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DECLARATION

I, Md. Iqbal Uddin Tapadar, bearing Ph.D Registration No. Ph.D/1649/2011, dated 21-09-2011, do hereby declare that the subject matter of the thesis entitled “Determinants and Pattern of Financing in Micro and Small Enterprises: A Study in Barak Valley, Assam” is the record of bonafide work done by me and that the contents of this thesis did not form the basis for award of any degree / diploma to me by this university or any other university/ institute.

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PREFACE

The word finance is defined as the provision of money at the time when it is required. Finance deals with financial requirements, sources of finance and utilisation of finance. Without an adequate finance no enterprise can run and survive for a long time. Hence, it is necessary to maintain proper finance for smooth running of an enterprise.

Fixed capital or long-term capital means the capital which is required to purchase the fixed or durable assets of the enterprise. Working capital or short-term capital means the capital which is required for day to day operations of the enterprise. The requirements of fixed capital can be determined on the basis of factors determining fixed capital requirements of the enterprises. The requirements of working capital can be determined on the basis of factors determining working capital requirements of the enterprises. The requirements of fixed capital can be fulfilled from long-term sources while the requirements of working capital can be fulfilled from short-term sources. There are many factors affecting procurement of finance from long term sources and short term sources by micro and small enterprises. The enterprises have to analyse these factors while procuring finance from both long term and short term sources. The Central Government and State Government provide various incentives for the promotion of enterprises in the country. The enterprises must aware about the incentives of the Central Government and State Government and they must apply for the incentives to meet their financial requirements. Therefore, present study addresses the determinants and pattern of financing in micro and small enterprises in Barak Valley of Assam.

Since no enterprise can function regularly and effectively without proper finance, micro and small enterprises are subject to this condition and finds very difficult to start their enterprises with appropriate fixed capital and working capital. Generally, the enterprises under this sector start with less amount of capital and strive hard to secure large amount of capital through financing and effectively running the enterprises. Hence, proper financing is equally important even for micro and small enterprises. For any type of enterprises fixed capital and working capital decisions are totally depend on the proper financing in the enterprises.

The survey of available literature reveals that although several studies have been made on the determinants and pattern of financing in enterprises and its different

aspects, but no study has comprehensively attempted to focus on the determinants and pattern of financing in micro and small enterprises particularly in Barak Valley of Assam. Indeed, this gap in the available literature on the subject provides the rationale for undertaking the proposed study, which is analytical in nature.

The study on “Determinants and Pattern of Financing in Micro and Small Enterprises: A Study in Barak Valley, Assam” has been conducted by using primary data and secondary data. The whole research work has been presented into seven chapters. The 1st chapter describes the Introduction- general introduction, statement of the problem, profile of the study area, conceptual framework of the study, objectives, hypotheses, methodology, scope, limitations and organisation of the Research Study. The 2nd chapter focuses on the review of literature. The 3rd chapter identifies the determinants of financial requirements of micro and small enterprises. The 4th chapter covers the pattern of financing in micro and small enterprises. The 5th chapter highlights factors affecting procurement of finance by micro and small enterprises. The 6th chapter deals with the efficacy of various incentives from Central Government and State Government for the promotion of micro and small enterprises in the Valley. The 7th chapter gives the findings and suggestions. The researcher hopes that his research would help micro and small enterprises, policymakers, researchers and others.

Place: Silchar

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CONTENTS

Title Page	
Declaration	
Certificate	
Preface	i-ii
Acknowledgement	iii-iv
List of Abbreviations	x
List of Tables	xi-xv
List of Figures	xvi-xix
Chapter-I Introduction	1-28
1.1 General Introduction	2
1.2 Statement of the Problem	4
1.3 Profile of the Study Area	5
1.3.1 Location	6
1.3.2 Topography	7
1.3.3 Climate	7
1.3.4 Administrative Set Up	8
1.3.5 Area, Population, Gender Ratio and Density of Population	9
1.3.6 Rural Urban Composition of Population	11
1.3.7 Literacy Rate	12
1.4 Conceptual Framework of the Study	13
1.4.1 Micro Enterprises	13
1.4.2 Small Enterprises	14
1.4.3 Fixed Capital	14
1.4.4 Working Capital	14
1.5 Objectives of the Study	15
1.6 Hypotheses of the Study	15
1.7 Methodology of the Study	17
1.7.1 Profile of Sample Enterprises	18
1.7.1.1 Distribution by Age	19
1.7.1.2 Distribution by Area-wise Establishment	20
1.7.1.3 Distribution by Type	20
1.7.1.4 Distribution by Nature	21
1.7.1.5 Age of the Respondents	21
1.7.1.6 Gender of the Respondents	22
1.7.1.7 Educational Qualification of the Respondents	22

1.8	Scope of the Study	23
1.9	Limitations of the Study	23
1.10	Organisation of the Study	24
	References	27

Chapter-II Review of Literature **29-57**

2.1	Review of Studies Conducted Outside India	30
2.2	Review of Studies Conducted in India	44
2.3	Gap in the Literature	50
	References	52

Chapter-III Determinants of Financial Requirements of Micro and Small Enterprises **58-88**

3.1	Identification of Determinants of Fixed Capital Requirements	59
3.2	Relative Importance of Factors Determining Fixed Capital Requirements of Micro Enterprises	63
3.3	Relative Importance of Factors Determining Fixed Capital Requirements of Small Enterprises	65
3.4	Statistical Analysis of Relative Importance of Factors Determining Fixed Capital Requirements of Micro Enterprises and Small Enterprises	66
3.5	Relative Importance of Factors Determining Fixed Capital Requirements of Manufacturing Enterprises	67
3.6	Relative Importance of Factors Determining Fixed Capital Requirements of Service Enterprises	69
3.7	Statistical Analysis of Relative Importance of Factors Determining Fixed Capital Requirements of Manufacturing Enterprises and Service Enterprises	71
3.8	Identification of Determinants of Working Capital Requirements	72
3.9	Relative Importance of Factors Determining Working Capital Requirements of Micro Enterprises	76
3.10	Relative Importance of Factors Determining Working Capital Requirements of Small Enterprises	78
3.11	Statistical Analysis of Relative Importance of Factors Determining Working Capital Requirements of Micro Enterprises and Small Enterprises	80

3.12	Relative Importance of Factors Determining Working Capital Requirements of Manufacturing Enterprises	81
3.13	Relative Importance of Factors Determining Working Capital Requirements of Service Enterprises	83
3.14	Statistical Analysis of Relative Importance of Factors Determining Working Capital Requirements of Manufacturing Enterprises and Service Enterprises	85
	References	87

Chapter-IV: Pattern of Financing in Micro and Small Enterprises **89-137**

4.1	Sources of Long Term Finance	90
4.2	Sources of Long Term Finance of Micro Enterprises and Small Enterprises	95
4.3	Sources of Long Term Finance of Manufacturing Enterprises and Service Enterprises	102
4.4	Sources of Short Term Finance	110
4.5	Sources of Short Term Finance of Micro Enterprises and Small Enterprises	115
4.6	Sources of Short Term Finance of Manufacturing Enterprises and Service Enterprises	125
	References	136

Chapter-V: Factors Affecting Procurement of Finance by Micro and Small Enterprises **138-165**

5.1	Identification of Factors Affecting Procurement of Finance	139
5.2	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Sample Enterprises	141
5.3	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Micro Enterprises	143
5.4	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Small Enterprises	145
5.5	Statistical Analysis of Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Micro Enterprises and Small Enterprises	147
5.6	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Manufacturing Enterprises	148
5.7	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Service Enterprises	150

5.8	Statistical Analysis of Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Manufacturing Enterprises and Service Enterprises	152
5.9	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Sample Enterprises	153
5.10	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Micro Enterprises	155
5.11	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Small Enterprises	157
5.12	Statistical Analysis of Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Micro Enterprises and Small Enterprises	159
5.13	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Manufacturing Enterprises	160
5.14	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Service Enterprises	162
5.15	Statistical Analysis of Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Manufacturing Enterprises and Service Enterprises	163
	References	165

Chapter-VI: Efficacy of Various Incentives from Central Government and State Government for the Promotion of Micro and Small Enterprises 166-220

6.1	Incentives of Central Government	167
6.1.1	Efficacy of Various Incentives from Central Government for the Promotion of Sample Enterprises	169
6.1.2	Efficacy of Various Incentives from Central Government for the Promotion of Micro Enterprises	173
6.1.3	Efficacy of Various Incentives from Central Government for the Promotion of Small Enterprises	178
6.1.4	Efficacy of Various Incentives from Central Government for the Promotion of Manufacturing Enterprises	182
6.1.5	Efficacy of Various Incentives from Central Government for the Promotion of Service Enterprises	187
6.2	Incentives of State Government	191
6.2.1	Efficacy of Various Incentives from State Government for the Promotion of Sample Enterprises	193

6.2.2	Efficacy of Various Incentives from State Government for the Promotion of Micro Enterprises	199
6.2.3	Efficacy of Various Incentives from State Government for the Promotion of Small Enterprises	204
6.2.4	Efficacy of Various Incentives from State Government for the Promotion of Manufacturing Enterprises	209
6.2.5	Efficacy of Various Incentives from State Government for the Promotion of Service Enterprises	215
	References	220
Chapter-VII: Findings and Suggestions		221-236
7.1	Summary of Findings of the Study	222
7.2	Suggestions	234
7.3	Scope of Further Research	235
7.4	Conclusion	236
Bibliography		237-244
Appendices		
APPENDIX 1: Schedule		
APPENDIX 2: Publications		

LIST OF ABBREVIATIONS

APSFC: Andhra Pradesh State Financial Corporations

ASEB: Assam State Electricity Board

CIPET: Central Institute for Plastic Engineering Technology

DICC : District Industries and Commerce Centre

EI: Extremely Important

HS : Higher Secondary

HSLC : High School Leaving Certificate

ISO: International Organisation for Standardisation

LE: Large Enterprise

LI: Largely Important

MI: Moderately Important

MSEs: Micro and Small Enterprises

MSMEs: Micro, Small and Medium Enterprises

MW: Mega Ward

NBFIs: Non-Banking Financial Institutions

NEIIPP: North East Industrial and Investment Promotion Policy

NI: Not Important

SI: Slightly Important

SMEs: Small and Medium Enterprises

SSIs: Small Scale Industries

UK: United Kingdom

VAT: Value Added Tax

LIST OF TABLES

Table	Title of Tables	Page No.
1.1	Area and Administrative Divisions	8
1.2	Area and Population of Barak Valley and Assam	9
1.3	Rural-Urban Composition of Area in three Districts of Barak Valley	9
1.4	Male-Female Composition of Population in Barak Valley and Assam	10
1.5	Population: Density and Gender Ratio	11
1.6	Rural - Urban Composition of Population	12
1.7	Literacy Rate in Barak Valley and Assam	13
1.8	Classification of Micro and Small Enterprises under MSMED Act, 2006	13
1.9	Population and Sample size	17
1.10	District-wise Distribution of Population and Sample Size	18
1.11	Distribution of Enterprises by Age	19
1.12	Distribution of Enterprises by Area-wise Establishment	20
1.13	Distribution of Enterprises by Type of Enterprises	20
1.14	Distribution of Enterprises by Nature of Enterprises	21
1.15	Present Age of the Respondents	22
1.16	Gender of the Respondents	22
1.17	Educational Qualification of the Respondents	23
3.1	Relative Importance of Factors Determining Fixed Capital Requirements of Sample Enterprises	61
3.2	Relative Importance of Factors Determining Fixed Capital Requirements of Micro Enterprises	63
3.3	Relative Importance of Factors Determining Fixed Capital Requirements of Small Enterprises	65
3.4	Relative Importance of Factors Determining Fixed Capital Requirements of Micro Enterprises and Small enterprises	67
3.5	Relative Importance of Factors Determining Fixed Capital Requirements of Manufacturing Enterprises	68
3.6	Relative Importance of Factors Determining Fixed Capital Requirements of Service Enterprises	69
3.7	Relative Importance of Factors Determining Fixed Capital Requirements of Manufacturing Enterprises and Service enterprises	71
3.8	Relative Importance of Factors Determining Working Capital Requirements of Sample Enterprises	74

3.9	Relative Importance of Factors Determining Working Capital Requirements of Micro Enterprises	77
3.10	Relative Importance of Factors Determining Working Capital Requirements of Small Enterprises	79
3.11	Relative Importance of Factors Determining Working Capital Requirements of Micro Enterprises and Small Enterprises	81
3.12	Relative Importance of Factors Determining Working Capital Requirements of Manufacturing Enterprises	82
3.13	Relative Importance of Factors Determining Working Capital Requirements of Service Enterprises	84
3.14	Relative Importance of Factors Determining Working Capital Requirements of Manufacturing Enterprises and Service Enterprises	86
4.1	Sources of Long Term Finance of Sample Enterprises	92
4.2	Own Capital as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	95
4.3	Banks as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	96
4.4	Non-Banking Financial Institutions as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	97
4.5	Friends as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	98
4.6	Family Members and Relatives as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	99
4.7	Professional Money Lenders as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	100
4.8	Government Grant and Subsidy as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	101
4.9	Own Capital as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	103
4.10	Banks as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	104
4.11	Non-Banking Financial Institutions as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	105
4.12	Friends as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	106
4.13	Family Members and Relatives as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	107
4.14	Professional Money Lenders as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	108
4.15	Government Grant and Subsidy as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	109
4.16	Sources of Short Term Finance of Sample Enterprises	112

4.17	Own Capital as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	115
4.18	Banks as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	116
4.19	Friends as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	117
4.20	Family Members and Relatives as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	118
4.21	Professional Money Lenders as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	119
4.22	Trade Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	120
4.23	Instalment Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	121
4.24	Customer Advance as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	122
4.25	Government Grant and Subsidy as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	123
4.26	Non- Banking Financial Institutions as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	124
4.27	Own Capital as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	125
4.28	Banks as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	127
4.29	Friends as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	128
4.30	Family Members and Relatives as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	129
4.31	Professional Money Lenders as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	130
4.32	Trade Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	131
4.33	Instalment Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	132
4.34	Customer Advance as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	133
4.35	Government Grant and Subsidy as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	134
4.36	Non- Banking Financial Institutions as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	135

5.1	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Sample Enterprises	142
5.2	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Micro Enterprises	144
5.3	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Small Enterprises	145
5.4	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Micro Enterprises and Small Enterprises	147
5.5	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Manufacturing Enterprises	148
5.6	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Service Enterprises	150
5.7	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Manufacturing Enterprises and Service Enterprises	152
5.8	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Sample Enterprises	153
5.9	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Micro Enterprises	155
5.10	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Small Enterprises	157
5.11	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Micro Enterprises and Small Enterprises	159
5.12	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Manufacturing Enterprises	160
5.13	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Service Enterprises	162
5.14	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Manufacturing Enterprises and Service Enterprises	164
6.1	Incentives under 'North East Industrial and Investment Promotion Policy (NEIIPP), 2007'	168
6.2	Perceived Level of Awareness of Sample Enterprises about Incentives of Central Government	169
6.3	Application and Receiving Status of Incentives of Central Government by Sample Enterprises	171
6.4	Perceived Level of Awareness of Micro Enterprises about Incentives of Central Government	174
6.5	Application and Receiving Status of Incentives of Central Government by Micro Enterprises	176

6.6	Perceived Level of Awareness of Small Enterprises about Incentives of Central Government	178
6.7	Application and Receiving Status of Incentives of Central Government by Small Enterprises	180
6.8	Perceived Level of Awareness of Manufacturing Enterprises about Incentives of Central Government	183
6.9	Application and Receiving Status of Incentives of Central Government by Manufacturing Enterprises	185
6.10	Perceived Level of Awareness of Service Enterprises about Incentives of Central Government	187
6.11	Application and Receiving Status of Incentives of Central Government by Service Enterprises	189
6.12	Incentives Under ‘Industrial Policy of Assam, 2008’	192
6.13	Perceived Level of Awareness of Sample Enterprises about Incentives of State Government	193
6.14	Application and Receiving Status of Incentives of State Government by Sample Enterprises	196
6.15	Perceived Level of Awareness of Micro Enterprises about Incentives of State Government	199
6.16	Application and Receiving Status of Incentives of State Government by Micro Enterprises	202
6.17	Perceived Level of Awareness of Small Enterprises about Incentives of State Government	205
6.18	Application and Receiving Status of Incentives of State Government by Small Enterprises	207
6.19	Perceived Level of Awareness of Manufacturing Enterprises about Incentives of State Government	210
6.20	Application and Receiving Status of Incentives of State Government by Manufacturing Enterprises	212
6.21	Perceived Level of Awareness of Service Enterprises about Incentives of State Government	215
6.22	Application and Receiving Status of Incentives of State Government by Service Enterprises	217

LIST OF FIGURES

Figure	Title of Figures	Page No.
1.1	Map of Barak Valley of Assam, India	7
3.1	Relative Importance of Factors Determining Fixed Capital Requirements of Sample Enterprises	63
3.2	Relative Importance of Factors Determining Fixed Capital Requirements of Micro Enterprises	64
3.3	Relative Importance of Factors Determining Fixed Capital Requirements of Small Enterprises	66
3.4	Relative Importance of Factors Determining Fixed Capital Requirements of Manufacturing Enterprises	69
3.5	Relative Importance of Factors Determining Fixed Capital Requirements of Service Enterprises	70
3.6	Relative Importance of Factors Determining Working Capital Requirements of Sample Enterprises	76
3.7	Relative Importance of Factors Determining Working Capital Requirements of Micro Enterprises	78
3.8	Relative Importance of Factors Determining Working Capital Requirements of Small Enterprises	80
3.9	Relative Importance of Factors Determining Working Capital Requirements of Manufacturing Enterprises	83
3.10	Relative Importance of Factors Determining Working Capital Requirements of Service Enterprises	85
4.1	Sources of Long Term Finance of Sample Enterprises	94
4.2	Own Capital as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	96
4.3	Banks as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	97
4.4	Non-Banking Financial Institutions as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	98
4.5	Friends as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	99
4.6	Family Members and Relatives as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	100
4.7	Professional Money Lenders as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	101
4.8	Government Grant and Subsidy as a Source of Long Term Finance of Micro Enterprises and Small Enterprises	102

4.9	Own Capital as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	103
4.10	Banks as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	104
4.11	Non-Banking Financial Institutions as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	105
4.12	Friends as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	106
4.13	Family Members and Relatives as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	107
4.14	Professional Money Lenders as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	108
4.15	Government Grant and Subsidy as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises	109
4.16	Sources of Short Term Finance of Sample Enterprises	114
4.17	Own Capital as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	116
4.18	Banks as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	117
4.19	Friends as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	118
4.20	Family Members and Relatives as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	119
4.21	Professional Money Lenders as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	120
4.22	Trade Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	121
4.23	Instalment Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	122
4.24	Customer Advance as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	123
4.25	Government Grant and Subsidy as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	124
4.26	Non- Banking Financial Institutions as a Source of Short Term Finance of Micro Enterprises and Small Enterprises	125
4.27	Own Capital as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	126
4.28	Banks as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	127

4.29	Friends as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	128
4.30	Family Members and Relatives as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	129
4.31	Professional Money Lenders as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	130
4.32	Trade Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	131
4.33	Instalment Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	132
4.34	Customer Advance as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	133
4.35	Government Grant and Subsidy as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	134
4.36	Non- Banking Financial Institutions as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises	135
5.1	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Sample Enterprises	143
5.2	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Micro Enterprises	145
5.3	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Small Enterprises	146
5.4	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Manufacturing Enterprises	149
5.5	Relative Importance of Factors Affecting Procurement of Finance from Long Term Sources by Service Enterprises	151
5.6	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Sample Enterprises	154
5.7	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Micro Enterprises	156
5.8	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Small Enterprises	158
5.9	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Manufacturing Enterprises	161
5.10	Relative Importance of Factors Affecting Procurement of Finance from Short Term Sources by Service Enterprises	163
6.1	Perceived Level of Awareness of Sample Enterprises about Incentives of Central Government	170
6.2	Application and Receiving Status of Incentives of Central Government by Sample Enterprises	173

6.3	Perceived Level of Awareness of Micro Enterprises about Incentives of Central Government	175
6.4	Application and Receiving Status of Incentives of Central Government by Micro Enterprises	177
6.5	Perceived Level of Awareness of Small Enterprises about Incentives of Central Government	179
6.6	Application and Receiving Status of Incentives of Central Government by Small Enterprises	182
6.7	Perceived Level of Awareness of Manufacturing Enterprises about Incentives of Central Government	184
6.8	Application and Receiving Status of Incentives of Central Government by Manufacturing Enterprises	186
6.9	Perceived Level of Awareness of Service Enterprises about Incentives of Central Government	188
6.10	Application and Receiving Status of Incentives of Central Government by Service Enterprises	190
6.11	Perceived Level of Awareness of Sample Enterprises about Incentives of State Government	195
6.12	Application and Receiving Status of Incentives of State Government by Sample enterprises	198
6.13	Perceived Level of Awareness of Micro Enterprises about Incentives of State Government	201
6.14	Application and Receiving Status of Incentives of State Government by Micro Enterprises	203
6.15	Perceived Level of Awareness of Small Enterprises about Incentives of State Government	206
6.16	Application and Receiving Status of Incentives of State Government by Small Enterprises	209
6.17	Perceived Level of Awareness of Manufacturing Enterprises about Incentives of State Government	211
6.18	Application and Receiving Status of Incentives of State Government by Manufacturing Enterprises	214
6.19	Perceived Level of Awareness of Service Enterprises about Incentives of State Government	216
6.20	Application and Receiving Status of Incentives of State Government by Service Enterprises	218
