AN APPROACH TO DECENTRALISED
INDUSTRIAL PLANNING IN ASSAM
6.0. Regional Planning

Regional planning is an area characterized by a direct confrontation between abstract, theoretical concepts regarding efficient allocation and equity on the one hand, and the urgent practical problems of regional disequilibrium and underdevelopment on the other hand. Frictions in regional planning emerges among other from:

(a) ideological discrepancies between economic planners;

(b) political differences regarding the desirable range of public policy measure;

(c) lack of insight into regional economic structures and growth processes, and

(d) rigidity of instruments of economic policy.

In respect to this Friedman makes the distinction between 'allocative' and 'innovative' planning. Allocative planning is oriented to the achievement of an optimal spatial allocation within the social and economic status quo, whereas innovative planning regards also the parameters of the socio-economic system and institutional structure as variable. Regional planning aims at achieving (direct and indirect) changes in spatial and economic structures so as to guarantee a harmonious adjustment to social, economic and cultural needs in society. Especially, in case of an imperfect working of the market mechanism (for instance, the emergence of negative externalities), regional policy plays a crucial
role for a more balanced spatial development. Regional policy may be divided in two types:\(^4\):

a) Direct regional policy: the government controls the regional development in ‘stricto sensu’ by taking over or directly limiting private economic activities (for instance, investment and location decisions, prohibitions).

b) Indirect regional policy: the government takes a set of measures which will, to a certain extent, steer the regional economy, without affecting the economic freedom and responsibility of private entrepreneurs (for instance, subsidies and charges). It means that indirect regional policy is a ‘conditional’ policy; it creates the necessary conditions under which regional economic objectives can be realized, however, without providing sufficient conditions. The instruments of indirect regional policy may be, for example, special regulations for depreciation and investment reserves, subsidies and credit guarantee, construction of infrastructure, trade policy, mobility policy etc.

6.1. Regional Inequality and Underdevelopment

Stilwell\(^5\) makes a distinction between three kinds of problem regions:

(a) Underdeveloped regions: areas with mainly a traditional agricultural structure and low population densities and often located in the periphery of a country; their location profiles are, in general, unfavourable.

(b) Depressed regions: areas which have gone through an industrialisation process, but which have not been
able to continue the process of economic growth due to lack of innovation or unfavourable locational conditions.

(c) Congested regions: areas in which a further concentration of activities will lead to additional agglomeration disadvantages which exceed the advantages.

The above mentioned distinction shows that the causes and features of regional inequality and underdevelopment are not unique and hence the regional policy should be multidimensional in scope. For instance, there may be several causes for stagnation: exogenous disturbances and policy mistakes, rise in labour costs, qualitative decline in economic structure, saturation of demand, exhaustion of raw materials and energy resources, competition from other regions etc. Regional policy aims at creating conditions for a healthy economic structure by stimulating the economic development, eliminating bottlenecks for growth and modifying less desirable development tendencies. Infrastructure policy, in the framework of regional policy, is one of the means to realise the above mentioned conditions.

It has to be mentioned that concepts such as underdevelopment and inequality are not unambiguous, as they are characterised by multiple attributes. In this respect, it is more adequate to describe the development pattern of a region by means of a so-called multidimensional profile including, inter-alia, income, employment, facilities, population density, environmental quality and energy resources. Frequently, an operationalization of the concept
of regional development via income and employment indicators is a fairly limited approach, although these concepts are often being employed in regional planning.

It is clear that the regionalisation problem is a tricky question. For instance, several peripheral regions show a higher unemployment rate than central regions, so that regional policy is very often oriented to the periphery. On the other hand, however, it turns out that nowadays the unemployment rates in cities in central regions may even be much higher than those in the peripheral regions. Consequently, the equity problem is also co-determined by the spatial scale of analysis.

6.2. Regional Plan in India

In the history of planned development in our country, the Fourth Plan period (1969-74) stands out as a significant milestone. During this period, certain important departures both in the planning process as well as in the content of planning were introduced. The most important change was that in relation to the pattern of devolution of plan funds to the State level. This initiated a first stage of 'decentralisation' of the planning process from the National to the State level in a realistic sense. Since then, the State governments in the country have been building up their own machinery for planning at the State level and improving their planning methodologies. The next step is to take this
decentralisation process further down to the next appropriate level below the State. There is now broad consensus among experts, policy makers and planners that the basic unit for policy planning, project formulation and implementation at the Sub-State level would be the district.

The working group of District Planning has rightly emphasised the District Planning should be conceived as a single holistic operation (and not as a fragmented operation among many agencies) in which all individual sectoral programmes and projects would be harmonised into a unified planning activity. With such a concept of District Planning as background, the Working Group has detailed the various arrangements necessary for rendering the district planning process effective, including the various pre-requisites that should be met, the institutional arrangements that should be devised and the essentials of a planning methodology that should be followed.

In order to place district planning on a sound and scientific footing, the Planning Commission’s Working Group on District Planning had identified certain pre-requisites to be fulfilled. These are:

i) Existence of political will and commitment;

ii) Setting up of District Planning Body in each district;

iii) Setting up a suitable machinery for planning in each district;

iv) Clear demarcation of planning functions;
v) Disaggregation of plan funds and devolution of financial resources;

vi) Delegation of administrative powers;

vii) Evolution of new patterns of political and administrative behaviour;

viii) Ensuring public participation at all stages in the planning process; and

ix) Training and retaining of personnel.

In order that the States in different levels of development may move towards decentralisation over a definite period of time, the District Planning Working Group had advocated a progressive or 'stages' approach. The Stage-I will be a phase of 'Initiation', which will involve interalia, establishing planning procedures, disaggregating outlays between the State and district sectors, evolving criteria for inter-district allocation of plan funds and strengthening of planning capabilities at the district level. Stage-II will be one of "Limited Decentralisation", when planning for certain sectors of activities, planning will be brought within the perview of district planning. Granting extensive delegation of powers to the district level will be specially sought to be achieved during this stage. Stage-III will be the final stage, which will encompass planning for all district sector activities. During this stage, a set of wide-ranging administrative, financial and decision-making powers will develop in the districts and a high level of popular participation will be sought to be achieved. It is envisaged that all stages in the country would reach the final phase by 2000 A.D. The Working Group also recommended
that as far as possible, the States should try to reach this goal even before the time.

6.3 Decentralised Planning in Assam

Decentralised Planning has been introduced in Assam in all the plains districts with effect from 1st April, 1986. The unit of Decentralised Planning is the Sub-Division which is the next lower level below districts. During the year 1987-88, twenty two development sectors have been identified by the planning body of Assam, for implementation of Decentralised Planning.

In each Sub-Division, a Sub-Divisional Planning and Development Council has been constituted by a Government notification. The council is an Advisory Body and made responsible for formulation, review and monitoring of the Sub-Divisional Annual Plan. The council also approves sites of different projects/schemes and beneficiaries at the Sub-Divisional level. Besides the Council at the Sub-Divisional level, at District level a core group has been constituted as a professional body under the chairmanship of the Deputy Commissioner. The Core Group reviews the progress of implementation of the operational plan and suggests measures for removal of difficulties if any, faced by the implementing department. At State level a Decentralised Planning Division has been created under the State Planning & Development Department. This division is headed by a Director drawn from the IAS cadre.

Along with the other steps, a massive training programme
has been undertaken as a preparatory measure for Decentralised Planning. Arrangements have been made for imparting training on Decentralised Planning methodology to the senior State level/District level officers in various training institutions in the country and also in the State. Training programmes for the middle and lower level officers, directly involved in the decentralised planning process, have also been started. To create awareness among the people about the decentralised planning, stress on publicity has also been given by the publication of booklets, pamphlets, radio talks heading on the objectives and aims of Decentralised Planning.

6.4 Industrial Planning in Assam

In the context of decentralised planning in Assam, although various ambitious policies and programs have been adopted, no specific proposal has been taken up for district level industrial planning especially for medium and large scale sectors. This is partly due to lack of time (decentralised planning has been introduced in Assam only in 1986) and partly due to lack of financial resources. Moreover, the district level planning bodies, at present are ill equipped and inexperienced to take the decision regarding location or establishment of medium or large scale industry.

Assam is a late starter in the field of industrial development. Although the first oil refinery was set up in Assam in the year 1893 and the first tea company named "The Assam Co." was set up in 1839 the pace of industrial
activities slowed down after independence. The State did not have a Directorate of Industries till 1958. It was only in the year 1958, a full fledged Directorate of Industries was set up and planning and organizing industries in a systematic manner begun. Though the Government of India declared its Industrial Policy in the year 1948, it was only in 1969 a comprehensive Industrial Policy of Assam was declared, offering liberal incentives for growth and development of industries in Assam. However, Industrial development in the State could not take off due to various constraints. The major constraint in the plan period is the inadequate resource allocation for SSI sector in the successive 5 year plans. Assam started the first five year plan with a meagre allocation of Rupees 10 lakhs under Industry and Mining Sector against the total plan outlay of Rupees 2051 lakhs. Out of this Rs 10 lakhs, only Rs.5.63 lakhs was for industry - large, medium and SSI sector. The figures of plan allocation from the 4th plan onward for the SSI sector and large and medium sector are as follows:

<table>
<thead>
<tr>
<th>PLAN PERIOD</th>
<th>TOTAL PLAN OUTLAY</th>
<th>LARGE &amp; MEDIUM SECTOR</th>
<th>SSI SECTOR (Rs.in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th Plan 1969-74</td>
<td>198.50</td>
<td>12.65 (6.4%)</td>
<td>2.50 (1.3%)</td>
</tr>
<tr>
<td>5th Plan 1974-79</td>
<td>551.20</td>
<td>11.18 (2.02%)</td>
<td>3.10 (0.56%)</td>
</tr>
<tr>
<td>6th Plan 1980-85</td>
<td>1311.40</td>
<td>31.43 (2.4%)</td>
<td>7.76 (0.59%)</td>
</tr>
<tr>
<td>7th Plan 1985-89</td>
<td>2100.00</td>
<td>76.28 (3.6%)</td>
<td>13.23 (0.63%)</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries, Assam

The small allocation of plan outlays for industries is
the major constraint in the development of these sectors in Assam. Moreover, the sluggish growth of small scale industries in Assam over the years indicate that though the State is rich in natural and mineral resources, yet it is still a dependant economy importing most of the requirements of the consumer and industrial goods from outside the State.

In the year 1971, the Government of India declared Capital Investment Subsidy (CIS) to the backward districts. CIS has been treated as one of the most important methods to attract industries to the backward regions even in developed countries. Initially it was 10% of the total cost with a ceiling of Rs.5 lakhs which was revised to 15 lakhs in 1973. From 1st April 1983, the backward districts were categorised into A, B and C. In category A districts CIS was raised to 25% of the cost with a ceiling of Rs.25 lakhs. In category B districts CIS is 15% with a ceiling of 15 lakhs and in category C districts CIS is 10% with a ceiling of 10 lakhs. All districts in the entire North-Eastern region are Category A districts.

6.4.1. Industrial Policy of Assam, 1986.

The new Industrial Policy is directed towards removing the distortions of development in the past so that the genuine aspirations of the people can be met within a time bound frame through economic and industrial development of the State. The new policy aims at encouraging growth and promotion of all industries based on local resources, local demands, local scarcity condition and local environment.
In the light of the above scenario the brief policy guidelines are indicated as follows:

1) The main objective of the new Industrial Policy is to ensure balanced regional development through rapid promotion of a host of Khadi and Village artisan, tiny, small and ancillary industries throughout the State on the basis of techno-economic potential surveys.

2) Medium and Large industries would be set up and promoted in the State/Joint/Co-operative/Assisted and Private Sectors, using the advantage of availability of petroleum, natural gas, coal, limestone and other minerals, agricultural raw materials and selected forest-based raw materials. High priority will be given to the utilisation of natural gas for setting up gas-based industries which have a high downstream/ancillary potential.

3) In order to create a suitable environment to facilitate fast growth of industries, State government would take intensive steps on a high priority basis for the development of basic infrastructure such as development of transport and communication facilities, power, industrial area, industrial estates, commercial estates etc.

4) Steps will be taken to ensure that there is proper development of local skills and entrepreneurship through intensive publicity, motivation and training programmes at district, sub-division and block level.

5) In order to promote and protect the interests of the local people, the State incentive schemes shall be made
available in case of small sectors where there are 100% employment of local people. In the medium and large sector it would have to be ensured that 80% in the managerial cadre and 90% such employment in the non-managerial cadre are assured and that over a period of 5 years from the date of commencement of production such medium and large units would take all effective steps to ensure 100% employment of local people in non-managerial and at least 90% in managerial posts. In case of failure to comply with the requirements, State Government’s subsidies/incentives availed by them will have to be fully refunded.

6) Local entrepreneurship would be given preference in setting up medium and large industrial units under the Refinance Schemes of I.D.B.I as well as under the newly started "Assisted Sector Schemes" which is being operated by the A.I.D.C. Ltd.

7) The traditional artisan and handicraft sector covering items such as cane and bamboo production, brass and bell metal, ivory works etc. will be encouraged by providing common facilities service centres, raw materials, marketing, technical supports etc.

8) The 'No Industry and the Hill Districts' would receive special attention of the Government in developing the industrial infrastructures and establishment of medium and major projects.

9) The State Government will give high priority to power generation to ensure uninterrupted supply of electricity for industrial purpose and would encourage
industries in setting up captive units till the power situation stabilizes.

10) Single window clearance agency called 'Udyog Sahayak' will be provided at each District Industries Centre for the small sector and at Assam Industrial Development Corporation (AIDC) for medium and large sector.

11) Viable sick units will be identified and package of assistance would be provided for their revival. Steps will be taken for periodical and regular monitoring and guidance to new units to avoid sickness.

The 1986 Industrial Policy of Assam offers a package of incentives for encouraging industrial growth in the State. The incentives are as follows:

1) Subsidy on infrastructural facilities.
2) Allotment of factory sheds for SSI units.
3) Manpower development of local entrepreneurs.
4) Equity participation in the assisted sector.
5) Interest subsidy.
6) Exemption of stamp duty.
7) Sales tax exemption.
8) Reduction of Assam Finance tax.
9) Power subsidy.
10) Subsidy on drawal of power lines.
11) Rehabilitation of viable sick industrial units.
12) Contribution on feasibility study costs.
13) Subsidy of generating set.
14) Risk capital formation.
15) Special incentives for industries set up in 'No Industry Districts' and Electronics industries.

An Industrial Infrastructure Development Corporation under creation shall be a model agency regarding provision of infrastructural facilities such as land, water, power and built up industrial sheds. All existing industrial estates, industrial areas, commercial estates, growth centres etc. shall be transferred to this corporation.
6.4.2. Critical review of Assam’s Industrial Policy, 1986.

The Industrial Policy, 1986, of Assam is essentially an incentive scheme. It is an incomplete resolution as the priority of sectors of industries and definite industrial planning were not included in the policy resolution. Without having the priorities defined, it is not possible to give proper direction for realistic planning. Further no growth rate was envisaged. It was perhaps thought that only by giving incentives the industrialisation in the state can be achieved as if industrialisation has been tardy only because of non-availability of incentives.

The policy, as evident from the policy statement, has given high priority to generation of employment opportunity through self-employment. Thus it implies that priorities are attached to tiny and small scale sector. But in practice, emphasis has been given on medium scale industries as is evident from the industrial campaigns conducted at District and Sub-Divisional levels and the sanctions of term loans to the industries in the first two years.

The policy intends to encourage growth and promotion of all industries based on local resources, local demands, local scarcity condition and local environment. While local demands, scarcity conditions and environment are necessary and practical consideration, industries based on local resources and generation of self-employment are contradictory. The major resources of the State being
petroleum crude, limestone and forest resources, the industries based on such resources are generally capital intensive and therefore far from suitability for self employment.

The condition of 80 per cent employment of local people in managerial cadre and 90 per cent in non-managerial cadres becomes a retarding factor for inviting private capital from source outside the State because skilled workers among local people are very less and hence it may not be possible to set up sophisticated medium and large scale units with local people.

The Assam Small Industries Development Corporation (ASIDC) has not found its right place under this policy. Except the formation of Risk Capital, the ASIDC has no role to play in implementing the 1986 scheme.

While more than 2 years have passed since the introduction of this scheme, the government is yet to bring the Industrial Infrastructure Development Corporation into existence.

However, it is too premature to analyse or criticise the achievements of new Industrial Policy of Assam since it has became effective only from 1st January, 1987. It can only be hoped that this policy will provide the basis and right direction for balanced industrial growth in Assam.

6.5. Regional Disparity and Planning

In our Industrial Licensing Policy, dispersal of industrial units to backward regions was an important
objective. But the desired level of industrial licensing in backward regions could not be achieved due to operational faults. It has also been realised by the National Committee on the Development of Backward Areas, that licensing policy is a negative instrument and cannot by itself promote industrial development in industrially backward areas. It can, at most, impose certain restrictions on the pace of expansion in developed areas and thereby make it easier to attract entrepreneurs to industrially backward areas.

Facility of aids, concessional finance for industrial development are being availed mainly by developed regions. Provision should be made to divert the flow of concession and aids towards backward regions. Most of the industrially backward regions lacking absorptive capacity relating to fiscal concession and financial aids (the same being led by negation of proper infrastructural facilities for industrial development) could not avail the aforesaid concessions.

The concept of the area approach to planning is far from being operational because of ambiguity introduced in the concept of regional development and disparities as stated in the balanced regional strategy in the Third five year plan. The preparation of area development plans should essentially be viewed as an exercise in drawing up the spatial plan for a given area. The strategy of integrated rural development introduced in the Sixth five year plan has laid emphasis on the preparation of a resource inventory on the basis of which production oriented development schemes can be formulated. A strategy for full employment particularly of the weaker
section should be translated in space using locations of settlements and identification of schemes of development bearing in mind that the distance factor plays an important role too. The same consideration holds good in the provision of infrastructure facilities and amenities. In this connection the idea of District Industrial centres needs a second look in terms of the creation of a settlement hierarchy which is so necessary for the spatial integration of development programmes.

In fact, the cause for regional disparities in development and accentuation of disparity partly lie at the micro-level where the plans are prepared and implemented. At the moment the planning machinery at the Block and district level is ill-equipped to undertake the preparation of an area plan in spatial terms. Even assuming that a detailed spatial framework of a plan is prepared at the District and Block level using scientific data available from different agencies, the feedback is very poor in terms of the spatial strategy for development. Likewise the available resources and the corresponding physical targets are not indicated from the State level down to the districts and blocks where those targets are translated in spatial plans. This is a challenging task and yet it is subject to over-simplified solutions in the hands of political-administrative machinery and ill-equipped technical cells that are being set up at the District level. One such solution that is experimented by some States is the proportional allocation of financial
resources on the basis of population.

District or groups of Districts of the State economies are essentially 'open economies' and therefore an emphasis on closed loop planning systems, may actually be misleading. It has sometimes been suggested that one way of planning the industrial aspects of district economies is either to base industrial development on the resource endowment of the local area or to plan for industries around larger investments made by the national plan. Both the approaches involve the planning of inter-related industries either around local resource endowment or around core investment as ancillary industry development. The later type of approach was suggested in the Fourth five year plan where the central public sector investment was visualised as providing 'nucleus of development'. Following this broad approach of diversified industrialisation, Pathak and Alagh, experimented with the idea of 'Linkage industrial potential' of district economies. The technique that was adopted was to take a reference technology for Gujrat as estimated through an input-output table and to estimate industrial linkage potential in different district based on the existing pattern of industrialisation. As a matter of fact it has been found that even in a highly urbanised and industrialised State such as Gujrat, the linkage potential of industrialisation actually achieved within the district is very low. Barring a few exceptions, the linkage of units within the industrial Estates is extremely scanty. It may be mentioned that industrial estates have been traditionally viewed as an
instrument of bringing about diversified decentralised industrial development. It seems obvious that the policy packages that are being followed do not permit the effective use of instruments which are specifically designed for diversified regional development.

It may be argued that specific activities such as agro-processing activities and activities which cater to local demand, are the type which may be the focus for local industrial development. Agro-based industries, as also industries which meet local demand such as textiles, have in fact a very high direct and indirect employment and income generating potential. Structural analysis with inter-industry table for diversified States such as Gujarat has demonstrated this proposition. The input linkage with local areas, through demands for primary inputs in the case of agro-based industries, such as dairying, fruit canning and grain milling is obvious. However, in this case the 'Leakages' take place through output disposal. This is particularly so in case of such activities being carried out in less developed areas since the markets for the products are urban areas.

Great caution is necessary before programmes of local development based on local resources and catering for local demands which are implemented for the purposes of generating additional income and employment in the local context. The economy is obviously an open one, and the major challenges lie in terms of creating and fostering local activities which
at the most, after an initial period of subsidisation or protection can effectively cope up with competitive pressure from outside. In case such facts are not kept in mind, we shall be sponsoring inefficiency through the guise of local development and frittering away scarce capital resources. This is not to suggest that the local area planning is not possible. The challenge lies in examining local development potentials, matching it with opportunities provided by the links of the area with the rest of the economy and fostering productive economic activities, which can ultimately compete on its own. The planning of such activities shall need planning skills, as also promotional and managerial skills of a high order.\textsuperscript{12}

Extending the spatial aspect of industrial planning to the sub-regional level, is one of the more complex and unresolved problems of the economy at present. Because of lack of work on this problem, only a broad framework for attacking this problem can be suggested. On account of the open nature of sub-economies, industrial planning for such units, may be done in aggregative terms. Given the State plan, the additional industrial development targets may be initially allocated to sub-regions on the basis of preliminary estimates of industrial potential, as also equity needs between regions. Given the fact that certain non-linearities are involved in industrial development such as the bumpy nature of infrastructure investment and agglomeration economies in the process of industrialisation, preliminary decisions shall have to be in terms of the number
of selected areas to be opened up for industrial development. In this decision, minimum size of industrial areas, trade off between preliminary estimates of development potentials and inter-regional equity consideration shall be the determining factor. After this process is over, minimisation of infrastructure costs may be the explicit planning objective.

The major expenditure on public provision of infrastructure for industries are on electricity, water and transport. Minimisation of such expenditure given the overall targets of industrial development and the number of industrial sub-regions to be developed should be made an explicit objective of regional industrial planning policy. One way of building up planning models for the purpose, would be to determine incremental costs of the provision of such infrastructure facilities in different sub-regions. Due to different physical endowments, such costs would differ for each infrastructure facility, as between different sub-regions. An attempt can be made to workout infrastructure requirements of each industry, at a very disaggregated level, in terms of input norms of electricity, water and transport. Industries rated on the basis of input use in terms of infrastructure may then be matched with sub-region’s potentials in terms of providing such infrastructure. Such norms can be estimated with data available in the Annual Survey of Industries. For water use and electricity input data are separately listed in ASI volumes. For transport use, a ratio of physical estimates of tonnes of inputs to
tonnes of output may be used. From this a least social cost industrial plan for sub-regional development can be derived. It may be noted that such a plan shall be in the framework of national and State level plans, with the objectives of efficiency and equity built in.

It has been recognised that the success of industrial sector is critically dependent on the supply of entrepreneurs. Absence of local entrepreneur skill is one of the major handicap for industrial development. NEITCO, NISIET, and SISI are the main institutions which are shouldering this responsibility in association with the Directorate of Industries, Assam. These efforts should be concentrated more in the industrially backward districts so as to motivate local people and thus create a industrial culture. The lack of skilled manpower is another problem for industries coming up in Assam. The industrial culture being of recent origin to the State, the exposure of local labour force to various types of industries is limited. New Industrial Training Institutes should be opened in every districts and the existing ones should be modernised so that skilled manpower needed for modern sophisticated industry can be created. Infrastructure development is the sine-quo-non for any industrial planning, whether it is transport, market, bank or power, industrial development plan cannot go without a simultaneous and proportional development of these infrastructures. Coming to the case of Assam, it is found that although many a regions of this State have got a sound
infrastructure. (Ref. Chapter V). It is obvious that unless and until proper and strong infrastructural builds are not prepared the resources will remain unexploited or under exploited.

Resuming with the earlier analysis of infrastructural builds of districts of Assam more elaborately, one finds that in case of metalled road, the percentage of village connected by metalled road is only 14.11 percent in the entire State. In this regard the most favourably placed district is Dibrugarh with 20.34 percent villages connected by metalled road, and this district is followed by Darrang. The proportion of villages connected by metalled road is lowest in the N.C.Hills (4.17%). Coming to the railways, it is found that only 1.90 percent villages in the State have railway station within villages. The vast south Goalpara is yet to be connected by railway network. Broad gauge line is extended only upto Guwahati.

The financial grants by the national level financial institutions in the State is the lowest the country. In the article ‘Flow of Finance to Industries’, published in the Assam Tribune on 4th May, 1988, Shri T.L.Barua, has clearly brought out that the credit offered by commercial banks is not very encouraging in Assam. Against a total credit deployment of Rs. 53,122 crores upto June, 1985, Assam accounted for only Rs.546 crores (1.03%) whereas Maharastra accounted for Rs. 11,902 crores (22.41%), Tamil Nadu Rs. 5,402 crores (10.17%), Delhi Rs. 4,065 crores (7.65%).
credit deposit ratio as on June, 1985 was a meagre 53.3 percent for Assam whereas it was 274.2 percent for Chandigarh, 92.8 percent for Orissa, 90.8 percent for Maharashtra and 98.6 percent Tamil Nadu. He has further gone to prove that Assam accounted for a meagre 0.76 percent in terms of sanctions and 0.90 percent in terms of disbursement by all India Financial Institutions. Against a per capita sanction of Rs.574.97 for all States, Assam's share was Rs. 151.92. Against a total sanction of Rs. 7,466.8 crores during the financial year 1986-87, Assam received only Rs.50.94 crores (0.68). The Regional Rural banks in Assam numbering 5 and covering 17 districts with 322 branches had an outstanding loan only to the tune of Rs. 34 lakhs at the end of December, 1986.

Electricity is supposed to be the life blood of any industrial development. Although the industries in Assam do not face trouble of recurrent load shedding, but it is feared that the future growth of industries will be halted if the present rate of generation of electricity continues as evidenced by the import of electricity per annum being roughly 516.65 million units.

Summing up the discussion already done, the constraints in industrial development in Assam in general can be listed as follows:

--- Lack of entrepreneurship

--- Inadequacy of basic infrastructure facilities, particularly in rural and semi-urban areas.
Shortage of skilled, trained and technically qualified personnel

Inadequacy of technical and experienced personnel to guide and provide extension services to small entrepreneurs in rural areas especially in management and marketing—both domestic and outside the State

Inadequacy of institutional finance and credit facilities

Access to credit

Timely delivery of incentives

Delays in approvals and disbursals of loans

Lack of motivation on the part of frontline managers to assist and encourage emerging young entrepreneurs.

In a nutshell, the State suffers from inherent handicaps of location, infrastructural deficiencies, transport bottlenecks, inordinate delays in movement of raw materials, lack of technical and managerial personnel, lack of adequate dynamic institutional framework for embarking upon rapid industrialisation.

These constraints tend to delay the project implementation which results directly for escalating ranging between 20 to 23 percent of the total cost.

The elements which attribute to higher capital costs while establishing industries in Assam, particularly in backward districts, are mentioned below:

Tangible Elements

a) A near absence of domestic/local manufacturer of capital equipment and capital goods industries necessitating import from outside the region at a relatively higher cost of
b) Adoption of technology relevant to local needs and conditions leading to special designs and higher cost of equipments.

c) Higher civil engineering costs due to earthquake proneness of the region, necessity to undertake more earth work due to topographical factors, higher delivered cost of cement and steel, and higher wage rates.

d) Lack of adequate infrastructural facilities and the relatively higher cost of developing them and the necessity of absorbing a part of this cost in the project.

e) Higher cost of recruitment and training of personnel due dearth of professional talent and skilled workers and the absence of technical training facilities within the region.

Intangible Elements

a) Lower productivity of labour.

b) Larger construction schedules because of low output of local labour leading to higher pre-operative expenses.

The elements responsible for higher production costs are as follows:

Tangible Elements

a) Higher cost of raw materials due to higher transportation costs.

b) Higher cost of utilities due to relatively higher rates.

c) Higher wage rates of labour.

d) Necessity of maintaining a large inventory due to the remoteness of the region.
e) Higher financial charges (Depreciation and interest) because higher capital costs.

Intangible Elements

a) Higher labour cost because of

i) the necessity of maintaining large labour force due to lower productivity of labour.

ii) the development of newly trained staff lacking in adequate skills.

b) Non-availability of testing and quality control facilities within the region.

c) Limited and dispersed market for goods within the region necessitating the marketing of production outside the region at higher cost of transportation. Transportation within the region is also very costly because of dispersal of market.

Based on above, it has been found that an industrial unit set here is required to incur extra cost ranging from 20 to 23 percent depending on its location as compared to a similar unit set up in backward area elsewhere in the country.

Although various incentives like Central Government Subsidy, transport subsidy and State subsidies etc. are available they are found to be grossly inadequate. There is a strong case for suitably enhancing and modifying these incentives. It would be far more effective to neutralise the handicaps by a meaningful single point subsidy instead of
multiplicity of incentives thinly spread at several points, which are cumbersome to operate, entail inordinate delays, consume considerable time of entrepreneurs and even lead to undesirable practices. There is a strong case that funds to industrial ventures be made available at a much lower cost to the borrower as compared to other backward regions.

Conclusion:

The existing institutional framework at the district level needs to be strengthened.

The key to rapid and balanced industrial development of this State lies in strengthening of its infrastructural facilities in a big way. In order to meet the gaps which exist and to meet the challenges which the industrialisation in coming years is going to pose, an infrastructural Development Corporation on the lines of GIIC (Gujarat) should be established with the same dynamism and objectives which will go a long way in giving the desired boost to the industrial development.

A properly developed transport system with speedy movement of materials will help in industrialisation in the backward districts as well as in the entire State.

Road network for the movement of goods and passengers needs to be strengthened and enlarged.

The existing water transport system needs to be streamlined.

More emphasis need to be given in specialising production of skill-based and high value added items to cater to the
markets outside the State.

Establishing linkages between small and large scale industries viz., sub-contracting and product complementation. The areas of maintenance and repair, software and other services can also be sub-contracted to SSI.

Development of strong information base and delivery system to industries is essential. It should be made available freely and correctly viz., availability of raw materials, opportunities to substitute imported raw materials, availability of power and costs in particular area, tariff, taxes, labour situation, wages, training opportunities, availability of industrial equipments and spare parts, prices, etc. Industries should have easy access to such informations.

Access to credit should improve. Decision making in approving or rejecting the proposals of industry specially for working capital should be quick.

Industries view points should be given due importance in devising plans for industrialisation.

A well coordinated effort for exchange of information and coordinated actions for the development of industries is needed by the support agencies at the State and District level.

Modernisation and technological upgradation of the existing industrial units is essential to withstand competition from outside the State.

Attitudinal change directed towards assisting emerging
entrepreneurs is required to be inculcated.

The huge water resource of the State should be tapped and provision for hydel power should be made.
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