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Since July 1970, American Indians started 241 new businesses and expanded 143 Indian-owned businesses through the Indian Business Development Fund program of the Bureau of Indian !Affairs, Commissioner of Indian Affairs Louis R. Bruce announced today.

New businesses and expansions made possible by the Fund will create an estimated 2,900 Indian jobs and produce an annual payroll of nearly $11,900,000.

Commenting on this Indian economic expansion Commissioner Bruce said: "The Indian people want a stake in reservation business life at the management level. Small businesses created through the Indian Business Development Fund hire other Indians. The Fund opens a door to a new order of Indian involvement in America's economy with the opportunity of increasing both Indian employment and income. The program is built on individual Indian initiative and self-responsibility."

The purpose of the Fund is to provide initial capital, on a grant basis, to Indians for establishing new permanent businesses or for expanding existing business enterprises on or near reservations. A grant is made solely to provide the equity capital needed to acquire loans from customary lending sources, both government and commercial.

Equity financing for Indians is limited to 40 percent of new capital needed and is available only where financing cannot be obtained without the grant. Only profit-making enterprises are eligible.

A total of $3,400,000 was available for the Fund from appropriations for the fiscal year 1971. This generated $16,400,000 in loans, an amount 500 percent greater than the grants. Fifty-nine percent, or $9,700,000 of-total loan money came from private commercial lenders while 41 percent, or $6,700,000 came from governmental agencies.

Commercial lenders were predominantly local banks and vendors of machinery and equipment. Most government loans were made by the small Business Administration.

The average amount of Indian Business Development Fund money per each man-year employment (or permanent job) was $1,200. The average additional capital generated as loans from other sources for each man-year of employment amounted to $5,700. The combined average cost of creating each permanent job amounted to $6,900.

"Equity capital is crucial to Indian businessmen," Commissioner Bruce explained. "Without it, most are unable to enter business. Furthermore, it increases their capital resources and reduces fixed charges in the early stages of the business. Thus the Indian,-Business Development Fund fills a very important need for the Indian people."

New enterprises started, and those expanded, include a wide range of business activities. A total of 56 are involved in some area of manufacturing; 36 in contract construction; 30 in agricultural production and services; 25 in food stores; 20 in food service; 17 in operating laundromats and dry cleaners; seven in apparel and accessory stores; five in fisheries; four in furniture and home furnishings; and a number

of others in a variety of other commercial activities.

A total of 780 applications were received requesting funds in the amount of $10,800,000 -- more than triple the amount of money allocated for this program.