Preface

Over the years, leasing has been a potential finance instrument that facilitates access to sophisticated technology. It has played a pivotal role in capital formation, this has been possible every unit of expenditure by leasing companies goes directly to finance the acquisition of equipment. In view of multifarious benefits of leasing, a few leasing companies in India have successfully sold the concept to private corporate sector in a short time period.

Modern business environment is becoming complex. The objective of business firms is to achieve growth with stability. To accomplish such an objective, these firms are required to go for massive expansion, diversification and modernization. Essentially, such projects involve huge amount of capital investment. High rate of inflation, escalation of cost, heavy taxation, diseconomies of operation, increasing of technological obsolescence and meager internal resources have forced many companies to look for the alternative means of financing. Due to obvious reasons, leasing has emerged as a new source of financing.

With globalization and liberalisation, the Indian industry is trying to gear itself to grow fast in the new environment. Many Indian industries like Information Technology, Telecommunications and Bio-Technology have already created a niche for themselves in the global arena. However, some traditional and service based industries have still a long way to go.

In these circumstances, it is imperative that the government creates an enabling and congenial environment for the Indian companies to become
multinational players by not only surviving, but also successfully expanding and
growing. So, the leasing and hire purchase industry can play an important role in
creation of a sustainable growth model for the Indian economy.

With the rapid advancement of science and technology, the chances of
advancement and obsolescence are phenomenal, the technological advancement
and obsolescence prompted the entrepreneur to go in for leasing. In leasing initial
investment is nominal, due to 100 percent financing, leasing is now an important
source of medium term finance for companies for acquiring innovations and
modernization.

Research in this area has been far too less, hence the researcher
has undertaken a study in the areas of financial structure, performance of leasing
companies, legal aspects, related problems and to identify the future prospects in
this area. In the light of above objectives the thesis entitled is organized. The
Research Study presented in the thesis entitled 'Lease Financing in India - With
reference to the leasing companies located in Chennai, Bangalore and
Hyderabad'. The Thesis is divided into nine chapters. Chapter one deals with the
evolution of leasing and leasing in India and abroad. The importance and
significance of leasing objectives, need for the study, methodology, sampling and
review of literature are presented in chapter two.

The profiles of the selected leasing companies are presented in the chapter
three. Chapter four, deals with financial structure and the profitability analysis of
the leasing companies by considering various sources and uses of funds and
variable in profit and loss accounts the selected companies for a period in 5 years.
To know the overall performance and their liquidity, solvency, turnover is
analysed through various ratios of selected leasing companies. This is explained in the chapter five.

Chapter six explains about Lease versus Buy decision making models. Laws and regulatory work as related laws are stated in the chapter seven. The problems and prospects of lease financing are highlighted in the chapter eight. Finally, summary and conclusions are given in the ninth chapter.