P R E F A C E

In this remote North Eastern Hill Region of our country, Agriculture has been the major occupation of the people. However in the last 2 or 3 decades there was increased scope for industries in this region. This is largely to meet the local needs of low technology products which could be produced here itself. But curiously the major problem appears to be the availability of adequate finances. Due to remoteness, the difficulties in importing even minor industrial products from elsewhere tends to be prohibitively costly. This problem becomes more serious in a hilly terrain due to transportation difficulties. This adversely affects even the minimal industrial growth, industrial development, employment potential and general well being of the society.

Apart from these geographical and social problems these areas have an added problem. The industries face several difficulties in approaching and identifying a proper financial institution, make a case to its satisfaction, getting the assistance in time and lastly in repayment.

This is due to the fact that the industries (particularly the small industries) are geographically spread out, whereas the financial institutions are concentrated only in a few centres. The communication gap
between the financial institutions and the industries tends to be below the desirable level. The role played by the national institutions and the relevant governmental agencies in bringing these various parties together cannot be overstressed.

Meghalaya is one of such isolated hilly state at a rather early stage of industrial development. In recent times, this state has been experiencing social tensions which are perhaps a consequence of growing unemployment. As is well known the industrial sector has a potential of giving employment to large number of people encourage entrepreneurship and thereby reduce the social tensions. The area is reasonably rich in the raw materials and has favourable climatic conditions for the development of the required industries. The state has a good potential for exporting its products to the neighbouring areas. In spite of this the industrial growth is not up to expectations.

The title of the thesis reads as "Institutional Finance to the Industries of Meghalaya State". The study attempts to the financial requirements of the various sectors of industries, the extent to which the financing institutions are able to meet these needs and the work done by the governmental and other agencies for the promotion of industrial finances.

The main object of this study is to highlight the pattern and problems of finance seperably dealing with industries, so that the possibilities of institutional
finance could be spent for the benefit of industries. The thesis is divided into 5 chapters:

In the introductory Chapter I we discuss the various resources (including financial) which are relevant to the development of industries. We cover Agricultural, Mineral, forest, water and power, and Man power resources. It also includes a brief introduction to the state of Meghalaya in the remote North Eastern Region of India.

The Second chapter summarises the existing industries of Meghalaya, it classifies them according to their size and type of their activities. Besides it surveys the industries proposed and the steps taken to promote them through the establishment of industrial estates.

The third chapter deals with financing and servicing institutions. These institutions are divided into pure financial institutions, Pure servicing institutions and institutions which undertake an integrated help. The study includes the commercial and nationalised banks, financial corporations and Governmental agencies etc. We study their objectives, scope and requirements.

Chapter 4, studies in detail about the institutional finance to the industries done by various types of banks and other non-banking institutions. The second
part of this chapter studies about the problems they face which inhibit their proper functioning. Though most of their industries seem to be viable, the finance institutions have resources and willingness to render help, both are facing serious socio-cultural and administrative problems. These problems along with the difficulties of communication among the institutions form this part of the chapter.

In the final chapter V after giving the principle conclusion we offer a few suggestions to ease the difficulties of obtaining institutional finance by the industries.