Leasing has witnessed phenomenal growth in recent years in many parts of the globe including India. Initially evolved from being a manufacturer's selling technique, it has boomed into a specialized financial service. The contours of the leasing industry extend from the United States to Europe, Latin America to Africa and Asia. According to a World Bank report (1996), in 1994 over $350 billion worth of new vehicles, machinery and equipment was financed through leasing, accounting for about an eighth of the world's private investment. By 2002, the global leasing business accounted for over $ 2 trillion. Over the years, leasing has emerged as a mature industry particularly in high-income countries. The United States continues to be a leader both in terms of volume, with $140 billion worth leases written in 1994, and by 2002 it had touched a whopping figure of over $ one trillion in the United States.

The concept of leasing gained currency in India during the close of 1970s and until early 1970s there was nascent resistance in Indian industry to the very concept of leasing. In 1973 the Chidambram group launched the First Leasing Company of India by the end of that year. Since its establishment in 1973, the First Leasing Company continued to operate as a sole leasing company in the country until the close of 1970s. In1979, 20th Century Leasing Private Limited was incorporated as an affiliate of the financial consultants-20th Century Finance and Consultancy Private Limited, Bombay, which decided that leasing would be a major growth area in industrial financing.
In late 1982, numerous financial institutions and commercial banks either started leasing or announced plans to do so. ICICI, prominent among financial institutions, entered the industry in 1983 giving a boost to the concept of leasing. Thereafter many new leasing companies emerged in the market. This was also the time when the profit performance of the two doyen companies, First Leasing and the 20th Century had been made public, which contained all the fascination for many more companies to join the industry. In the meanwhile, International Finance Corporation (IFC) announced its decision to open four leasing joint ventures in India. The entry of public sector banks in the leasing business was one of the most notable features of the development of leasing in India. Of late, almost every nationalized bank in the country indicated intentions to offer leasing facilities and some of the bank-sponsored leasing subsidiaries had become operational. They were also eligible to raise resources by way of loans from their promoting banks, up to a limit sanctioned by the Reserve Bank of India (RBI) which was mostly five times of their net owned funds.

Growth of leasing companies had been made possible not by the narrow approach to leasing but by proper segmentation of the market identification of areas of specialization and providing a need-based service to the new emerging industries. The Nagarjuna group of Hyderabad provided its clients wide range of consultancy services in addition to leasing business. The Standard Medical Leasing inaugurated the era of specialized leasing in India. During 1983 leasing companies were set up at an astounding rate of well over a week. The financial institutions like ICICI, IRCI, SICOM and GIIC jumped into the fray. The Banking Laws Amendment Bill passed by the Lok Sabha in
December 1982 permitted the establishment of subsidiaries. The State Bank of India and the Bank of India teamed up with the World Bank subsidiary International Finance Corporation, and Sundram Finance and 20th Century respectively.

As on 31 March 1986, there were 339 equipment-leasing companies in India whose assets leased totalled Rs. 239.55 crore. Their net owned funds were Rs. 81.14 crore and their total debt Rs. 163.9 crore. Besides, there were composite companies engaged in various activities including leasing as one of such activities and the gross assets leased by them were Rs. 181.49 crore. That is, the total cumulative leasing market as on 31 March 1986 stood at Rs. 421.04 crore (Ojha 1988: 209). According to a study published by the Reserve Bank of India in November 2002, which covered selected 1,024 financial and investment companies in the country, the study identified 67 'actively operative' leasing companies with a paid up capital of Rs 536 crore and their net assets worth Rs 2,223 crore during 2000-2001.

Leasing is progressively attracting the attention of financial experts and investors, both institutional as well as individuals alike. It has resulted in a progressively growing body of literature on the different perspectives of leasing industry both in India and abroad. While scanning through the extant plethora of literature on leasing and its related aspects, one finds a variety of literature which deals with different aspects of leasing mostly in a fragmented way. It was almost an uphill task for the present researcher to rummage through the entire mass of literature to find out the factors behind the growth and performance of leasing industry in India.
It was in this background that undertaking a research study aiming at critical appraisal of the role and performance of leasing industry in the Indian economy had proved to be a formidable devoir for the present researcher. At the time of undertaking the present research, the researcher was a novice to the nuances of research and oblivious to the intricacies and delicacies regarding the leasing industry in general and its growth and the performance in India’s context in particular. However, my task was made easy by the conscientious guidance, deep knowledge and astute research sagacity of my supervisor Prof. S. P. Mishra, Principal (Retired), G. M. College, Sambalpur, Orissa. His apt guidance enabled me to sift the chaff from the grain.

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