PREFACE

Small-scale industries occupy an important place in India's national economy. They have assumed a pivotal role in the process of industrialization of the national economy owing to their potential to achieve growth with social justice. Largely, these industries also fit into our country's resource-endowments. Most of them, have grown out of India's own skills, resources, enterprise and culture. These industries are of great relevance to the labour-abundant and capital-scarce country like India. The relevance of these industries in the economy of the industrially backward State like Himachal Pradesh may be gauged by the fact that more than sixty per cent of the industrial production comes from this sector. This sector can serve as a harbinger of economic progress and can act as a catalytic agent for the smooth transformation from the traditional economy to the modern one. But the problem of the development of small-scale industries in the State of Himachal Pradesh is relatively more complex due to its peculiar socio-economic conditions. The process of industrialization in the State started quite late due to lack of local entrepreneurship, infrastructure, absence of local demand and non-development of institutional framework in the State. The Government of India has declared all the twelve districts of the State as industrially backward in order to facilitate them to avail various incentives.
The number of financial, marketing, technical and managerial problems which beset the development of small-scale industries are also some of major weaknesses which characterise the development of industries in the State. Out of them, the problem of finance is the most formidable inspite of a vigorous policy drive to overcome capital scarcity. This problem, in fact is so severe and extensive that in ultimate analysis it turns other allied problems into the one of scarce financing. Moreover, generally small entrepreneurs do not pay adequate attention to the managerial aspects of finance which are of crucial importance not only for starting new units, but also for ensuring its survival and growth.

The present study is an attempt at understanding the practices of 133 Small-Scale Units in planning their Capital-structure and deployment of funds. In order to have meaningful comparisons the study envisages to examines the problem from different angles i.e. investment size, type of industry and form of organization. The study also seeks to analyse the role of various agencies providing financial assistance directly and indirectly in meeting the aforementioned needs of finance for the small-scale industries in the State.

The entire study is divided into eight chapters. The concept of small unit, policy issues, growth and present institutional financing framework in Himachal Pradesh has been discussed in the introductory chapter. In the chapter two, a
review of existing literature on the subject has been conducted. The research design of the study is outlined in the chapter three. The financial decisions regarding deployment and sources of finance forms the subject-matter of the fourth chapter, whereas the short-term liquidity, long-term solvency, profitability and viewpoints of assisted units have been analysed in the chapter five. The discussion on institutional finance starts with institutions operating in the Himachal Pradesh. The direct institutional finance assistance has been scrutinized in the chapter six, whereas indirect institutional financial assistance, including viewpoints of institutions has been considered in chapter seven. The eighth and last chapter comprises the summary of findings and remedial steps for strengthening the institutional financing framework as well as the small-scale industries.

It is my pleasure to express my indebtedness and deep sense of gratitude to Dr. R.C. Kondle, Assistant Professor, Faculty of Commerce and Business Administration, Himachal Pradesh University, Shimla under whose guidance and supervision the present study has been completed. His sympathetic attitude, continued encouragement and devotion at every stage facilitated this work presentable.

My gratitude is due to Dr. M.K. Sharma, Dean, Faculty of Commerce and Business Administration, Himachal Pradesh University, Shimla for checking many earlier drafts of the
present manuscript and suggested many gaps in the study and improvements in presentation.

I express my heartfelt thanks to Shri D.K. Sharma, Director of Planning (H.P.) and Shri Mohinder Lal, I.A.S., Director of Industries (H.P.) for directing their assistants to provide desired informations to me. I also owe my thanks to Miss P. Joseph, Economic Advisor, DCSSI, New Delhi and Mr. N.K. Bhatnagar, member of small-scale industries Board Ministry of Industries, Government of India to provide me necessary data relating to the present study. I am equally grateful to Shri T.V. Ramachandern, Economic Director, RBI, New Delhi for providing me necessary material relating to the present research endeavour. I also owe an intellectual debt to Dr. Y.S. Verma, Dr. N.K. Sharda and Mr. Shyam Prasad for their valuable suggestions. I am also thankful to all teachers of Department of Commerce and Business Administration for their suggestions. My thanks are also due to the Heads of various financial and promotional institutions as well as to small entrepreneurs for their cooperation and interest to supply the necessary data relating to this study.

During the progress of the work, I had the benefits of using the facilities in the Libraries of NISIET, Hyderabad, Delhi Public Library and Delhi University, New Delhi, JNU, New Delhi, Panjab University, Chandigarh, Indian Institute of Advanced Studies, Shimla and Himachal Pradesh University, Shimla for which I am thankful to their librarians.
My friends and elders Mr. Leela Ram Dhiman, Mohan Lal, Ram Gopal Mehta, Bhuvnesh, Ram Dav, H.S. Negi, Somnath Verma, R.K. Negi, P.L. Negi, Mohinder Parmar, S.K. Sharma and Topich Chaudhary (Bangladesh) for their continuous encouragement and inducement during the course of the present study.

Above all, I feel particularly delighted in expressing my deep sense of gratitude and indebtedness to my parents for their continuous moral and financial support. My brothers Mr. R.D. Mehta and Mr. R.G. Mehta showed their patience, rendered financial help and encouragement during the long period of study. Their forbearance enable me to devote my full energy to this research endeavour even at the cost of domestic responsibilities.

Last but not the least, I am thankful to Mr. Kishan Chand Poonia for typing this manuscript so nicely and efficiently.

(MOHAN LAL MEHTA)