

PREFACE

Production involves the organisation of real resources for producing goods, which in turn can be carried out through the medium of money. Various institutions help in making finance available to new and up coming industries and bring together real resources for the purpose of production.

The development of the Jordanian economy has been largely synonymous with that of industrial development. With rapid industrialization in Jordan, the industrial production of major industries has increased by many folds. The general index of industrial production has risen from 66.5 in 1976 to 317.1 in 1990, depicting a compound growth rate of 10.9% per annum. The contribution of industrial sector to GDP reflects on the total GDP at factor cost rising from JD 378.4 milion to JD 2275.3 million between 1976-1990, with the services sector having maintained its supremacy that is 62.7% of the total GDP during the specified time period. This has been followed by the industrial sector whose relative share has risen to 22.16% of total GDP by the end of 1990.

Even though theoretically, financial needs of a country can be met through foreign aid, a country cannot depend too much on it instead finance should be made available domestically. Industrial finance therefore implies to the provision of finance for organising real resoures for production. For the performance of industrial activities three types of finance are needed long term, medium term and short term finance. Jordan, with its network of Commercial Bank, are specialized in providing short term loans. The medium and long term needs to the industrial sector is met with by the Specialized Credit Institutions that help industrial companies raise capital by issuing guarantees for loans as well as by underwriting of shared and debentures. The Amman capital Market also caters to the capital requirements of the Jordanian economy. Thus, the importance of the present study is self evident, as it critically examines the growth and structure of industrial finance in Jordan for a 15 years period from 1976-90. An attempt has been made to assess the part played by various financial intermediaries in the mobilization and promotion of finance to numerous industrial sectors.

My study, therefore attempts to provide a satisfactory answer to some vital questions related to appropriate sources and policies of finance to industry which would in turn enhance the industrial development and overall strengthening of the Jordanian economy.

I had the privilege to undertake this study in the Department of Business Economics, M.S. University of Baroda, Baroda under the inspiration of my guide Professor P.R. Pancholi.

I express my sincere gratitude to all those who have in one way or the other helped me in this academic pursuit. I shall fail in my duty if I do not mention the name of some of them without whose help, guidance and encouragement, completion of the present investigation would not have been possible.

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