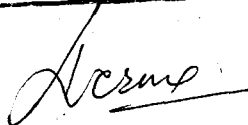



CERTIFICATE OF AUTHENTICATION

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Pradesh, SHIMLA

Dated : 31st Dec, 2002


Signature

Authenticated by :

Supervisory Registrar

**Role of HPFC in the Industrial Development of
Himachal Pradesh**

A

THESIS

Submitted for the Award of the Degree of

Doctorate of Philosophy

in the

Institute of Management Studies

(IMS)

By

Anil Rattan

Supervisor

Dr. Yashwant Kumar Gupta

Associate Professor

**Himachal Pradesh University, SHIMLA – 171005
(INDIA) 2001**

In the Loving Memory of my

Revered Mother

(The Fountain of inspiration)



Institute of Management Studies
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Dr. Yashwant K. Gupta,
M.Com. M.Phil., Ph.D.
Associate Professor.

"TO WHOM IT MAY CONCERN"

This is my pleasure to certify that Mr. Anil Rattan has completed the work on the thesis entitled "**Role of HPFC in the Industrial Development of Himachal Pradesh**", under my supervision. This is the original work of the candidate and to the best of my knowledge no research thesis on a similar topic has been submitted for award of any degree in any University.

I forward the thesis for evaluation with the remarks that the work is worthy of consideration for the award of Doctor of Philosophy, in the Institute of Management Studies.

Dated: 19th July, 2001


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ACKNOWLEDGEMENT

With limitless modesty, I would like to thank "God" the Almighty, the merciful, the compassionate, who bestowed me with health and courage enough to go through this arduous work.

It gives me utmost pleasure to express my eternal gratitude and indebtedness to my advisor, guide and friend, Dr. Yashwant Kumar Gupta (Associate Professor), Institute of Management Studies, Himachal Pradesh University, Shimla, for his judicious stewardship, constructive criticism, innovative ideas and constant encouragement in bringing out this manuscript in the present form. He has gone through many earlier drafts of present manuscript and suggested many gaps in the study and improvements in presentation. My deep sense of gratitude is also due to Dr. (Ms.) Jyoti Gupta, for her kind co-operation, participative attitude and nice hospitality rendered to me during this work.

No expression of thanks will be sufficient without recognition of intelligence and professional dexterity of Dr. Kulwant Rana, Associate Professor, ICDEOL, Himachal Pradesh University, Shimla, for having meticulously supervised my work with his unfailing help and suggestions at every stage of its execution, and his wife Dr. (Ms.) Sudershana Rana, Assistant Professor Department of Education, Himachal Pradesh University, Shimla for her amicable nature, kind co-operation and hospitality rendered to me during the completion of the thesis.

It is my privilege and immense pleasure to place on record my deep sense of gratitude and indebtedness to Professor M.K. Sharma, Institute of Management Studies, Himachal Pradesh University, Shimla and Professor Suresh Kumar, Co-ordinator M.B.A., Institute of Management Studies, Himachal Pradesh University, Shimla, for their help and co-operation during this study. I am also thankful to all the teachers of the Institute of Management Studies, Himachal Pradesh University, Shimla, for making certain suggestions.

I seize this moment to express with humility, my gratitude and salutation to Dr. Prem Raj Bhardwaj, Lecturer, Government P.G. College Nahan, and his wife Ms. Suparna Bhardwaj for

inspiring me and for constant encouragement and constructive criticism throughout the period of my studies.

My heartfelt thanks and deep sense of gratitude are due to Mr. Rajiv Singh, Lecturer, Government P.G. College Nahan, and his wife Ms. Kiran for their invaluable help, placid temperament and I shall remain indebted to them for wise counsel and interest.

I am failing in my duties if I do not express my sincere thanks to all the employees of HPFC, who spared some precious moments from their busy schedules and filled in the questionnaire as well as spared time for interview. I am also grateful to Sh.K.C.Rana, Manager, HPFC, Nahan and Dr.B.D.Kashyap, Secretary, HPFC, Shimla, for taking keen interest and for help in supplying the relevant data of HPFC and their invaluable guidance during my survey work in the field. My sincere thanks are also due to Sh. Hari Singh, Assistant Branch Manager, HPFC, Nahan for helping me in the collection of data.

My gratitude is also due to the scores of entrepreneurs and various industrialists who were kind enough to spare their valuable time and fill in the questionnaire and also to share and disclose their genuine and legitimate business related problems with me in the interview without reservation. I acknowledge with thanks the help rendered to me by Sh.G.S.Hyanki, Assistant General Manager, IDBI, The Mall, Shimla who was kind enough to spare his invaluable time and help me in supplying the relevant data of IDBI. Thanks are also due to Sh. Hira Nand, Assistant, in Directorate of Industries, Shimla, who was kind enough in providing me the Annual Administration Reports of Industries Department, Himachal Pradesh, for the completion of this thesis. Thanks are also due to the library staff of various university libraries and that of libraries of various institutions and towards the staff of various corporations which I visited for the present study.

I owe a deep sense of gratitude to Dr. Suresh Joshi (Principal Retd.), Mr. Amar Singh Chauhan (Principal, Govt. P.G. College Nahan), Mr. Dhirender Kanwar (Principal, Govt. College, Daonta Sahib), Ms. Rama Kanwar, Ms. Jaya Chauhan, Mr. M.R. Kanwar, Mr. N.D. Mittal, Dr. Kiran Deer Singh, Mr. Gian Chand, Mr. Hemant Kumar, Mr. Vijay Thakur and Mr. Dev Raj, all lecturers in Govt. P.G. College, Nahan and my

gratitude is also due to scores of well-wishers, friends and my students, who have helped me in many ways in my work. I wish to record my sincere thanks to the Department of Education, Himachal Pradesh for permitting me to undertake this study.

I extend my heartfelt sentiments to my in-laws especially my mother-in-law and my sister-in-law Ms. Anita Astha and other relatives for their moral encouragement and constant affection, which was an unparallel boon to me.

The words are not adequate to convey the depth of my feelings of gratitude to my younger brother and bhabi and other family members for their deep affection, inspiration, sacrifice and constant support during the completion of this thesis.

Last but not the least, the rock support of 'Poonam' my soul mate, her love, her affection, her jovial nature and especially for sustaining my enthusiasm in all my endeavours during my study has enabled me to complete this project in time. I also remain indebted forever for the sacrifice of well deserved fatherly love by my beloved son, 'Mayuk' during the entire study period.

The painstaking efforts of Mr. Ajay Kumar and Mr. Kuldeep Singh, and other staff members of the various faculties, Escol Computer Centre, Nahan in metamorphosing the manuscript to such a nice form are highly appreciated.

I solely claim all the responsibility for the errors and omissions in this work.

Dated: 19th July, 2001.

Place: Shimla


(Anil Rattan)

PREFACE

The economy of Himachal Pradesh has an agriculture base, and in order to increase its growth rate the government of H.P. has thought of shifting some efforts to industrialisation. Finance, the backbone of industry, has been in short supply. To meet the financial needs of the industries, the Himachal Pradesh Financial Corporation (HPFC) was set up on 1st April 1967. One of the major objectives of HPFC is to provide financial assistance to small and medium industries of the state. As it has completed 33 years of its existence as on 31st March 2000, an attempt has been made to evaluate the role of HPFC in industrialisation of the state.

The present study has been organised in seven chapters.

The first chapter deals with the concept of finance, the relationship of finance with economic development, financial system, financial institution, financial market, financial services, impact of financial system on economic development, Indian financial system, concept of industrialisation and then the role of various financial institutions in the promotion of industrialisation.

The second chapter highlights the research design, which consists of review of literature, need, scope, objectives, research methodology and limitations of the study.

The third chapter has been devoted to the financial requirements of H.P., which includes an introduction to H.P.

economy, major sources of finance etc.

In the fourth chapter analysis of institutional framework for entrepreneurial development has been taken into consideration.

The fifth chapter has screened and analysed the growth of HPFC activities in H.P. which includes distribution of finance, loan to medium - scale and small - scale industrial units.

The sixth chapter focuses on the performance appraisal of HPFC with the help of primary and secondary data analysing the various factors responsible for low recovery of loan disbursed by HPFC, role of HPFC in entrepreneurs development in Himachal Pradesh, funds flow statement analysis, etc.

The final chapter delineates the findings of the previous chapters and highlights some suggestions .

ABBREVIATIONS

ADB	Asian Development Bank
AFC	Agricultural Finance Consultancy Ltd.
AFIs	All-Financial Institutions
AIFIs	All-India Financial Institutions
APSFC	Andhra Pradesh State Financial Corporation
Asstt	Assistant
BIFR	Board for Industrial and Financial Reconstruction
CCI	Controller of Capital Issues
CDS	Certificates of Deposits
CGS	Credit Guarantee Scheme
CPM	Critical Path Method
CPS	Commercial Papers
CRISIL	Credit Rating Information Services of India
Cu. Mts.	Cubic Meters
CWC	Central Warehousing Corporation
DFHI	Discount and Finance House of India
DICGC	Deposit Insurance and Credit Guarantee Corporation
DICs	District Industry Centres
ECAFE	United Nations Economic Commission for Asia and Far East
ECGC	Export Credit and Guarantee Corporation
EDPs	Entrepreneurial Development Programmes
EGB	Entrepreneurial Guidance Bureau
EPW	Economic and Political Weekly
Etc.	Etcetera
EXIM	Export and Import Bank of India
G.M.	General Manager
GIC	General Insurance Corporation of India
Govt.	Government
GSDP	Gross State Domestic Product
GSFC	Gujrat State Financial Corporation
H.P.	Himachal Pradesh
H.P.S.E.B.	Himachal Pradesh State Electricity Board
H.R.T.C.	Himachal Road Transport Corporation
HFC	Haryana Financial Corporation
HIMCON	Himachal Pradesh Consultancy Organisation Ltd.
HPFC	Himachal Pradesh Financial Corporation
HPGIC	Himachal Pradesh General Industries Corporation Ltd.
HPKVIB	Himachal Pradesh Khadi and Village Industries Board
HPSEDC	Himachal Pradesh State Electronic Development Corporation
HPSIDC	Himachal Pradesh State Industrial Development Corporation Ltd.

HPSSIEC	Himachal Pradesh State Small Industries and Export Corporation Ltd.
HUDCO	Housing and Urban Development Corporation
i.e.	That is
IBRD	International Bank for Reconstruction and Development
ICDEOL	International Centre for Distance Education and Open Learning
ICICI	Industrial Credit and Investment Corporation of India
IDA	International Development Association
IDBI	Industrial Development Bank of India
IDCs	Industrial Development Corporations
IFC	International Finance Corporation
IFCI	Industrial Finance Corporation of India
IFS	Indian Financial System
IIBI	Industrial Investment Bank of India Ltd.
IMF	International Monetary Fund
IRBI	Industrial Reconstruction Bank of India
IRCI	Industrial Reconstruction Corporation of India
ISLFS	Infra-structure Leasing and Financial Services Ltd.
KFC	Kerala Financial Corporation
Kms.	Kilometers
KSFC	Karnataka State Financial Corporation
LIC	Life Insurance Corporation of India
MIGA	Multilateral Investment Guarantee Agency
MNCs	Multinational Corporations
MOU	Memorandum of Understanding
MSFC	Maharashtra State Financial Corporation
MT	Metric Tonnes
MW	Mega Watt
N.A.	Data Not Available
NABARD	National Bank for Agriculture and Rural Development
NBFI	Non-Banking Financial Intermediaries
NBSFO	Non-Banking Statutory Financial Organisation
NCDC	National Co-operative Development Corporation
NDI	New Debt Instrument
NHB	National Housing Bank
NIDC	National Industrial Development Corporation
No.	Number
NRI	Non-Resident Indian
NSIC	National Small Industries Corporation
OTCE	Over the Counter Exchange
PERT	Program (Project) Evaluation Review Techniques
PFC	Punjab Financial Corporation
RBI	Reserve Bank of India

RCTFC	Risk Capital and Technology Finance Corporation
REC	Rural Electrification Corporation
SCICI	Shipping Credit and Investment Company of India
SDP	State Domestic Product
SEBI	Securities and Exchange Board of India
SFCs	State Financial Corporations
SHCI	Stock Holding Corporation of India
SIDBI	Small Industries Development Bank of India
SIDCs	State Industrial Development Corporations
SIICs	State Industrial Investment Corporations
SISI	Small Industries Service Institute
SRTOs	Small Road Transport Operators
SSIDCs	State Small Industries Development Corporations
SSIs	Small- Scale Industries
SSSBEs	Small Scale Service and Business Enterprises.
SWCs	State Warehousing Corporation
SWISS	Single Window Industrial Support System
TCOs	Technical Consultancy Organisation
TDICI	Technology Development and Information Company of India
TFCI	Tourism Finance Corporation of India
TIIC	Tamil Nadu Industrial Investment Corporation Ltd.
TNCs	Transnational Corporations
UN	United Nations
UNO	United Nations Organisation
UPFC	Uttar Pradesh Financial Corporation
USA	United States of America
UTI	Unit Trust of India
Viz.	Namely
Vol.	Volume

Abbreviations used in Table 6.15, 6.16 and 6.17

*	Explanatory Responses contained in questionnaires
Bon. Him	Bonafide Himachali
C	Comments Submitted in Questionnaire
CC	Cash Credit
Co-op.	Co-operative
Estd.	Establishment
F.D.	Fixed Deposit
H	Himachali
I.O.C.	Indian Oil Corporation
L. Market	Local Market
Ltd.	Limited

M	Medium
Manu.	Manufacturing
N	No
NC	No Comment
NH	Non-Himachali
NHN	Nahan
O/D	Over Draft
OC	Own Capability
P	Partnership
PMRY	Prime Minister Rozgar Yozana
PNB	Punjab National Bank
Pvt.	Private
S.S.	Small Scale
S	Sole Proprietor
SBI	State Bank of India
SBP	State Bank of Patiala
SoOS	Shortage of official Staff
T	Tiny
UB	Unique Business
UCO Bank	United Commercial Bank
X	No Comment
Y	Yes

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List of Respondents to Questionnaire as contained in Annexure –I.

Sr. No.	Name & Office
1.	Sh. B.D. Kashyap, Secretary, HPFC, Shimla.
2.	Sh. K.C. Rana, Manager District Office ,HPFC, Nahan.
3.	Sh. G.C. Chopra, Asstt. G.M., HPFC, Parwanoo.
4.	Sh. Subhash Rana, Asstt. Manager, HPFC, Shimla.
5.	Sh. Sita Ram, Dy. Manager, District Office, HPFC, Nahan.
6.	Sh. Hari Singh Thakur, Asstt. Manager, District Office, HPFC, Nahan.
7.	Sh. H.R. Sheria, Senior Stenographer Grade I, HPFC, Parwanoo.
8.	Sh. Mohinder Kumar, Senior Asstt., HPFC, Nahan.
9.	Sh. Rakesh Kaul, Senior Asstt., Grade I, HPFC ,Parwanoo.
10.	Sh. Pitamber Dass, Asstt. Manager, HPFC, Parwanoo.

List of Respondents to Questionnaire as contained in Annexure –II.

1.	Sh. V.K. Kaushal, Hotel Natraj, Kala Amb, Nahan.
2.	Smt. Kusum, Vaishno Flour Mills, Nahan.
3.	Sh. J.P. Sharma, Himachal Terpene Products Pvt. Ltd., Kala Amb, Nahan.
4.	Saboo Cylinder Ltd., Kala Amb, Nahan.
5.	Sh. Sandeep Khandelwal, Saboo Tor Pvt. Ltd., Kala Amb, Nahan.
6.	Sh. Ashok Kumar Thakur, M/s. Narda Motors, Nahan.
7.	Mr. Umesh Thakur, Shivalik Rubber Pvt. Ltd., Puruwala, Paonta Sahib.
8.	Late Sh. Navraj Chauhan, Nividh Rubber, Paonta Sahib.
9.	Ruchira Papers Ltd., Kala Amb, Nahan.
10.	M/S. Sirmour Hotels Pvt. Ltd., Kala Amb, Nahan.

List of Respondents to Questionnaire as contained in Annexure –III.

1.	Sh. V.K Kaushal, Hotel Natraj, Kala Amb, Nahan.
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2. Sh. J.P. Sharma, Himachal Terpene Products Pvt. Ltd., Kala Amb, Nahan.
3. Sh. Sandeep Khandelwal, Saboo Tor Pvt. Ltd., Kala Amb, Nahan.
4. Sh. Manish Jain, Veetrag Motors, Nahan.
5. Sh. Avinash Khillan, Khillan Co. Pvt. Ltd., Nahan.
6. Sh. Rupesh Garg, Ayurvedic Medicines & X-ray Clinic, Nahan.
7. Sh. Bhupesh, Sirmour Filling Station, Kala Amb, Nahan.
8. Sh. Rajeev Bansal, M/s. Krishna Papers, Kala Amb, Nahan.
9. Sh. Amit Bansal, Prop. Vaishno Enterprises.
10. Sh. Subhash Bansal, Whole Sale Trading in Cigarettes, Nahan.
11. Sh. R.L. Aggarwal, Super Steel Fabricator, Nahan.
12. Sh. Rajesh Sharma, M/s. Kanchan Books and Stationery Merchant, Nahan.
13. Sh. Munish Gupta, M/s. Kalo Sons, Sports Goods, Nahan.
14. Sh. Shiv Kumar, M/s. Ram Lal Om Prakash, Utensils & Hardware, Nahan.
15. Sh. Suresh Kumar, M/s. Suresh & Brothers, Wholesale Pan Masala, Match boxes, Bidi, Gutka, Dhoop etc.
16. Sh. Inderjeet Singh, M/s. Khalsa Traders, Wholesale Merchant of General Goods & Stationery etc.
17. Sh. Pramod Bansal, Amar Printing Press, Nahan.
18. Sh. Parveen Aggarwal, Furniture Shop, Nahan.
19. Sh. Anil Kumar, Anil Trader, Book Seller & Stationery Shop, Nahan.
20. Sh. Kuldeep Singh, Escol Computer Education, Nahan.
21. Sh. Rakesh Malhotra, Chemist and Druggist, Nahan.
22. Sh. Surender Saini, Surendra Electrical & General Store, Nahan.
23. Sh. Raman Kumar, Cloth Merchant, Nahan.
24. Sh. Amrit Lal, Cloth Merchant, Nahan.
25. Sh. Deepak Khindri, M/s. Nav Rattan Jewellers, Nahan.
26. Sh. Mohan Lal, M/s. Madan Lal & Sons, Karyana Merchant, Nahan.
27. Sh. Shyam Sunder Lohia, M/s. Shyam Sunder Lohia, Cloth Merchant, Nahan.
28. Sh. Ravinder Kumar, M/s. Ravinder Kumar Karyana Merchant, Nahan.
29. Sh. Avtar Singh, M/s. Avtar Brothers, Watch Dealer & Repair Shop, Nahan.
30. Sh. Manu Aggarwal, M/s. Garg Corner, Dealer in Readymade Garments, Nahan.

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