PREFACE

In spite of being blessed with vast natural resources and huge development potential, Assam is considered as a backward State. Basically, it is an agro-based economy as nearly 50 percent of the State's domestic product comes from this sector. But, because of it's backwardness, agriculture alone cannot bring prosperity to the State and this sector is already overcrowded with surplus labour. On the other hand, capital deficiency, inadequate power supply, lack of modern transport system and under utilised manpower etc. are the basic characteristics of the State-economy. Therefore, infrastructure for large industry is yet to emerge in the State. Under this circumstances, planners, policy-makers, economists, bureaucrats are of the same view that the SSI sector can provide the much-needed breakthrough in industrialisation and thus contribute to economic development of the State.

History recalls the glorious role of handloom and handicrafts in Assam's economy during the ancient period. The present growth of small-scale industrial and tiny units is also encouraging. According to the Directorate of Industries, Assam, the State has more than 15 thousand registered SSI
units. The traditional handloom weaving, rope-making, cane-bamboo works, bell and brass metal, clay-pottery etc. are the indigenous cottage industries which are famous for their exquisite design and are adored both within and outside the country. A number of modern SSI units producing various products like plywood, plastic, tea-chest, tea-machinery, building-materials, food products, chemicals etc. have also been established in the State. But, these industries are handicapped with innumerable difficulties. These relate to inadequate finance, non-availability of scarce raw-materials, lack of marketing support and non-availability of infrastructural facilities etc.

Finance is considered to be the most prominent among all these problems inhibiting the growth of SSI sector. To overcome this problem, institutional agencies like the commercial banks, Assam Financial Corporation and other developmental and financial institutions at the State and Central sector are providing finance to the SSI sector. However, even with multiplicity of agencies, the SSI sector of the State suffers from irregular and inadequate supply of finance. As a result, industrial infrastructure of the State is still very weak and this is primarily responsible for the backwardness of the State.
It can be said that the institutional credit to the small-scale sector of the State was grossly inadequate at the time of bank-nationalisation. At that time Assam had only 74 offices of commercial banks, which increased to 1154 in 1990. Share of SSI sector in commercial banks credit outstanding amount in the State indicates 10.4 percent of the total, figuring ₹137.67 crores in 1989. Gradually, other financial institutions have also made their inroads in the field of credit towards SSI. It is reported that during 1989-90, the Assam Financial Corporation had financed altogether 725 units, out of which 721 units were from the small scale sector. Likewise, of the total sanctioned amount of ₹1357.54 lakhs, SSI's share is ₹1162.44 lakhs. Still it is felt that the flow of institutional finance to SSI sector of Assam is inadequate and this is considered as the main reason of sickness in this sector that compelled most units to closedown. According to the Second-Census Report (summary) of SSI, published recently, closed units in SSI sector accounted for 28.11 percent of the total units in the State. Therefore, without removing this financial hardship, industrial development of the State will be meaningless. It is hoped that our study will help to findout the problems of inadequate credit flow to this sector and find ways to improve the present conditions of SSI sector.
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