PREFACE AND ACKNOWLEDGEMENTS
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It is widely acknowledged throughout the world that growth of industries, particularly of small scale industries, is a pre-requisite for the economic development of a country. The promotion of small scale industry is all the more important for a country like India which is faced with the problems of increasing population, rising unemployment and low income. India's national plans also lay stress on the development of small scale industry as it has large employment potential and ensures diffusion of economic power and better distribution of national income so essential to achieve the egalitarian objectives of establishing a socialist welfare state. The great spurt in the small scale industrial undertakings can be judged from the fact that its number has increased from 57,000 in 1969 to the present figure of 1.3 million including the unregistered units. Thus the small scale industrial sector occupies a key position in the industrial development of the country and more so in the developing state of Haryana which is 25 years old.

The importance of small scale industrial sector in the economy of Haryana may be gauged by the fact that 73 % (Rs 957.68 crores out of 1311.65 crores) of the income generated through manufacturing
activity in the state comes from this sector alone. The shortage of finance, the blood of industry, is one of the major impediments faced by the small scale industries in Haryana. In the absence of this powerful weapon, a number of well-conceived schemes are forced to exist only on papers and hardly get a chance to fruition.

The purpose of the present study, therefore, is to examine the financing pattern of small scale industries in the state of Haryana. In brief the objectives of the study are to examine the pattern of investment of funds in fixed assets and current assets, to analyse the sources of finance used by the SSI to finance the capital requirements.

The small scale industrial sector constitutes units of heterogeneous character in regard to the type of industrial activity and capital investment. Its scope, on the basis of investment in plant and machinery, ranges between the units established with a few hundred rupees to those having investment of Rs 35 lakhs in case of Small Scale Industrial Units and Rs. 45 lakhs in case of ancillary undertakings. The scope of the present study is, however, restricted to those small scale industrial units registered with the Directorate of Industries, Haryana, without taking into consideration the category to which they belong and whose capital investment in plant and machinery
primary data collected from the 245 small scale industrial units out of 2315 small scale industrial units having invested between Rs one lakh to thirty five Lakhs. The units selected constitute about 10.58 percent of the whole group/stratum and relate to seven major industry groups which represent more than 90 percent of the total industrial activity in the state of Haryana. The representation of different industry groups in the units so selected vary between 5.8 percent "General Engineering" based industry to 35 percent in "Mineral" based industry. Depending on the nature of the work for the selection of sample units from the universe the stratified sampling technique has been adopted for the present study and data related to the financial year 1987-88. The researcher used the structured interviewing method to collect the data from the respondents and also had personal discussion with the entrepreneurs to acquire a first hand knowledge of the financial problems of the small scale industry in the state. The researcher attended the "Entrepreneur Development Programme" conducted by the "State Bank of India". Every possible attempt was made to collect factual and correct information from the respondents.

The thesis has been divided into five chapters dealing with different aspects of "Financing of Small Scale Industry" in the state of Haryana.
The First Chapter highlights in brief the general and industrial profiles of Haryana, definition of Small Scale Industry, objectives, scope, methodology and limitations of the study.

The Second Chapter reviews the current literature, basic concepts related to the financing of small scale industry and mode of financing of small scale industry have been explained in it.

The Chapter-III is based on the empirical data of 245 small scale industrial undertakings and deals with the study of working capital expenditure. It seeks to examine the employment of resources in different types of current assets besides the meaning and importance of working capital management. It also analyses the role of various sources of finance in the working capital structure of small scale industry. The working capital gap and bank finance has also been discussed.

The Chapter-IV goes into the depth for the study of fixed capital expenditure. Employment of resources in different types of fixed assets has been examined in this chapter. The role of long-term sources and short-term sources of finance in the fixed capital expenditure have also been discussed. The role of Owner's equity in the total capital expenditure has also been dealt in detail in this chapter.
Chapter V comprises Findings, conclusions and recommendations of this study. At the end appendices and bibliography used for the study are given.

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