'Small Scale Industry' in India has been recognised as a golden mean to tackle the problems of unemployment, under-employment, regional disparities and economic backwardness. Accordingly, several policies are framed and programmes are envisaged from time to time by the Government for the development of this sector. Despite several measures undertaken by the Government, the problems confronting the growth of this sector are found unabated. Among all the problems, lack of adequate finance has been felt a serious one for which the institutional agencies are often criticised. On the other hand, small scale units are blamed for their inefficient management and financial indiscipline. Thus, there has been a controversy about the responsibility of various agencies involved in the development of this sector for the present state of affairs. The present study attempts to find out the factors that are responsible for such a phenomenon.

The total study has been divided into seven chapters, viz., (I) Introduction, (II) General Profile of the Units, (III) Capital Structure, (IV) Sources of Finance, (V) Flow of Finance (Operation), (VI) Repayment of Loans and (VII) Conclusions and Suggestions.
The author deems it a great pleasure to express his sincere, profound and deep sense of gratitude to his revered teacher Dr. T. Subbi Reddy, M.Com., Ph.D., Reader, Department of Commerce, S.V.U. Autonomous Post Graduate Centre, Anantapur for his invaluable, inspiring, illuminating and exemplary guidance throughout the course of study.

The author expresses his deep sense of gratitude to Prof. D.P. Sharma, M.Com., LL.B., Ph.D., Professor and Head of the Department of Commerce, S.V.U. Autonomous Post Graduate Centre, Anantapur for his keen interest in the progress of the work and for his valuable suggestions.

He thanks Dr. A. Ramakrishna Rao, Sri C.R. Viswaswara Rao, Sri P. Obul Reddy, Department of English, S.V.U. Autonomous Post Graduate Centre, Anantapur for going through the manuscript and offering suggestions.

The author takes this opportunity to thank Prof. J.C. Sandesare, Professor of Industrial Economics, University of Bombay, Bombay and Sri G. Krishna Murthy, Faculty Member, Small Industry Extension Training Institute, Hyderabad for their valuable suggestions.

He expresses his thanks to the library authorities at Small Industry Extension Training Institute, Hyderabad and University of Bombay, Bombay for their whole hearted cooperation during his stay there.
The author also feels it his responsibility to thank all the entrepreneurs who had patiently responded to all the questions in the schedule without whose cooperation the study would not have been completed.

He thanks all the officials of various Government Departments, institutional agencies, who have extended their kind cooperation.

He thanks the authorities of the S.V.U. Autonomous Post Graduate Centre, Anantapur for providing necessary facilities and financial assistance in prosecuting this work.

Finally, the author thanks all his friends who extended their heartful cooperation.