

P R E F A C E

The Finance Companies of Trinidad and Tobago (i.e. those Finance Institutions that fall under the Financial Institution (Non-Banking) Act 1979) are today controlling very large sums of monies in the country's economy. These Finance Companies operate as high investment agencies, where depositors are offered competitive interest rates on Fixed Deposits of any amount for periods of one year upwards. These Fixed sources of funds are then utilised by the Finance Companies to yield higher returns through high interest commercial and personal loans.

During the 1970's, the boom years of the Trinidad and Tobago economy, a number of these Finance Companies diversified their investment portfolios and entered the construction sector. The Construction Sector at that time offered very high returns to investors in land development, housing and construction. Because of the high profitability of the construction industry some of these Finance Companies have established subsidiary companies which are involved in construction related activity, land development and housing. Thus the involvement of Finance Companies in construction soon became an extremely powerful and dominant factor.

This project proposes to show the extent to which Finance Companies got involved in construction and the apparent impact they had on the construction industry. It analyses the state of the construction industry in the 1970's and looks at the financial overview of the national economy in which these Finance Companies are operating.

TABLE OF CONTENTS

The establishment of the early Finance Companies and their role in the society is also dealt with and the reasons for regulatory control are investigated.

The main aim of this project is intended to analyse the role of Finance Companies in construction and investigate the ways in which Finance Companies organise and operate subsidiary companies involved in construction. The project also identifies certain managerial problems associated with the operation of these subsidiary companies and suggest ways in which these can be dealt with.

Finally, recommendations are made for these finance companies to revive their operations in the construction industry and to continue their involvement in construction. Also a list of definitions of some terms used in the project is included in the Appendix (Appendix 10).

REFERENCES

21

CHAPTER 2: FINANCIAL OVERVIEW OF THE NATIONAL ECONOMY

2.0	Micro-fiscal and Monetary Policy	22
2.1	The Size and Financing of the Public Sector Investment Programme	26
2.2	Programme of Measures	33
2.3	Government Borrowing	34
2.4	Financing in the Private Sector	35
2.5	Institutional and Monetary Developments	36
2.6	Conclusion	39

REFERENCES

41