

ABSTRACT

Thesis Title : The Role of Credit on Industrial Development
Distribution to the Rural Area of Thailand: A
Case Study in the Northern, the Northeastern,
and the Southern Regions.

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Degree Sought : Master of Economics

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The objective of this research was to study the roles of credit granted to the industrial sector for the expansion of industrial investment and the growth of Gross Regional Product (GRP). The regions chosen were the North, Northeast and South. The data used included secondary data for the regions which were related to industrial investment, government spending, industrial credit, number of

factories, and GRP in the period 1985-1994. The study applied Logarithm Multiple Regression and descriptive statistics.

The results of the regression analysis of the industrial credit impacts on the expansion of industrial investment were as follows: In the northern region, the elasticity values of industrial investment regarding industrial credit and government spending were 0.21 and 0.37 respectively. These coefficients were statistically significant at the 99% confidence level. In the northeastern region, the values of industrial investment with respect to the industrial credit and government spending were 0.36 and 0.37 and significant at the 95% level of confidence while they were 0.36 and 0.48 at the same confidence level in the southern region. The increase of industrial credit could also lead to an increase of industrial investment.

The results of the regression analysis of the industrial credit impacts on the expansion of GRP were as follows: The elasticity values of GRP with respect to industrial credit and the number of factories were 0.25 and 0.33 respectively in the northern region, 0.33 and 0.27 in the northeastern region, and 0.26 and 0.49 in the southern region. These coefficients were statistically significant at the 99% confidence level in all regions. The above results indicated that the increase of the industrial credit could also lead to an increase of GRP.

To sum up, the overall findings of the study showed that the increase of industrial credit had a positive impact on industrial investment and GRP which could bring economic development to the regions. Moreover, the results were also consistent in the actual situation that, in the period 1985- 1994, the industrial investment in the three regions, the North, Northeast and South, increased from 6.75%, 5.78%, and 4.88% in 1985, to 16.10%, 15.92%, and 16.89% in 1994, respectively. At the same time, the GRP in the regions increased from 6.84%, 6.81%, and 6.03% in 1985, to 13.33%, 13.56% and 13.92% in 1994, respectively.