



A Study on the Reasons for Delay or Non Repayment of Business loan for Micro Entrepreneurs'

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Abstract

Finance for micro, small, and medium-sized enterprises (MSMEs) has been a concern for all stakeholders including entrepreneurs, financial institutions, and government organizations. The key objective of the study to identify the reason for delay or Non repayment of business loan for Micro Entrepreneur. Data was collected through personal interviews using a structured questionnaire from a sample of 258 MSMEs. The survey was conducted mainly in the Vellore city covering a wide spectrum of sectors like precision tools, weavers, jewelers, food retailers, metal works, textiles, and book shops. The study found that the main challenges faced in the micro-enterprises are facing many problems and the poor availability of finance has been regarded as the top most problem for years, especially in the study area. Lack of adequate finance, timely credit and inability to support the working capital needs are some of the major constraints confronted by micro-enterprises.

Key words: MSMEs, Micro Entrepreneurs, availability of finance, poor availability of finance, non repayment.

Introduction

Micro, Small and Medium Enterprises (MSMEs) serve as the engine for the growth of the economic development of emerging economies like India. This sector has been a highly vibrant and dynamic sector in

India for the past three decades. Worldwide, the MSMEs account for 99 percent of total enterprises in European countries, 80% in USA and 97 percent in India (Prasad, 2006). MSMEs contribute to almost 8% of India's Gross Domestic Product (GDP), which is expected to reach 10% mark by the end of twelfth five year plan period. The cumulative number of MSMEs are growing at a galloping rate of 40-50%.

MSME sector plays a crucial role in the development of any economy because of its ability to generate employment opportunities, develop entrepreneurial skills and significantly contribute to export revenue. MSMEs are generally characterized as being highly skill-oriented, low capital, local resource-based, and local market-driven enterprises that have been helping in industrialising rural and backward communities, consequently leading to the reduction of regional imbalances. This ensures that the country's national income and wealth is equitably distributed.

It has been universally accepted that MSMEs serve as an effective engine for the economic growth and this sector has high employment potential next to agriculture. In India, MSMEs have penetrated in to various business activities such as manufacturing, trade, agriculture and service sectors and they play a key role in equitable distribution of national income, value addition, employment generation, export earnings, regional distribution of industries, productive utilization of entrepreneurial skill and capital. Almost 90 percent of enterprises in the world are MSMEs. It is estimated that there are around 15 Crores MSMEs in 130 Countries employing about 65% of the total labour force.

Table 1.1: Performance of Micro, Small and Medium Enterprises (MSMEs)

S. No.	Year	Total Working Enterprise (In Lakh)	Employment (In Lakh)	Market Value of Fixed Assets (In Crore)	Gross Output (In Crore)
1	2010-11	109.49	260.21	162317.00	314850.00
2	2011-12	113.95	271.42	170219.00	364547.00
3	2012-13	118.59	282.57	178699.00	429796.00
4	2013-14	123.42	294.91	188113.00	497842.00
5	2014-15	361.76	805.23	868543.79	1351383.45
6	2015-16	377.37	842.23	917437.46	1435179.26
7	2016-17	393.70	881.14	971407.49	1524234.83
8	2017-18	410.82	922.19	1029331.46	1619355.53
9	2018-19	428.77	965.69	1094893.42	1721553.42
10	2019-20	447.73	1012.59	1176939.36	1834332.05

Source: MSME Annual Report, 2010-2020

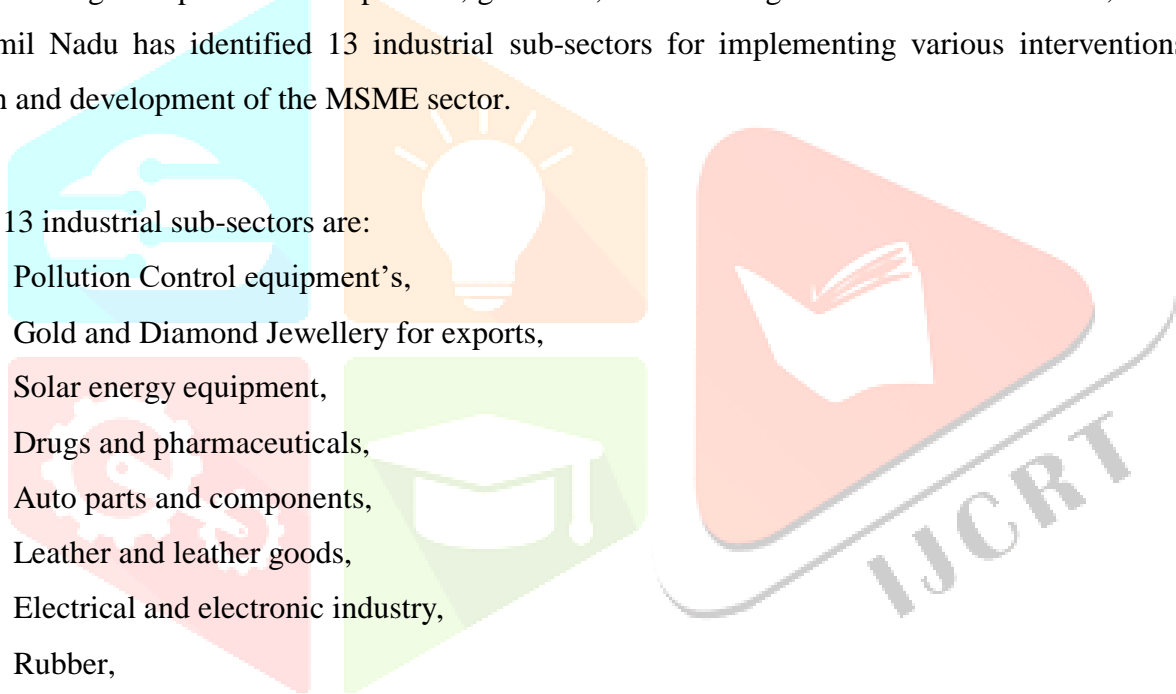
Table 1.1 portrays the growth and performance of Indian MSMEs during the past ten years. This sector significantly contributes to country's economic development and it has high employment potential. It can be inferred from the above table that the number of total working units, number of employees, value of fixed assets and gross output in respect of MSMEs are witnessing an upward surge during the decade.

MSMEs in Tamil Nadu

Tamil Nadu is one of the fast emerging industrial states in India. It accounts for about 15.07 percent of the total MSMEs in India, 12.51% of India's medium enterprises and 9.97% of the country's small enterprises. The state has the highest number of MSMEs in the nation, second largest number of medium enterprises and third largest number of small enterprises. There are more than 8.44 lakhs registered MSMEs in Tamil Nadu, contributing employment for about 58.83 lakh people, producing about 6,000 products of different categories and with a total investment of about Rs.48,189 Crore as on 28.02.2020 (Tamilnadu MSME Policy note 2019-20). This sector contributes to 10 percent of the State's Gross Domestic Product (GSDP). As per the Industrial Survey (2016-17), Tamil Nadu has accounted for about 26,790 factories, generating employment for about 18,90,335 people, with a total investment of Rs. 19,751,865 lakhs, generating a net income of almost Rs. 48, 70,079 lakhs. Tamil Nadu is regarded as the leader in manufacturing auto parts and components, garments, and leather goods sector. Furthermore, the Government of Tamil Nadu has identified 13 industrial sub-sectors for implementing various interventions to aid the growth and development of the MSME sector.

These 13 industrial sub-sectors are:

1. Pollution Control equipment's,
2. Gold and Diamond Jewellery for exports,
3. Solar energy equipment,
4. Drugs and pharmaceuticals,
5. Auto parts and components,
6. Leather and leather goods,
7. Electrical and electronic industry,
8. Rubber,
9. Plastic and,
10. Food processing,
11. Readymade Garments,
12. Cost effective building material, and
13. Sports Goods and Accessories.



3. Table 1.2: Growth of MSMEs in Tamil Nadu During the past 10 years

Year	Enterprises	Investment (Rs. in Crore)	Production (Rs. in Crore)	Employment (Numbers)
2010-11	25794	722.16	5158.80	322967
2011-12	16253	1105.81	4556.97	60280
2012-13	20399	1705.20	4414.87	67800
2013-14	19201	714.41	2067.87	110026
2014-15	27209	2547.14	8739.95	242855
2015-16	32049	3557.89	13354.86	294255
2016-17	41799	3214.22	10880.01	151743
2017-18	57902	5872.37	12500.86	405233
2018-19	70758	7429.59	15496.00	502381
2019-20 (Upto Feb 2020)	83348	8751.54	17503.08	583436

Source: Tamilnadu MSME Department Policy Note 2020 – 202211

Table 1.2 displays growth of MSMEs during the last ten years in respect of level of investment, production, employment, etc., in Tamil Nadu.

Vellore District

Vellore is one of the most vibrant districts with regard to the industrial development in Tamil Nadu. This district stands sixth place among the industrially well-developed districts of Tamilnadu. Most importantly, the Vellore district is also known for the development of leather and leather-based industries as it accounts for about 37 percent of the country's total exports. Over the last two decades, the district also has witnessed the growth of various industries such as the leather and allied products, engineering, chemicals, pharmaceuticals, food processing, coir based industries, safety matches, sugar and jiggery, synthetics, fertilizers, textile and garments, handloom industries, steel casting, auto bearing components and so on.

Table 1.3: Sectors and Industrial Clusters in Vellore District

S. No	Cluster activities	Blocks
1	Safety matches	Gudiyattam
2	Handloom industries	Gudiyattam, Walaja & Katpadi
3	Leather and leather based industries	Ambur, Vaniyambadi, Pernambut, Ranipet, Melvisharam
4	Power industries	Sholighur, Nemili, Arakkonam, Timiri
5	Food and food based industries	Tirupattur, Arcot, Kaveripakkam
6	Engineering based units	Walajah, Sholinghur, Vellore, Arakkonam
7	Glittering zari work	Arakkonam, Vaniyambadi
8	Korai mat weaving	Arakkonam, Vanimabadi
9	Coir and coir based industries	Gudiyattam, Pernambut, Tirupattur
10	Auto mobile based industries	Vellore, Ranipet
11	Gold jewellery units	Gudiyattam, Vellore
12	Agarbatthi	Walajah

Source: District Industrial Profile, DIC, Vellore

Table 1.3 reveals that various industrial clusters are functioning in different geographical locations in Vellore district. All the major cities in the districts are industrially well connected. There are more than twelve industrial clusters functioning in the study area. Vellore district is popular for its leather and leather allied industries and engineering industries.

Problem Statement

Finance or institutional credit is the lifeblood for the industrial development of any country. Institutional finance to MSME sector is insufficient, delayed and costly. More than ninety percent of the MSMEs are disadvantaged due to improper institutional credit. MSMEs have so far, depended mostly on the banks and traditional modes of financing namely term loan and working capital loans from banks. However, the MSME in most cases are challenged because of inadequate, delayed and costly credit link (Sarma, 1991).

Table 1.4: Sources of Finance for Enterprises

S. No	Parameters	Registered	Unregistered
1	Finance through formal sources	1,74,060 (11.21%)	11,77,212 (4.80%)
2	Finance through informal sources	15,864 (1.02%)	5,20,467 (2.12%)
3	No finance	13,62,568 (87.77%)	2,28,50,626 (93.08%)
	Total	15,52,492 (5.94%)	2,45,48,305 (94.06)

Source: 4th all India census report

Table 1.4 indicates the details given by the fourth all India census of MSME with respect to financial assistance obtained by enterprises. The value in the parenthesis indicates the percentage of the sum. It can be inferred from the table that a mere 11 and 1 percent of registered enterprises are benefited by financial institutions and non-financial institutions respectively. This implies that huge proportions of enterprises are denied of any sort of institutional financial assistance. The scenario with respect to unregistered enterprises is even more dismal, with a mere 4.8 percent and 2 percent of these enterprises getting their financial requirements catered to by formal and non-formal financial sources respectively. This implies a whopping 93 percent of unregistered enterprises, which are denied of any form of institutional finance. Hence, it can be safely concluded that Indian MSMEs are confronting financial constrain.

Objectives of the study

- To identify the reasons for delay or Non Repayment of Business Loan for micro-entrepreneurs to obtain institutional finance for their business.

Scope of the study

This study attempts to cover all the eight industrial clusters of the Vellore district. Safety matches, handloom industries, leather and leather based industries, power industries, food and food based industries, engineering based units, glittering zari work, korai mat weaving, coir and coir based

industries, automobile based industries, gold jewellery units and agarbathies are some of the industries functioning in the district. This district has the high potential for the leather and leather-allied industries; the district alone contributes about 37 percent of country's total leather and leather goods exports. There are about 22 large scale industries, 541 medium scale industries and 14,650 Micro and Small Enterprises in the District.

In particular, the unit of analysis include micro-entrepreneurs who are engaged in manufacturing business with prescribed capital not exceeding Rs. 25 lakhs located in these industrial clusters. However, this study has excluded micro-entrepreneurs who are involved in non-manufacturing activities such as the service and trade industry. As with the scope of this study, problems confronting small and medium enterprises are also excluded. Hence, the findings of this research cannot be generalized to small and medium enterprises and non-manufacturing enterprises in the Vellore district of Tamil Nadu.

REVIEW OF LITERATURE

In this chapter the researcher discusses about studies which have been undertaken in the past in India and overseas regarding problems, issues, challenges and constraints faced by entrepreneurs in terms of marketing, operations, technology, management, entrepreneurship, etc. However, very limited number of study has touched the area of financial assistance offered by financial institutions to business enterprises. Some of the key findings of the available literature are presented below.

Heino (2005) examined the analysis of financial factors, access to credit for micro enterprises and relationship between liquidity issues and micro enterprise creation. This study is generally conducted once in two years by the National Statistical Institute in Mexico. The sample consists of 12,243 micro entrepreneurs from urban areas. The Bivariate Probit model has been employed to analyse. The study has observed that increasing the participation of credit providers, both formal and informal, is a huge challenge for policy makers in promoting credit access to micro enterprises.

Kanagasabai (2007) accessed the PSL under LBS and to access the impact of PSL on the economic development of Puducherry. Used both primary and secondary data, 250 samples were collected randomly through questionnaire. The study clarifies that trend in credit deployment increasing in industry, decreasing in agriculture sector and the service sector finds constant trend. The PSL out of the net bank credits were increasing steadily year to year.

Srinivas (2007) analysed the issues faced by banks in lending credits to SME sector. The study reveals that accurate information of borrowers is essential for banker decision making, grading process employed banks to categorize low and high risks and SME's preference to utilize retained earned compared to availing more loans from banks. The study concludes that it is extremely difficult for SMEs to acquire new technologies or compete with global markets because of poor bank finance. The study also observes that most of the interventions by the union government to promote finance to SMEs have not been successful.

Prasad (2006) the study argues about issues and problems related to financing Micro, Small and Medium Enterprises in India. The study observes that lending to MSME has been inadequate and not meet the target of achievements on a regular basis. The study suggests for innovative financing to MSMEs such as lease finance, hire- purchase finance and propagation of incubation centres could be undertaken to inject additional fund to the MSMEs in order to bridge the financial gap. Furthermore, banks can also work on behalf of MSMEs, to collect the dues by discounting the bills at nominal service charge.

Majumdar (2006) asserted the necessity and necessary financial assistance to priority sector and we can't imagine without this sector to our economy. This sector's contribution is growing year by year which helps the stable growth of Indian economy. But this sector suffers from lack of financial assistance form formal institutions. Finally, it concludes that the credit policy needs to be oriented sector in the recent years.

Research Methodology

This Study describes research design adopted for this study in detail, nature and sources of data collected for the study and the details about data collection tool used for the research. Further, this chapter provides detailed information about the various tests employed to determine the reliability and validity of the research instrument. Finally, this study provides details about the statistical packages and statistical tools used for analysing the data.

Research Design

The main motive of the study is to find the facts relating to existing characteristics of financial institutions and industrial finance. Therefore descriptive research design is adopted to study the perception of micro-entrepreneurs on industrial and institutional finance provided by formal credit sources.

Nature and Source of Data

This study is based on both primary and secondary data. The secondary data is collected for the information regarding Micro Small and Medium Enterprises and credit institutions such as no. of industries and financial institutions, growth rate and contribution by industries to GDP. All the secondary source information are collected from the websites of MSME, RBI, MSME Chennai sector, DIC Vellore and CMIE (Centre For Monitoring Indian Economy).

The primary data is collected from both loan availed and loan non-availed manufacturing micro-entrepreneurs. A well-structured interview schedule is administered to collect the details regarding problems of reasons for micro-entrepreneurs failing to obtain institutional finance for their business.

Sample Population

The sample population refers to Micro-enterprises engaged in manufacturing business in Vellore district of Tamilnadu. The study covers all the major areas and industrial areas of Vellore district. The micro-entrepreneurs constitute the population of the present research work.

Sample Size

Out of the 14650 Micro and Small enterprises in Vellore district, 4930 units are micro manufacturing units, which form the population size for this study. The sample sizes of 258 micro-enterprises are calculated by using following formula.

$$n = \left(\frac{\sigma * 1.96}{\mu * 0.05} \right)^2$$

Where

n is Sample Size

σ is Standard Deviation

μ is Mean

REASONS FOR DELAY OR NON-REPAYMENT OF BUSINESS LOANS

This study attempts to examine the reasons for the delay or non-repayment of business loans availed by micro-entrepreneurs. Given the importance of repayment trends and attitude that has the tendency to improve the overall financial assistance climate at micro-entrepreneurs' disposal, this Study has examined the reasons for the delay or the non-repayment of business loans.

Table 1.5: Reasons for Delay or Non-Repayment of Business Loans

S. No	Reasons for delay or non- repayment of loans	Mean	Std. Dev	Rank
1	Not getting the loan reschedule	3.83	1.050	I
2	No proper returns from business	3.40	0.900	II
3	Business is running under loss	2.96	0.903	V
4	Lack of interest of banks in recovering loan	2.96	0.815	V
5	Expecting the govt. to waive the loan	3.24	0.920	III
6	No intention of repaying the loan	3.03	0.876	IV
7	No pressure from banks	2.81	0.816	IX
8	The legal enforcement of repayment of loan is weak	2.78	0.782	X
9	Wind up the current and start new business	2.86	0.794	VIII
10	My friends are not repaying the loan	2.94	0.867	VII

Table 1.5 shows the mean scores and ranks related to reasons for delay or default in loan repayment. Among the ten major reasons enlisted in this study, not getting the loan reschedule (3.83) is the topmost reason for delay or default in making repayment. Followed by no and low of return from business (3.40) and

expectation of Government waiving loans (3.24) are the major reasons for micro-entrepreneurs not repaying the advances. Similarly, all the other reasons are not much important, compared to these three major reasons for delay or not repaying loans on time. Pressure from banks (2.81) and weak legal enforcement for recollecting loans (2.78) are lying in the bottom of the table. Therefore, it can be concluded that micro-enterprises lack profit and have financial constraints in the study area.

FACTORIZATION OF REASONS FOR DELAY OR NON-REPAYMENT OF LOANS

There are ten valid reasons included to study in relation to reasons for delay or not repayment of business loans. All the ten statements may not be distinctive; some of the reasons may be related. Such reasons can be clubbed to gather. The factor analysis is used to reduce variables into minimum number of factors based on the relationship among the statements. The KMO test proves the sample adequacy of the data analysed there by indicating the statistical precision of the factor analysis results.

Table 1.6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.579
Bartlett's Test of Sphericity	Approx. Chi-Square	399.042
	df	45
	Sig.	0.000

The KMO test is used to examine the data adequacy. The KMO value is 0.579 which means the data is adequate to perform factor analysis. The Bartlett's Test of Sphericity score is 339.042 which is highly significant at 1 percent level of significance.

Table 1.7: Variance Explained by Factors

Component	Eigen values	% of Variance	Cumulative %
1	2.370	34.618	34.618
2	1.353	18.160	52.778
3	1.234	7.432	60.210

The Factor analysis has extracted three factors from the ten statements with the satisfactory Eigenvalue score more than one. Among the three factors, the first factor alone explains around 35 percentages of the total variance. The second factor contributes about 18 percent and the third factor accounts for 7 percent of the total variance extracted. Overall, the three factors extracted have explained 60 percent of total variance, which is sufficient to explain the construct under investigation. For further analysis, these three factors alone are considered.

Table 1.8: Rotated Component Matrix

	Component		
	1	2	3
No proper returns from business	0.859		
Not getting the loan reschedule	0.762		
Business is running under loss	0.576		
Expecting the govt. to waive the loan		0.735	
My friends are not repaying the loan		0.671	
Wind up the current and start new business for getting a new loan		0.591	
The legal enforcement of repayment of loan is weak			0.854
No pressure from banks			0.815
No intention of repaying the loan			0.559
Lack of interest of banks in recovering loan			-0.420

The first factor consists of three statements such as no proper returns from business, not getting the loan reschedule and business running under loss, which in a way represent business related reasons for the delay and non-repayment of loans. Therefore, the first factor has been named as ‘business failure’.

The second factor consists of three factors such as expecting government to waive the loan, my friends are not repaying the loan and wind up the current and start new business for getting a new loan, which relates to the borrowers orientation towards loan repayment. Therefore the second factor has been named as the ‘repayment attitude’.

The third factor has been named as ‘External factors’, because it consists of four statements such as legal enforcement for repayment, no pressure from banks, no intention of repaying the loan and the lack of interest of banks in recovering loans. These sub-factors imply to the legal and institutional interests towards loan recovery, therefore the third factor has been named as ‘external factors.’

To conclude, the ten reasons identified for the delay or non-repayment of loans has been extracted into three factors such as business failure, repayment attitude and external factors, which are the key determinants for the delay or non-repayment of loans by micro-entrepreneurs.

SEGMENTATION OF MICRO ENTREPRENEURS

All the micro-entrepreneurs may not have all the ten reasons for making delay or non-repayment of loans. The reasons may differ from entrepreneur to entrepreneur for delaying or non-repayment of business loans. Hence, there is a necessity to segment the entrepreneurs based on the reasons for delay and non-repayment of loans. Based on the three factors the micro-entrepreneurs can be segmented. K-means cluster analysis is used to categorize micro-entrepreneurs into three clusters based on the reason for making delay and non-repayment of business loans.

Table 1.9: Final Cluster Centers and ANOVA

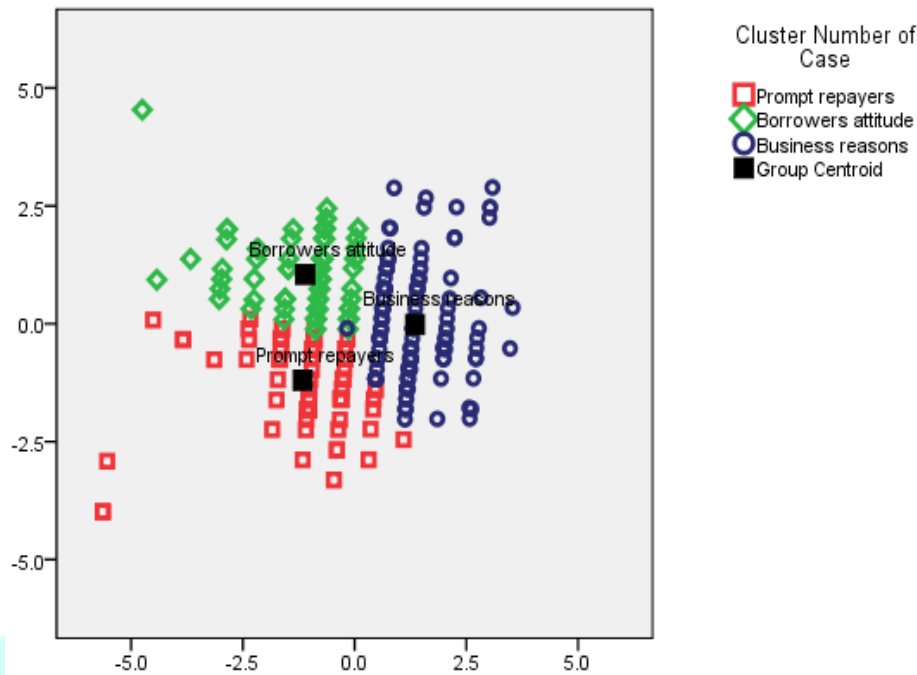
	Cluster			F	Sig
	1	2	3		
Business failure	2.92 (II)	2.84 (III)	4.01 (I)	231.114	0.000
Repayment attitude	2.38 (III)	3.35 (I)	3.15 (II)	96.553	0.000
External factors	2.57 (III)	2.95 (II)	3.03 (I)	30.441	0.000
Average	2.62	3.05	3.40		
No. of cases	76	89	138		
percentage	25	29	46		

The first cluster is named as 'no reason for delay or non-repayment' because this cluster has low mean score in all three factors. Among the three factors for non-repayment, entrepreneur's repayment attitude and external factors have high mean score, therefore, the second cluster has been named as borrowers attitude.

In the third cluster all the three factors or reasons for non-repayment of loans are having high mean scores and ranks which means that all these factors determine the delay and default in repayment of loans. Therefore this cluster has been named as business reasons.

The table also indicates that 46 percent of micro-entrepreneurs belong to business reasons cluster, and 29 percent of entrepreneurs in borrower's attitude cluster and 25 percent of micro-entrepreneurs belong to the no reasons failure cluster. This reveals that the majority of the micro-entrepreneurs' reasons for the delay or non-repayment of loans are included in the business reasons cluster. Observation of F value also reveals that the failure of business factor has the highest F value followed by repayment attitude.

This indicates that the business reasons are the most significant factor that influence in making delayed or non-repayment of business loans. However, it is important to note that all three factors are found to be significant at 0.000. This means that all the three factors extracted which include, the failure of business, repayment attitude and external factors all significantly contribute to the segmentation of micro-entrepreneurs into three clusters.

Fig. 1.1: Group Centroids for Delay or Non-Repayment of Loans

The group centroids diagram shows that all the three clusters are significantly different, each having different group centroids and different mean values. The cluster members are aligned separately from other group members. This shows that there is no error in the classification. This indicates that there exists a good variation among the three discriminant groups.

Table 1.10: Classification Results

	Cluster Number of Case	Predicted Group Membership			Total
		No reasons	Borrowers attitude	Business reasons	
Count	No reasons	71	2	3	76
	Borrowers attitude	5	84	0	89
	Business reasons	0	3	135	138
%	No reasons	93.4	2.6	3.9	100.0
	Borrowers attitude	5.6	94.4	.0	100.0
	Business reasons	.0	2.2	97.8	100.0

Table 1.10 presents the extent of success of the classification on the basis of reasons for making delay and non-repayment of business loans. The number and percentage of cases classified correctly and classified wrongly are displayed in the table. Almost 98 percent of the response as business reasons for the delay or non-repayment of loans segments is correctly classified and only 3 cases are included in the borrower's attitude segment. In the borrower attitude segment, 94 percent (84 cases) are correctly classified and only 5 cases are included in the no reasons segment. Furthermore, with regard to the no reasons segment, 71 cases accounting for 93 percent are correctly classified. Therefore, it can be concluded that the segmentation of micro-

entrepreneurs based on the reasons for the delay and non-repayment of business loans has been correctly done by more than 96 per cent.

Table 1.11:
Relationship between Industry Variables and Non-Repayment of Business Loans

	Variable	Chi-Square value	Business failure	Repayment attitude	External factors
1	Place	40.353 (0.036)*	2.598 (0.002)*	1.749 (0.051)*	1.544 (0.101)
2	Type of industry	44.472 (0.151)	0.777 (0.726)	0.965 (0.500)	1.348 (0.157)
3	Registration	1.029 (0.598)	0.836 (0.404)#	0.741 (0.460)#	-0.484 (0.629)#
4	More than one business	2.259 (0.323)	-1.986 (0.048)#*	1.149 (0.252)#	-0.372 (0.710)#
5	Ownership of premises	11.680 (0.020)*	1.265 (0.284)	1.928 (0.147)	7.210 (0.001)*
6	Factory nearness	6.934 (0.139)	0.490 (0.613)	0.417 (0.659)	0.243 (0.784)
7	Employment	13.513 (0.196)	1.775 (0.118)	2.512 (0.030)*	1.127 (0.346)
8	Type of ownership	2.437 (0.656)	1.210 (0.300)	0.621 (0.538)	1.197 (0.303)

indicates Independent sample t test and parentheses indicates the significant p value.

Chi-square analysis results (Table 1.11) reveals that only two industry variables such as place of business and ownership of business premises are significantly associated with the reasons for making delay and non-repayment of business loans at 5 percent significance. Hence, it can be stated that industry variables make a significant contribution to the micro-entrepreneurs in making delay or default in repayment. Analysis of Variance result reveals that industry variables such as place (location), entrepreneurs engaged in many businesses, ownership of premises and employment (no. of employees) are having significant relationship with entrepreneurs in defaulting in repayment of business loans. Independent sample t-test confirmed significant relationship between ownership of more than one business with reasons for delay and non-repayment of business loans by micro-entrepreneurs.

Conclusion

The micro-enterprises are facing many problems and the poor availability of finance has been regarded as the top most problem for years, especially in the study area. Lack of adequate finance, timely credit and inability to support the working capital needs are some of the major constraints confronted by micro-enterprises. In light of this situation, micro-entrepreneurs are totally dependent on personal sources and unorganized credit sources for their business needs. Money lenders still are playing a major role in financing to micro-entrepreneurs in the study area, which explains the poor delivery of the existing financial framework at disposal.

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