to stop the local labourers from migrating to others states/areas, the government should give relief in electricity rates, exemption from taxes like income tax and sales tax and implement special package like cash subsidy and establish industrial estate with infrastructure facilities for the backward area.

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