

Abstract of Doctoral Dissertation

The Impact of Bank Credit on Industrial Development in Assam*

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Assam is situated in the North-Eastern part of India and is recognised as an industrially backward state compared to other advanced states of India. In spite of its vast natural resources, Assam remained backward industrially even after forty years of independence. Industrial development can be an important path to economic development and this fact accounts for a considerable emphasis that is placed on rapid industrial growth in under-developed countries. Assam's backwardness in industrial field may be attributed to a number of correlated factors and amongst them lack of sufficient finances to set up viable industrial establishment is one factor, which needs an indepth analysis.

Since independence, some specific industries like Tea, Petroleum (Oil), have flourished in Assam. Some other industries like Cement, Paper, Sugar, industries based on forest products came up also. But in many instances particularly in private sector, it has been observed that non-availability of adequate and timely finance is the greatest bottleneck.

As of now, no systematic study has been taken up in Assam to analyse the role of credit institutions in the process of industrialisation of the state. The present study makes a humble attempt to analyse this problem.

Objectives

The study has been undertaken with the following broad objectives.

1. To review the industrialisation process in Assam after independence.
2. To analyse assistance rendered by various financial institutions for the development of different types of industries in the state.
3. To assess industrial development in Assam in relation to the credit advanced.
4. To examine the problems in expansion of credit for industrial development of the state and suggest measures for improvement of the existing situation of supply of credit in comparison to the requirement, both long-term and short-term.

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Methodology

The study is mainly based on secondary data collected from different financial institutions. In the study, data and relevant materials of different directorates of the Government of Assam are taken for review and analysis. In addition, reports of the Government of India and other agencies are also consulted. Although the coverage is not very wide, effort is made to collect primary data from different categories of industries (e.g. large, medium and small) by means of case studies, with special attention to the financial requirement and assistance received by such industries to correlate with the objectives of the study. The researcher has also got the opportunity to discuss with different senior executives of banks, financial institutions and government officials connected with industrial development of the state. In the case studies, emphasis is given mainly on private sector enterprises as financial needs and sources of finance differ greatly between private and public sector.

Hypothesis

On the basis of the objectives of this study, to proceed in a systematic way, following hypotheses are taken up for analysis and discussions to arrive at some definite conclusions. They are :

1. Supply of credit in relation to requirement is adequate.
2. That increases in credit to industrial sector leads to increase in industrial products, e.g. the value of output.
3. Greater credit from financial institutions would have been available if more bankable projects were submitted to them.
4. That there is positive correlation between the size of investment and the volume of institutional credit received.
5. The financial institutions usually discriminate against single proprietorship and favour public and private limited companies or partnership.

An Outlines of the Work

The study has been organised in the following chapters:-

Chapter I outlines the issue for the study and also presents the objectives of the study, methodology, scope and limitations, hypotheses and brief description of the different chapters.

Chapter II presents the economic profile of the state and tries to give an overall pattern of development by studying the relevant economic indicators. This chapter also give an overall picture of natural resources available in Assam.

Chapter III reviews the industrialisation process in Assam, and present the industrial picture of the state. This chapter also tries to give an overall view of existing infrastructural facilities as well as institutional facilities which are much needed for speedy development of industries.

Chapter IV analyses the capital requirement of industries which are of two types: Short-Term Capital or working capital and Long-Term capital or fixed capital. This chapter also analysed the need for development banks for speedy industrial development.

Chapter V discusses the role of institutional finance in industrial development. Here, evolution and development of banking in India is also discussed briefly. The role played by these institutions in industrial development in India are also analysed. In addition to this, progress of commercial and development banking activities in Assam are discussed and comparative picture is brought out.

Chapter VI discussed and analysed the role played by commercial banks and development banks in the process of industrialisation in Assam. Here the data from secondary sources are analysed to give a vivid picture. Besides, the financial institutions, role played by some other institutions like Directorate of Industries, Khadi and Village Industries Board etc. are also briefly discussed.

Chapter VII presents an economic analysis of the data collected through case studies. Here special attention is given keeping in mind objectives and hypotheses of the study. This chapter tries to present the real picture of industrial finance in Assam, and point out some of the bottlenecks which have been experienced by the respondent industrial units.

Chapter VIII tries to assess the industrial development in Assam, correlating the facts with the hypothesis taken up in this study.

Chapter IX gives a picture of development efforts of the financial institutions in the field of industrial development and pointed out the constraints in industrial development in Assam in general. Most important of these are listed as below :

- Lack of entrepreneurship
- Lack of infrastructural facilities
- Inadequate institutional finance and credit facility
- Delay in sanction and disbursement
- Lack of coordinations between institutions etc.

This chapter also listed the elements which attribute to higher cost on establishing industries in backward areas and higher cost of production in such areas as in Assam. It also include the recommendation for adoption of New Strategy for Industrialisation in Assam with a brief conclusion in which the need for further studies by resourceful research organisation covering large number of units is stressed.

The study ends with the bibliography.