

## **Chapter-IV**

### **Pattern of Financing in Micro and Small Enterprises**

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#### **Contents**

- 4.1 Sources of Long Term Finance
- 4.2 Sources of Long Term Finance of Micro Enterprises and Small Enterprises
- 4.3 Sources of Long Term Finance of Manufacturing Enterprises and Service Enterprises
- 4.4 Sources of Short Term Finance
- 4.5 Sources of Short Term Finance of Micro Enterprises and Small Enterprises
- 4.6 Sources of Short Term Finance of Manufacturing Enterprises and Service Enterprises

## **Chapter-IV**

### **Pattern of Financing in Micro and Small Enterprises**

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It is widely accepted that Micro & Small Enterprise (MSE) sector plays a central role in promoting employment, production, growth and innovation in the country. Without proper finance this sector cannot be developed. Therefore, it is very important to evaluate the pattern of financing in micro and small enterprise. In the present chapter the pattern of financing in micro and small enterprises in Barak Valley has been evaluated on the basis of sources used for long term finance and short term finance. This chapter deals with the sources of long term finance of micro and small enterprises, sources of long term finance of micro enterprises and small enterprises, sources of long term finance of manufacturing enterprises and service enterprises, sources of short term finance of micro and small enterprises, sources of short term finance of micro enterprises and small enterprises and sources of short term finance of manufacturing enterprises and service enterprises in Barak Valley.

#### **4.1 Sources of Long Term Finance**

Long term finance or long term capital is also called fixed capital which is required to acquire the fixed assets of an enterprise like land and buildings, plant and machinery, furniture and fixtures etc. The amount of long term capital required depends on the type of the enterprise and the investment required for fixed assets (Murthy, 1994). Long term funds should be used to finance fixed assets and permanent current assets (Palanichamy, 1992). Since small micro and small enterprises face difficulties in accessing external finance, they depend more strongly on internally generated funds. (Dinku, 2013).

For the purpose of evaluating the pattern of financing in micro and small enterprises in Barak Valley, thirteen long term sources have been identified on the basis of review of literatures (Dhar, 1958, Prasain, Singh & Singh, 2006, Dabo, 2006, Chakravarthi, 2007, Upadhyay, 2007, Das, 2007, Wachtel & Haselmann, 2007, Mylenko & Love, 2008, Ondieki, Nashappi, & Moraa, 2013, Murthy, 1994, Allen,

Chakrabarti, De, Qian & Qian, 2012, Nishanth & Zakkariya, 2014 ). These sources of long term finance are:

- ❖ Shares
- ❖ Debentures
- ❖ Bonds
- ❖ Banks
- ❖ Financial institutions
- ❖ Promoters and Founders
- ❖ Non-banking financial institutions
- ❖ Friends
- ❖ Family income
- ❖ Relatives
- ❖ Money lenders
- ❖ Government agencies and
- ❖ Own savings

Moreover, the researcher has conducted a pilot survey on 45 micro enterprises and 5 small enterprises in Barak Valley to identify the long term sources that are actually used by the micro and small enterprises in the Valley and accordingly following eight long term sources have been identified for long term finance on the basis of importance of the sources as indicated by the review of literatures and pilot survey-

- ❖ Own capital
- ❖ Banks
- ❖ Non-banking financial institutions
- ❖ Friends
- ❖ Family members
- ❖ Relatives
- ❖ Professional money lenders and
- ❖ Government grant and subsidy.

After converging the above long term sources which are identified on the basis of review of literatures and pilot survey, the following seven long term sources have

been selected for the purpose of evaluating the pattern of long term financing in micro and small enterprises in Barak Valley-

- ❖ Own capital
- ❖ Banks
- ❖ Non-banking financial institutions
- ❖ Friends
- ❖ Family members and relatives
- ❖ Professional money lenders and
- ❖ Government grant and subsidy.

The pattern of long term financing in micro and small enterprises in the Valley has been evaluated on the basis of sources used for long term finance by micro and small enterprises in Barak Valley. For that three levels of long term sources have been identified. These three levels are ‘major source’, ‘minor source’ and ‘no source’. Table 4.1 delineates the sources of long term finance of sample enterprises in Barak Valley.

**Table 4.1: Sources of Long Term Finance of Sample Enterprises**

Sources	Major Source	Minor Source	No Source
Own Capital	184 (74.80)	48 (19.51)	14 (5.69)
Banks	73 (29.68)	53 (21.54)	120 (48.78)
Non-Banking Financial Institutions	7 (2.84)	29 (11.79)	210 (85.37)
Friends	10 (4.06)	75 (30.49)	161 (65.45)
Family Members and Relatives	41 (16.67)	104 (42.28)	101 (41.05)
Professional Money Lenders	42 (17.07)	39 (15.86)	165 (67.07)
Government Grant and Subsidy	4 (1.63)	43 (17.48)	199 (80.89)

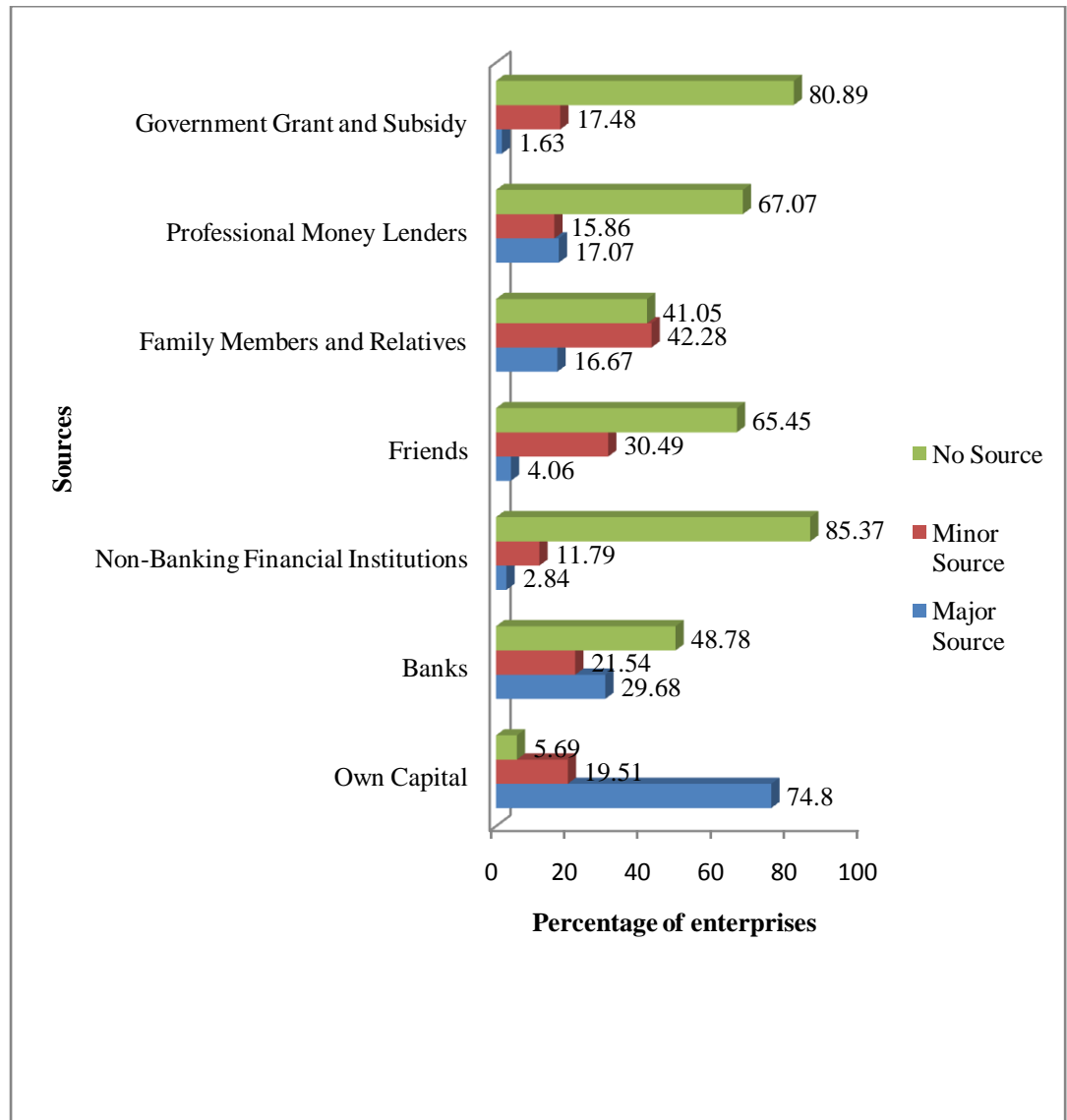
*Note:*                *Figures denote number of enterprises.*  
                          *Figures in parentheses denote percentage of total micro and small enterprises.*

*Source:*            *Field Survey*

Table 4.1 reveals that 74.80% of the total micro and small enterprises have used ‘own capital’ as their ‘major source’ of long term finance, 19.51% of the enterprises used it as their ‘minor source’ of long term finance while only 5.69% of the enterprises have not used ‘own capital’ as their source of long term finance. It further reveals that 29.68% of the total micro and small enterprises have used ‘banks’ as their ‘major source’ of long term finance, 21.54% of the enterprises used it as their ‘minor source’ of long term finance but 48.78% of the enterprises have not used ‘banks’ as their source of long term finance. It is found that 2.84% of the total micro and small enterprises have used ‘non-banking financial institutions’ as their ‘major source’ of long term finance, 11.79% of the enterprises used it as their ‘minor source’ of long term finance while 85.37% of the enterprises have not used ‘non-banking financial institutions’ as their source of long term finance.

The table exhibits that 4.06% of the total micro and small enterprises have used ‘friends’ as their ‘major source’ of long term finance, 30.49% of the enterprises used it as their ‘minor source’ of long term finance and 65.45% of the enterprises have not used ‘friends’ as their source of long term finance. It also exhibits that 16.67% of the total micro and small enterprises have used ‘family members and relatives’ as their ‘major source’ of long term finance, 42.28% of the enterprises used it as their ‘minor source’ of long term finance while 41.05% of the enterprises have not used ‘family members and relatives’ as their source of long term finance. The above table displays that 17.07% of the total micro and small enterprises have used ‘professional money lenders’ as their ‘major source’ of long term finance, 15.86% of the enterprises used it as their ‘minor source’ of long term finance but 67.07% of the enterprises have not used ‘professional money lenders’ as their source of long term finance. Moreover, 1.63% of the total micro and small enterprises have used ‘government grant and subsidy’ as their ‘major source’ of long term finance, 17.48% of the enterprises used it as their ‘minor source’ of long term finance while 80.89% of the enterprises have not used ‘government grant and subsidy’ as their source of long term finance.

**Figure 4.1: Sources of Long Term Finance of Sample Enterprises**



On an overall, it has been found from the study that most of the total micro and small enterprises in Barak Valley (74.80%) have used 'own capital' as their 'major source' of long term finance and least of the enterprises (1.63%) have used 'government grant and subsidy' as their 'major source' of long term finance. Most of the total micro and small enterprises in Barak Valley (42.28%) have used 'family members and relatives' as their 'minor source' of long term finance and least of the enterprises (11.79%) have used 'non-banking financial institutions' as their 'minor source' of long term finance.

## 4.2 Sources of Long Term Finance of Micro Enterprises and Small Enterprises

After evaluating the sources of long term finance of micro and small enterprises in Barak Valley, it is necessary to evaluate the sources of long term finance of micro enterprises and small enterprises in the Valley. The following tables exhibit the sources of long term finance of micro enterprises and small enterprises in Barak Valley.

**Table 4.2: Own Capital as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

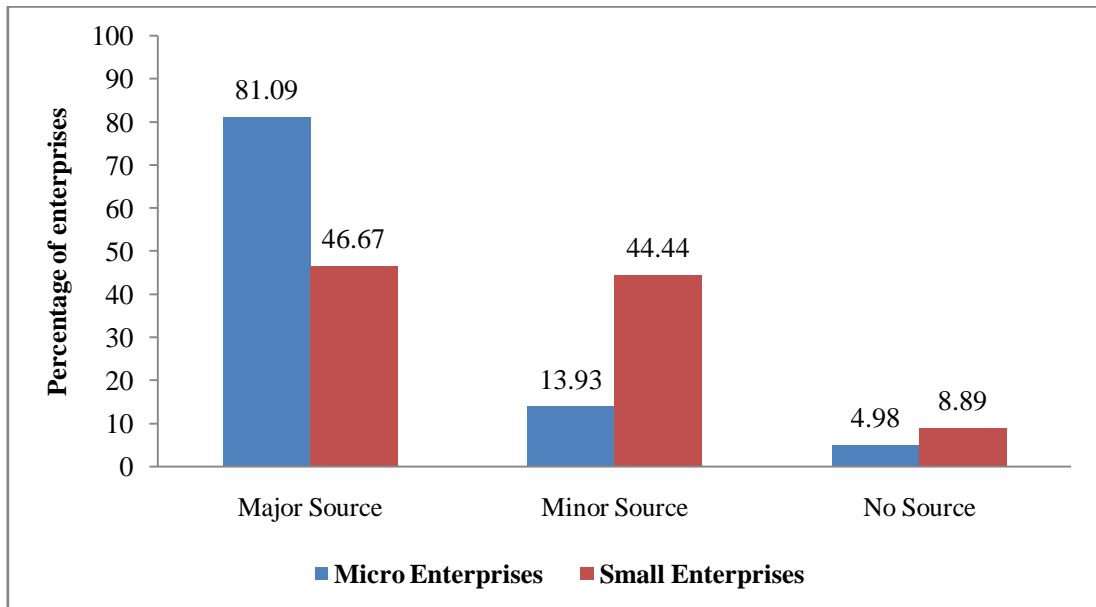
Enterprises	Major Source	Minor Source	No Source	Total
Micro	163 (81.09)	28 (13.93)	10 (4.98)	201 (100.00)
Small	21 (46.67)	20 (44.44)	4 (8.89)	45 (100.00)
Total	184 (74.80)	48 (19.51)	14 (5.69)	246 (100.00)

*Note*                *Figures denote number of enterprises.*  
                      *Figures in parentheses denote percentage of enterprises.*

*Source:*        *Field Survey*

Table 4.2 reveals that 81.09% of the micro enterprises have used ‘own capital’ as their ‘major source’ of long term finance while 46.67% of the small enterprises have used ‘own capital’ as their ‘major source’ of long term finance. Further, 13.93% of the micro enterprises and 44.44% of the small enterprises have used ‘own capital’ as their ‘minor source’ of long term finance. Only, 4.98% of the micro enterprises and 8.89% of small enterprises have not used ‘own capital’ as their source of long term finance.

**Figure 4.2: Own Capital as a Source of Long Term Finance of  
Micro Enterprises and Small Enterprises**



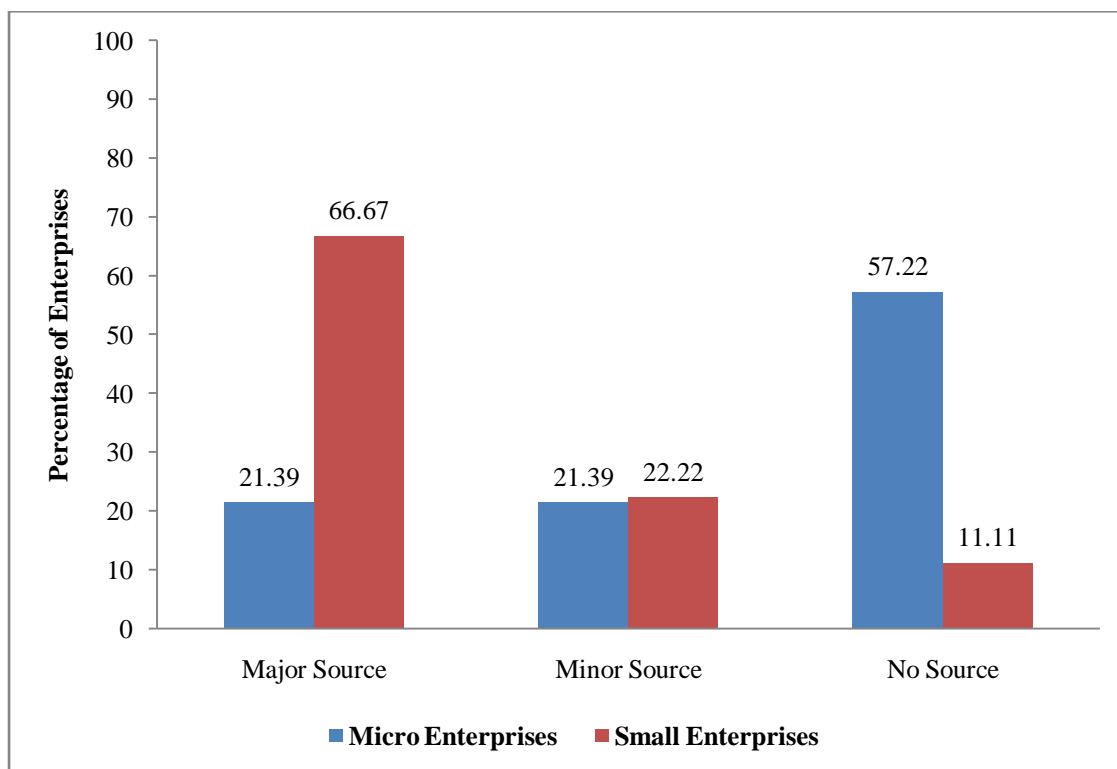
**Table 4.3: Banks as a Source of Long Term Finance of Micro  
Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	43 (21.39)	43 (21.39)	115 (57.22)	201 (100.00)
Small	30 (66.67)	10 (22.22)	5 (11.11)	45 (100.00)
Total	73 (29.68)	53 (21.54)	120 (48.78)	246 (100.00)

*Note*      *Figures denote number of enterprises.*  
*Figures in parentheses denote percentage of enterprises.*  
*Source:*   *Field Survey*

Table 4.3 displays that 21.39% of the micro enterprises have used ‘banks’ as their ‘major source’ of long term finance while 66.67% of the small enterprises have used ‘banks’ as their ‘major source’ of long term finance. Moreover, 21.39% of the micro enterprises and 22.22% of the small enterprises have used ‘banks’ as their ‘minor source’ of long term finance. But, 57.22% of the micro enterprises and 11.11% of small enterprises have not used ‘banks’ as their source of long term finance.

**Figure 4.3: Banks as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.4: Non-Banking Financial Institutions as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	1 (0.50)	19 (9.45)	181 (90.05)	201 (100.00)
Small	6 (13.33)	10 (22.22)	29 (64.45)	45 (100.00)
Total	7 (2.84)	29 (11.79)	210 (85.37)	246 (100.00)

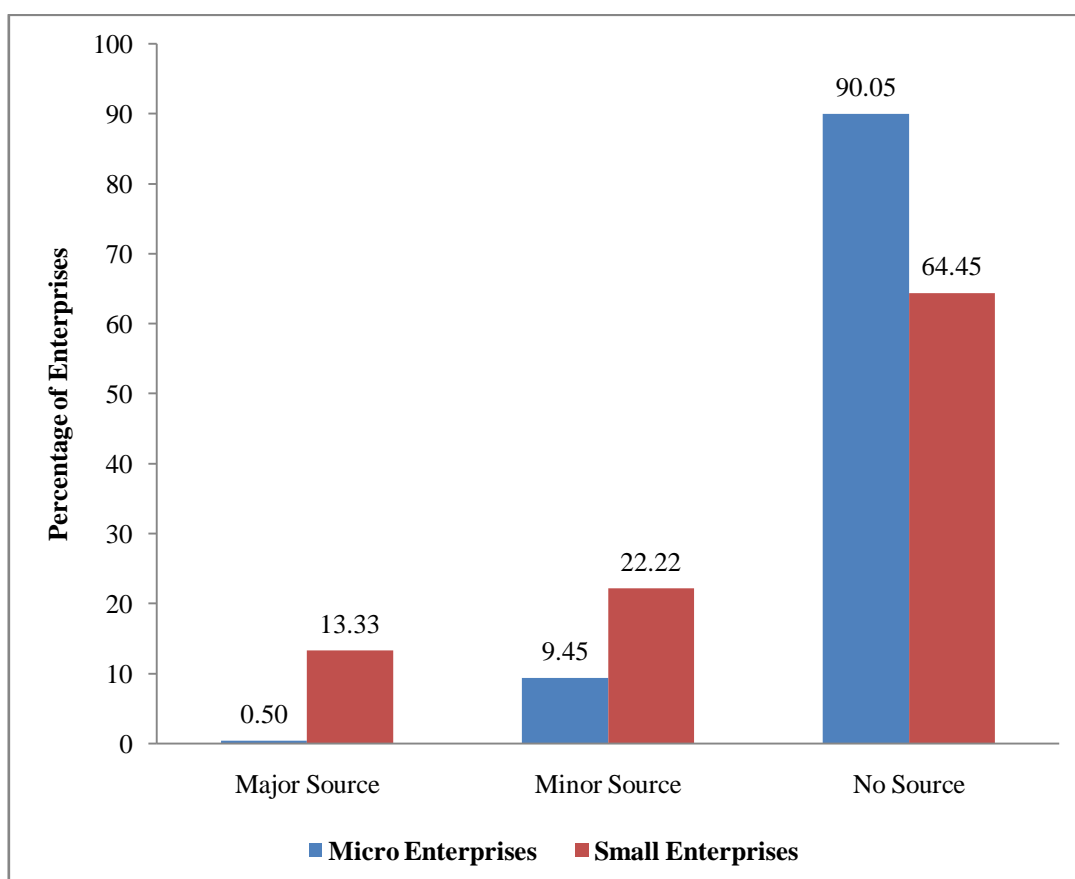
*Note:* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.4 delineates that 0.50% of the micro enterprises have used ‘non-banking financial institutions’ as their ‘major source’ of long term finance while 13.33% of the small enterprises have used ‘non-banking financial institutions’ as their ‘major source’ of long term finance. In addition, 9.45% of the micro enterprises and 22.22% of the small enterprises have used ‘non-banking financial institutions’ as their ‘minor

source' of long term finance. But, 90.05% of the micro enterprises and 64.45% of the small enterprises have not used 'non-banking financial institutions' as their source of long term finance.

**Figure 4.4: Non-Banking Financial Institutions as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



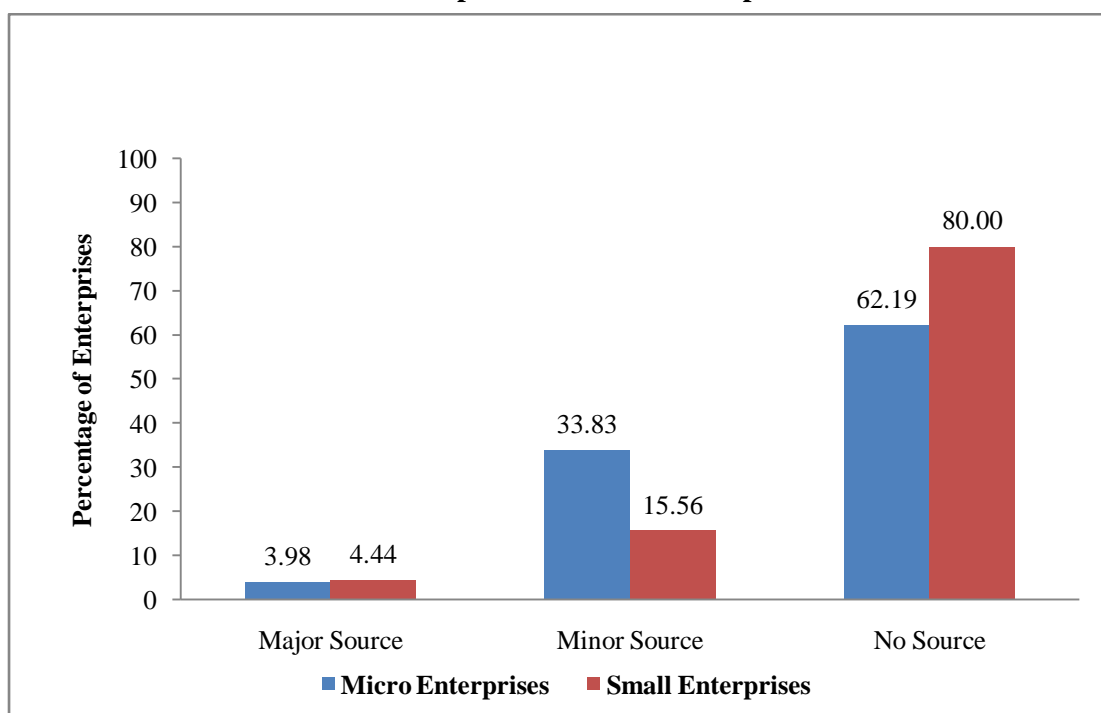
**Table 4.5: Friends as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	8 (3.98)	68 (33.83)	125 (62.19)	201 (100.00)
Small	2 (4.44)	7 (15.56)	36 (80.00)	45 (100.00)
Total	10 (4.06)	75 (30.49)	161 (65.45)	246 (100.00)

*Note* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.  
Source: Field Survey

Table 4.5 shows that only 3.98% of the micro enterprises have used ‘friends’ as their ‘major source’ of long term finance while 4.44% of the small enterprises have used ‘friends’ as their ‘major source’ of long term finance. Further, 33.83% of the micro enterprises and 15.56% of the small enterprises have used ‘friends’ as their ‘minor source’ of long term finance. But, 62.19% of the micro enterprises and 80.00% of the small enterprises have not used ‘friends’ as their source of long term finance.

**Figure 4.5: Friends as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.6: Family Members and Relatives as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	38 (18.91)	92 (45.77)	71 (35.32)	201 (100.00)
Small	3 (6.67)	12 (26.67)	30 (66.66)	45 (100.00)
Total	41 (16.67)	104 (42.28)	101 (41.05)	246 (100.00)

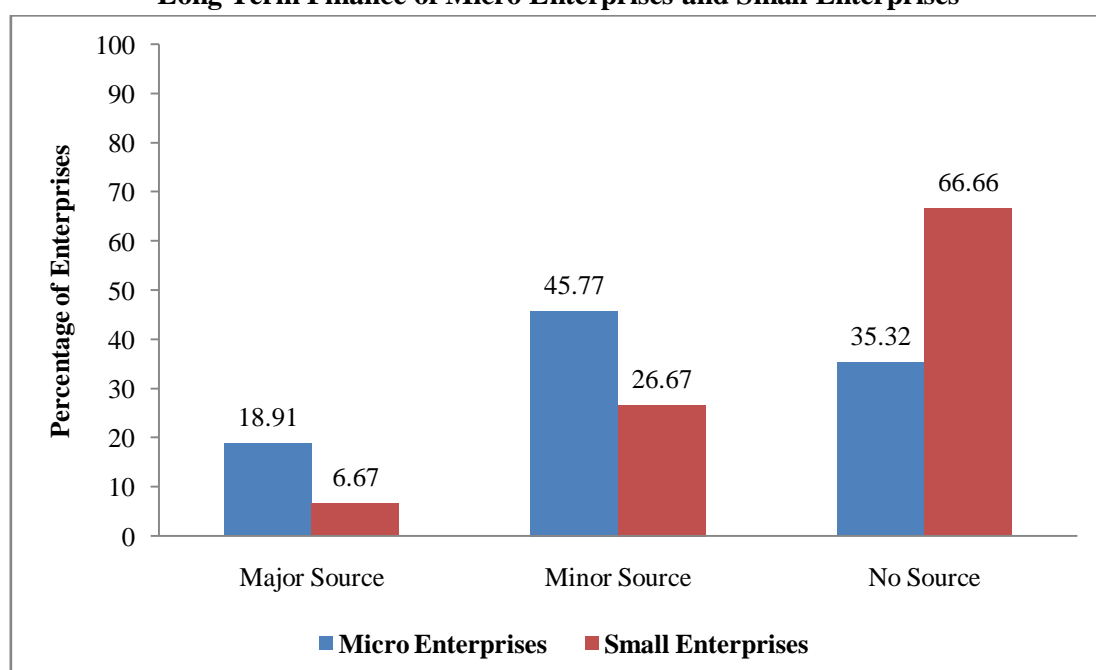
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.6 reveals that 18.91% of the micro enterprises have used ‘family members and relatives’ as their ‘major source’ of long term finance while 6.67% of the small enterprises have used ‘family members and relatives’ as their ‘major source’ of long term finance. Moreover, 45.77% of the micro enterprises and 26.67% of the small enterprises have used ‘family members and relatives’ as their ‘minor source’ of long term finance. But, 35.32% of the micro enterprises and 66.66% of the small enterprises have not used ‘family members and relatives’ as their source of long term finance.

**Figure 4.6: Family Members and Relatives as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



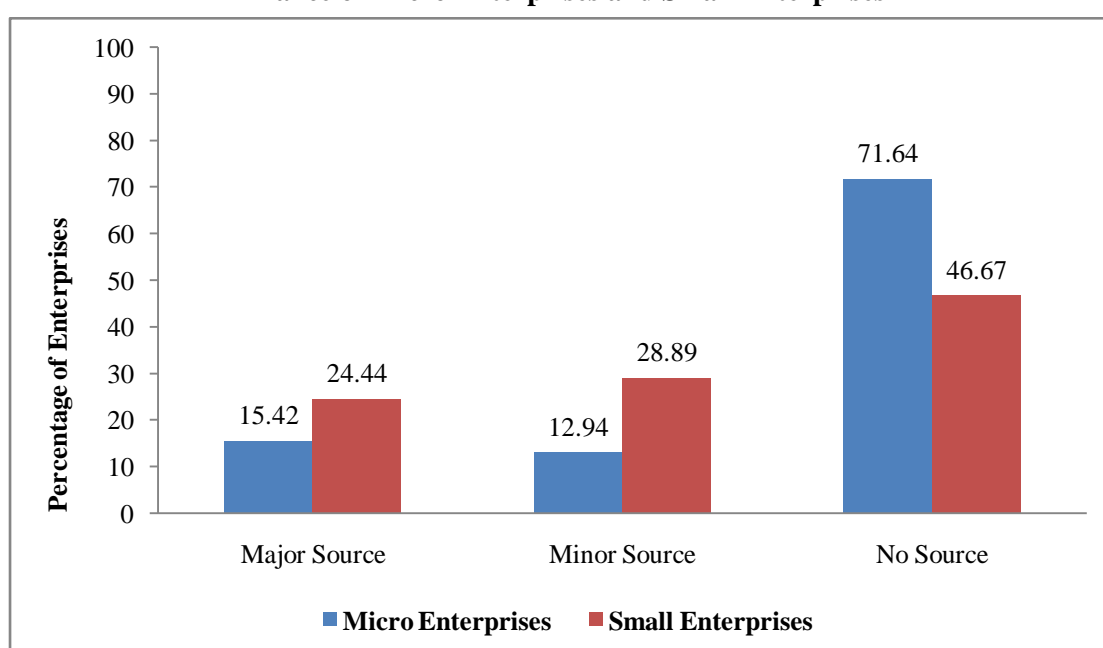
**Table 4.7: Professional Money Lenders as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	31 (15.42)	26 (12.94)	144 (71.64)	201 (100.00)
Small	11 (24.44)	13 (28.89)	21 (46.67)	45 (100.00)
Total	42 (17.07)	39 (15.86)	165 (67.07)	246 (100.00)

*Note:* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.  
*Source:* Field Survey

It is clear from the table 4.7 that 15.42% of the micro enterprises have used ‘professional money lenders’ as their ‘major source’ of long term finance while 24.44% of the small enterprises have used ‘professional money lenders’ as their ‘major source’ of long term finance. In addition, 12.94% of the micro enterprises and 28.89% of the small enterprises have used ‘professional money lenders’ as their ‘minor source’ of long term finance. But, 71.64% of the micro enterprises and 46.67% of the small enterprises have not used ‘professional money lenders’ as their source of long term finance.

**Figure 4.7: Professional Money Lenders as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.8: Government Grant and Subsidy as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	2 (1.00)	21 (10.45)	178 (88.55)	201 (100.00)
Small	2 (4.44)	22 (48.89)	21 (46.67)	45 (100.00)
Total	4 (1.63)	43 (17.48)	199 (80.89)	246 (100.00)

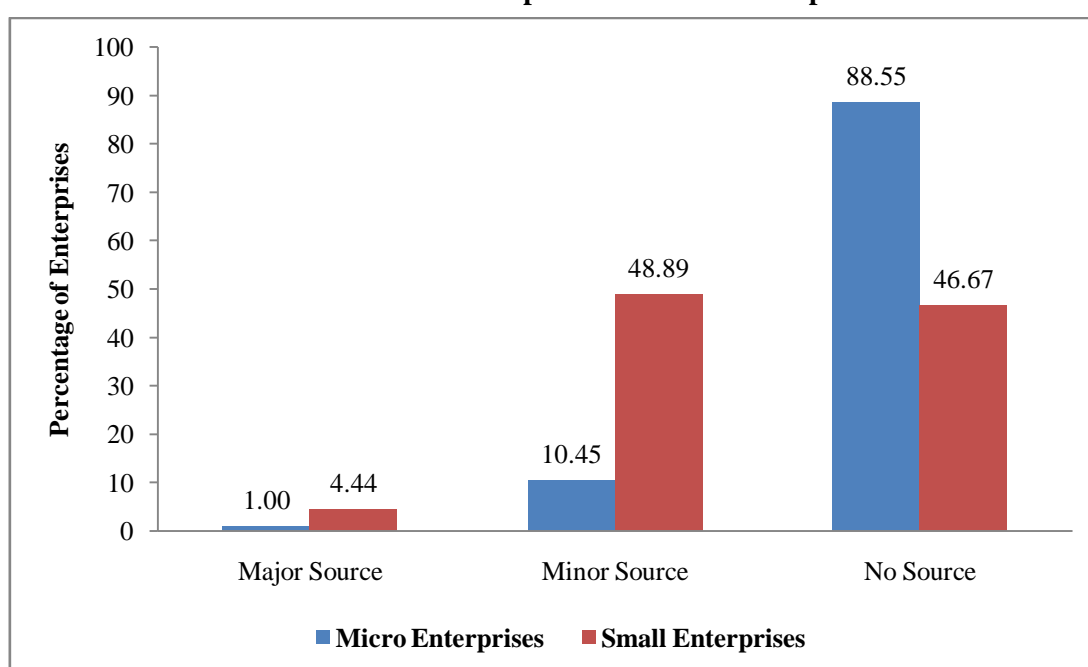
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.8 delineates that only 1.00% of the micro enterprises have used ‘government grant and subsidy’ as their ‘major source’ of long term finance while 4.44% of the small enterprises have used ‘government grant and subsidy’ as their ‘major source’ of long term finance. Further, 10.45% of the micro enterprises and 48.89% of the small enterprises have used ‘government grant and subsidy’ as their ‘minor source’ of long term finance. But, 88.55% of the micro enterprises and 46.67% of the small enterprises have not used ‘government grant and subsidy’ as their source of long term finance.

**Figure 4.8: Government Grant and Subsidy as a Source of Long Term Finance of Micro Enterprises and Small Enterprises**



### **4.3 Sources of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

After evaluating the sources of long term finance of micro enterprises and small enterprises in Barak Valley, it is necessary to evaluate the sources of long term finance of manufacturing enterprises and service enterprises in the Valley. The following tables exhibit the sources of long term finance of manufacturing enterprises and service enterprises in Barak Valley.

Table 4.9 exhibits that 73.71% of the manufacturing enterprises have used ‘own capital’ as their ‘major source’ of long term finance while 78.85% of the service enterprises have used ‘own capital’ as their ‘major source’ of long term finance.

**Table 4.9: Own Capital as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	143 (73.71)	41 (21.14)	10 (5.15)	194 (100.00)
Service	41 (78.85)	7 (13.46)	4 (7.69)	52 (100.00)
Total	184 (74.80)	48 (19.51)	14 (5.69)	246 (100.00)

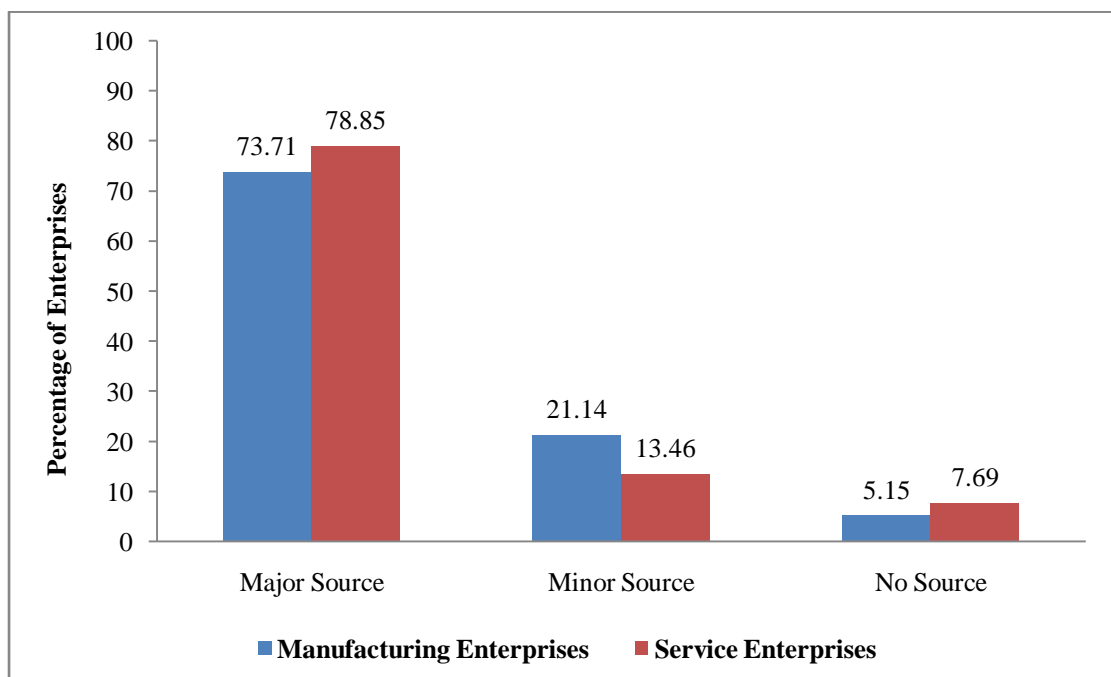
*Note:* Figures denote number of enterprises.

*Figures in parentheses denote percentage of enterprises.*

*Source:* Field Survey

Moreover, 21.14% of the manufacturing enterprises and 13.46% of the service enterprises have used ‘own capital’ as their ‘minor source’ of long term finance. Only 5.15% of the manufacturing enterprises and 7.69% of the service enterprises have not used ‘own capital’ as their source of long term finance.

**Figure 4.9: Own Capital as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.10: Banks as a Source of Long Term Finance of  
Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	65 (33.51)	43 (22.16)	86 (44.33)	194 (100.00)
Service	8 (15.38)	10 (19.23)	34 (65.39)	52 (100.00)
Total	73 (29.68)	53 (21.54)	120 (48.78)	246 (100.00)

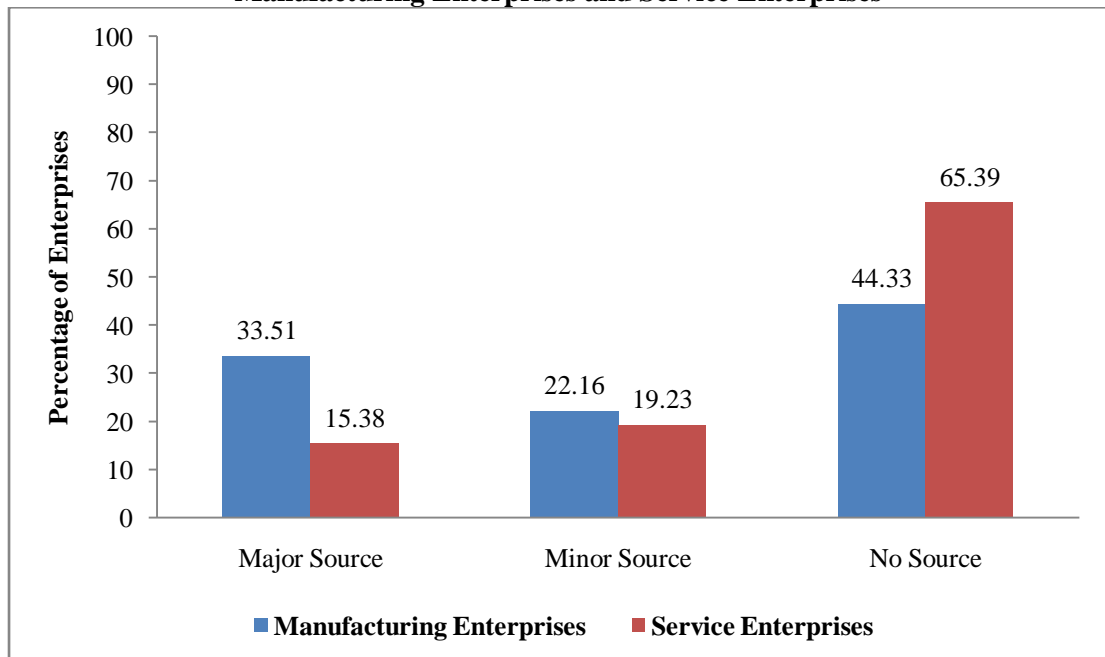
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.10 depicts that 33.51% of the manufacturing enterprises have used ‘banks’ as their ‘major source’ of long term finance while 15.38% of the service enterprises have used ‘banks’ as their ‘major source’ of long term finance. Further, 22.16% of the manufacturing enterprises and 19.23% of the service enterprises have used ‘banks’ as their ‘minor source’ of long term finance. But, 44.33% of the manufacturing enterprises and 65.39% of the service enterprises have not used ‘banks’ as their source of long term finance.

**Figure 4.10: Banks as a Source of Long Term Finance of  
Manufacturing Enterprises and Service Enterprises**



**Table 4.11: Non-Banking Financial Institutions as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	5 (2.58)	26 (13.40)	163 (84.02)	194 (100.00)
Service	2 (3.85)	3 (5.77)	47 (90.38)	52 (100.00)
Total	7 (2.84)	29 (11.79)	210 (85.37)	246 (100.00)

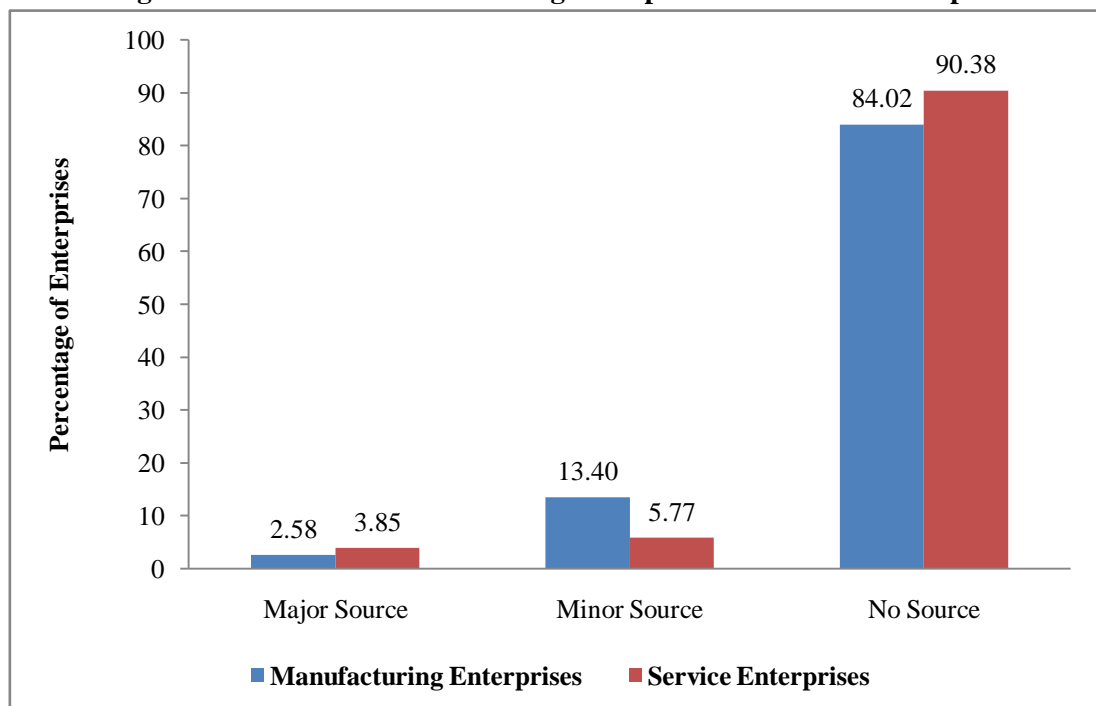
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.11 reveals that only 2.58% of the manufacturing enterprises have used ‘non-banking financial institutions’ as their ‘major source’ of long term finance while 3.85% of the service enterprises have used ‘non-banking financial institutions’ as their ‘major source’ of long term finance. In addition, 13.40% of the manufacturing enterprises and 5.77% of the service enterprises have used ‘non-banking financial institutions’ as their ‘minor source’ of long term finance. But, 84.02% of the manufacturing enterprises and 90.38% of the service enterprises have not used ‘non-banking financial institutions’ as their source of long term finance.

**Figure 4.11: Non-Banking Financial Institutions as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.12: Friends as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

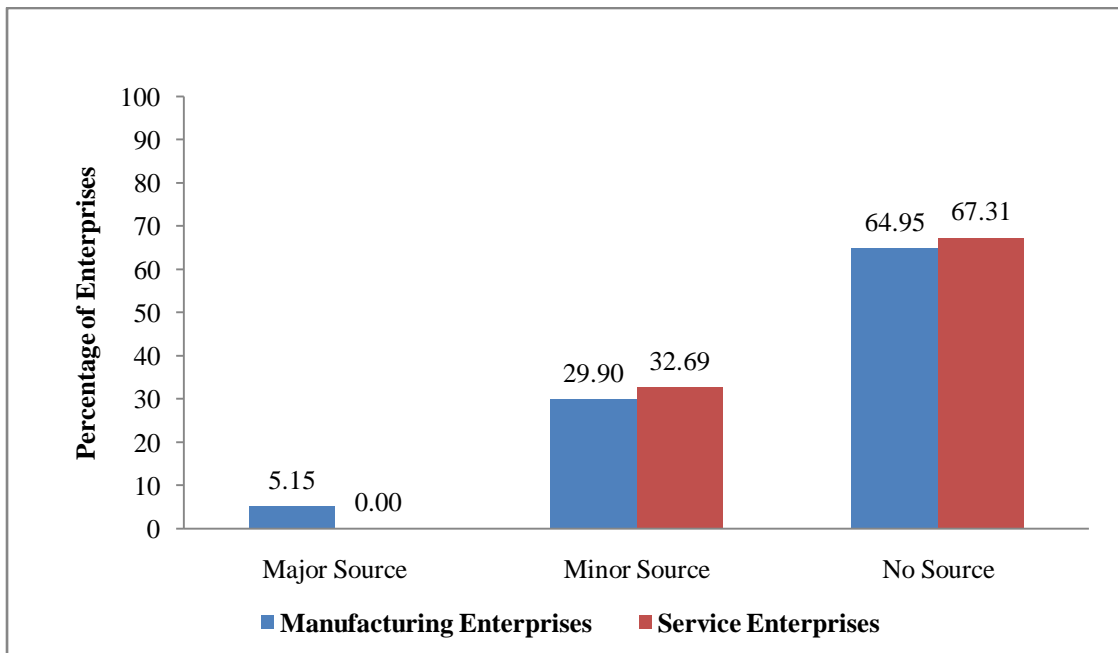
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	10 (5.15)	58 (29.90)	126 (64.95)	194 (100.00)
Service	0 (0.00)	17 (32.69)	35 (67.31)	52 (100.00)
Total	10 (4.06)	75 (30.49)	161 (65.45)	246 (100.00)

*Note: Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.12 displays that only 5.15% of the manufacturing enterprises have used ‘friends’ as their ‘major source’ of long term finance while no service enterprise has used ‘friends’ as their ‘major source’ of long term finance. Moreover, 29.90% of the manufacturing enterprises and 32.69% of the service enterprises have used ‘friends’ as their ‘minor source’ of long term finance. But, 64.95% of the manufacturing enterprises and 67.31% of the service enterprises have not used ‘friends’ as their source of long term finance.

**Figure 4.12: Friends as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.13: Family Members and Relatives as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	33 (17.01)	82 (42.27)	79 (40.72)	194 (100.00)
Service	8 (15.38)	22 (42.31)	22 (42.31)	52 (100.00)
Total	41 (16.67)	104 (42.28)	101 (41.05)	246 (100.00)

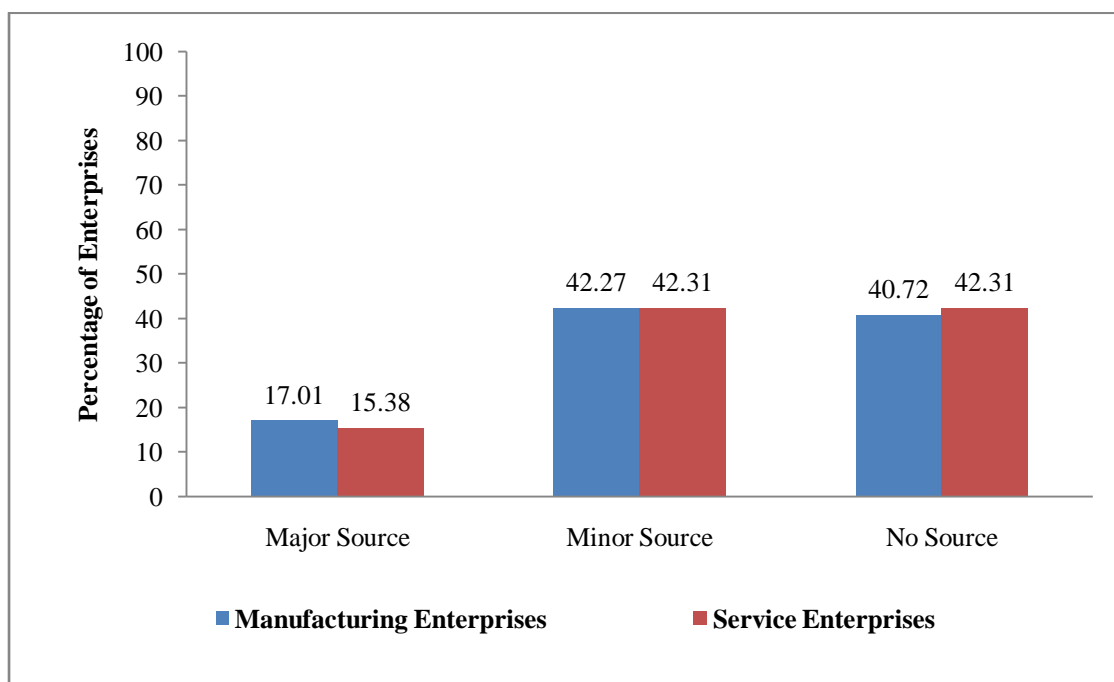
Note: Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

Source: Field Survey

It has been observed from the table 4.13 that 17.01% of the manufacturing enterprises have used ‘family members and relatives’ as their ‘major source’ of long term finance while 15.38% of the service enterprises have used ‘family members and relatives’ as their ‘major source’ of long term finance. Further, 42.27% of the manufacturing enterprises and 42.31% of the service enterprises have used ‘family members and relatives’ as their ‘minor source’ of long term finance. But, 40.72% of the manufacturing enterprises and 42.31% of the service enterprises have not used ‘family members and relatives’ as their source of long term finance.

**Figure 4.13: Family Members and Relatives as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.14: Professional Money Lenders as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	36 (18.56)	32 (16.49)	126 (64.95)	194 (100.00)
Service	6 (11.54)	7 (13.46)	39 (75.00)	52 (100.00)
Total	42 (17.07)	39 (15.86)	165 (67.07)	246 (100.00)

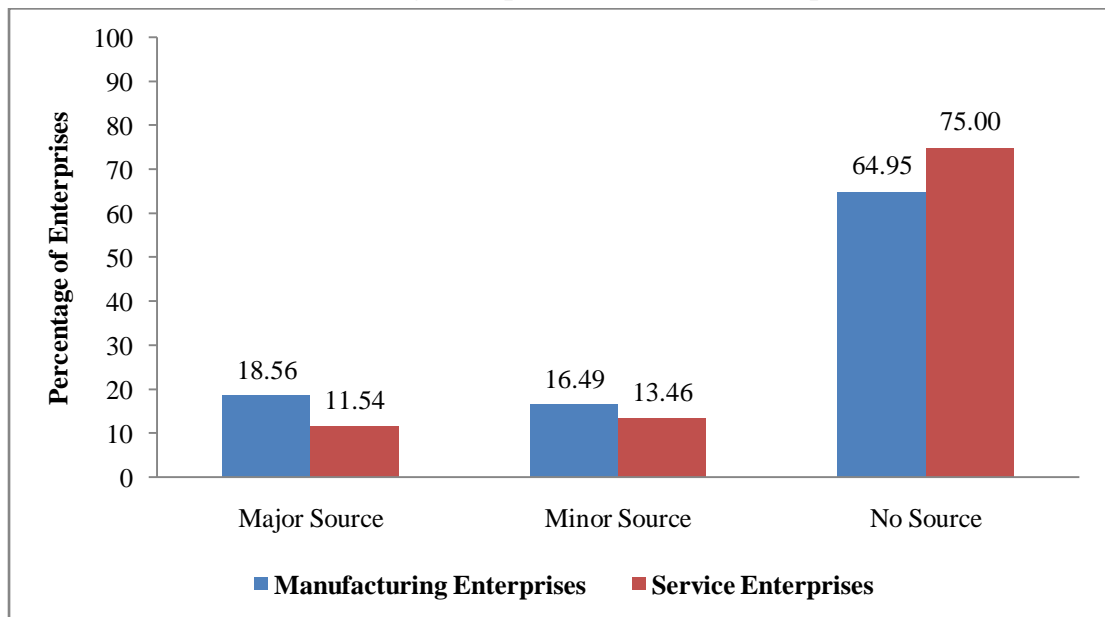
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.14 delineates that 18.56% of the manufacturing enterprises have used ‘professional money lenders’ as their ‘major source’ of long term finance while 11.54% of the service enterprises have used ‘professional money lenders’ as their ‘major source’ of long term finance. In addition, 16.49% of the manufacturing enterprises and 13.46% of the service enterprises have used ‘professional money lenders’ as their ‘minor source’ of long term finance. But, 64.95% of the manufacturing enterprises and 75.00% of the service enterprises have not used ‘professional money lenders’ as their source of long term finance.

**Figure 4.14: Professional Money Lenders as a Source of Long Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.15: Government Grant and Subsidy as a Source of  
Long Term Finance of Manufacturing Enterprises and Service Enterprises**

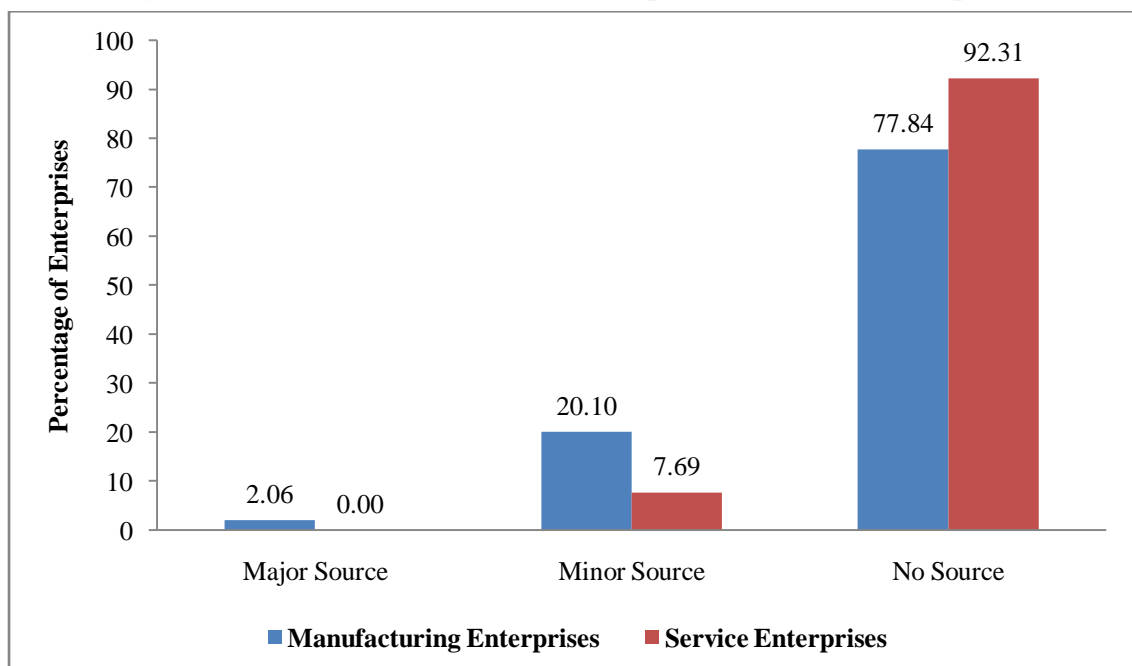
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	4 (2.06)	39 (20.10)	151 (77.84)	194 (100.00)
Service	0 (0.00)	4 (7.69)	48 (92.31)	52 (100.00)
Total	4 (1.63)	43 (17.48)	199 (80.89)	246 (100.00)

*Note*        *Figures denote number of enterprises.*  
               *Figures in parentheses denote percentage of enterprises.*

*Source:*   *Field Survey*

Table 4.15 indicates that only 2.06% of the manufacturing enterprises have used ‘government grant and subsidy’ as their ‘major source’ of long term finance while no service enterprise has used ‘government grant and subsidy’ as their ‘major source’ of long term finance. Moreover, 20.10% of the manufacturing enterprises and 7.69% of the service enterprises have used ‘government grant and subsidy’ as their ‘minor source’ of long term finance. But, 77.84% of the manufacturing enterprises and 92.31% of the service enterprises have not used ‘government grant and subsidy’ as their source of long term finance.

**Figure 4.15: Government Grant and Subsidy as a Source of  
Long Term Finance of Manufacturing Enterprises and Service Enterprises**



#### **4.4 Sources of Short Term Finance**

Short-term finance or short-term capital is also known as working capital which is used to finance the current assets such as cash, debtors, inventories, prepaid expenses etc. This type of finance is required to meet the day to day working capital needs of the enterprise. Short-term capital is generally required for one year but it may be raised less than 5 years. The service enterprise requires more short-term finances compared to manufacturing enterprises. The amount of short-term capital required depends upon the nature of business enterprise, the time gap between commencement of production or purchase of goods and their sale and the volume of business. Short term funds should be used to finance working capital requirements (Palanichamy, 1992). Current assets should be financed from short-term sources (Mathur, 2010).

For the purpose of evaluating the pattern of financing in micro and small enterprises in Barak Valley, seventeen short term sources have been identified on the basis of review of literatures (Dhar, 1958, Palanichamy, P., 1992, Murthy, 1994, Prasain, Singh & Singh, 2006, Dabo, 2006, Chakravarthi, 2007, Upadhyay, 2007, Das, 2007, Jani, V., C., 2007, Mylenko & Love, 2008, Allen, Chakrabarti, De, Qian & Qian, 2012, Ondieki, Nashappi, & Moraa, 2013, Nishanth & Zakkariya, 2014 ). These sources of short term finance are:

- ❖ Relatives,
- ❖ Own savings
- ❖ Traders
- ❖ Family income,
- ❖ Banks
- ❖ Finance companies
- ❖ Non-banking Financial Institutions
- ❖ Friends
- ❖ Public deposits
- ❖ Retained Earnings
- ❖ Money lenders
- ❖ Deferred Income
- ❖ Government grant and subsidy

- ❖ Trade credit and accruals
- ❖ Commercial Papers
- ❖ Instalment credit
- ❖ Customer advance

Moreover, the researcher has conducted a pilot survey on 45 micro enterprises and 5 small enterprises in Barak Valley to identify the short term sources that are actually used by the micro and small enterprises in the Valley and accordingly following eleven short term sources have been identified on the basis of importance of the sources as indicated by the review of literatures and pilot survey-

- ❖ Own capital
- ❖ Banks
- ❖ Friends
- ❖ Family members
- ❖ Relatives
- ❖ Professional money lenders
- ❖ Trade credit
- ❖ Instalment credit
- ❖ Customer advance
- ❖ Government grant and subsidy and
- ❖ Non-banking Financial Institutions

After converging the above short term sources which are identified on the basis of review of literatures and pilot survey, the following ten short term sources have been selected for the purpose of evaluating the pattern of short term financing in micro and small enterprises in Barak Valley-

- ❖ Own capital
- ❖ Banks
- ❖ Friends
- ❖ Family members and relatives
- ❖ Professional money lenders
- ❖ Trade credit
- ❖ Instalment credit

- ❖ Customer advance
- ❖ Government grant and subsidy and
- ❖ Non-banking Financial Institutions

The pattern of short term financing in micro and small enterprises in the Valley has been evaluated on the basis of sources used for short term finance by micro and small enterprises in Barak Valley. For that three levels of short term sources have been identified. These three levels are ‘major source’, ‘minor source’ and ‘no source’. Table 4.16 delineates the sources of short term finance of sample enterprises in Barak Valley.

**Table 4.16: Sources of Short Term Finance of Sample Enterprises**

Sources	Major Source	Minor Source	No Source
Own Capital	212 (86.18)	29 (11.79)	5 (2.03)
Banks	45 (18.29)	50 (20.33)	151 (61.38)
Friends	15 (6.10)	106 (43.09)	125 (50.81)
Family Members and Relatives	36 (14.63)	120 (48.78)	90 (36.59)
Professional Money Lenders	21 (8.54)	42 (17.07)	183 (74.39)
Trade Credit	77 (31.30)	66 (26.83)	103 (41.87)
Instalment Credit	46 (18.70)	22 (8.94)	178 (72.36)
Customer Advance	4 (1.63)	97 (39.43)	145 (58.94)
Government Grant and Subsidy	2 (0.81)	31 (12.60)	213 (86.59)
Non-Banking Financial Institutions	0 (0.00)	8 (3.25)	238 (96.75)

*Note: Figures denote number of micro and small enterprises.*

*Figures in parentheses denote percentage of total micro and small enterprises.*

*Source: Field Survey*

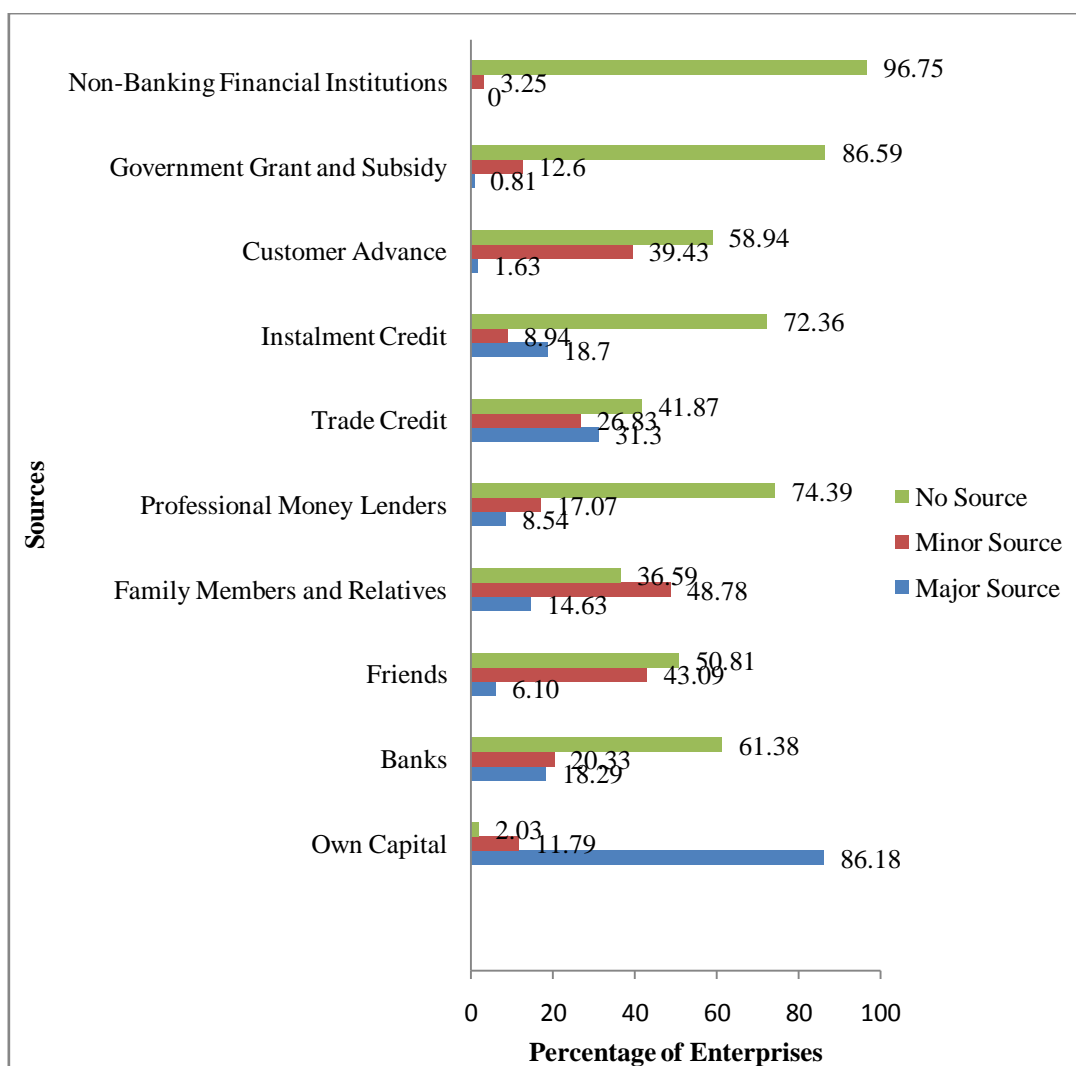
Table 4.16 reveals that 86.18% of the total micro and small enterprises have used ‘own capital’ as their ‘major source’ of short term finance, 11.79% of the enterprises used it as their ‘minor source’ of short term finance while only 2.03% of the

enterprises have not used ‘own capital’ as their source of short term finance .It further reveals that 18.29% of the total micro and small enterprises have used ‘banks’ as their ‘major source’ of short term finance, 20.33% of the enterprises used it as their ‘minor source’ of short term finance but 61.38% of the enterprises have not used ‘banks’ as their source of short term finance. The table exhibits that 6.10% of the total micro and small enterprises have used ‘friends’ as their ‘major source’ of short term finance, 43.09% of the enterprises used it as their ‘minor source’ of short term finance and 50.81% of the enterprises have not used ‘friends’ as their source of short term finance. It also exhibits that 14.63% of the total micro and small enterprises have used ‘family members and relatives’ as their ‘major source’ of short term finance, 48.78% of the enterprises used it as their ‘minor source’ of short term finance while 36.59% of the enterprises have not used ‘family members and relatives’ as their source of short term finance. The above table displays that 8.54% of the total micro and small enterprises have used ‘professional money lenders’ as their ‘major source’ of short term finance, 17.07% of the enterprises used it as their ‘minor source’ of short term finance but 74.39% of the enterprises have not used ‘professional money lenders’ as their source of short term finance.

Table 3 displays that 31.30% of the total micro and small enterprises have used ‘trade credit’ as their ‘major source’ of short term finance, 26.83% of the enterprises used it as their ‘minor source’ of short term finance while 41.87% of the enterprises have not used ‘trade credit’ as their source of short term finance. Moreover, 18.70% of the total micro and small enterprises have used ‘instalment credit’ as their ‘major source’ of short term finance, 8.94% of the enterprises used it as their ‘minor source’ of short term finance while 72.36% of the enterprises have not used ‘instalment credit’ as their source of short term finance. The above table delineates that 1.63% of the total micro and small enterprises have used ‘customer advance’ as their ‘major source’ of short term finance, 39.43% of the enterprises used it as their ‘minor source’ of short term finance and 58.94% of the enterprises have not used ‘customer advance’ as their source of short term finance. The study reveals that 0.81% of the total micro and small enterprises have used ‘government grant and subsidy’ as their ‘major source’ of short term finance, 12.60% of the enterprises used it as their ‘minor source’ of short term finance while 86.59% of the enterprises have not used ‘government grant and subsidy’ as their source of short term finance. It is found that no micro and small enterprises in the Valley has used ‘non-banking financial institutions’ as their ‘major

source' of short term finance while 3.25% of the enterprises have used it as their 'minor source' of short term finance and 96.75% of the enterprises have not used 'non-banking financial institutions' as their source of short term finance.

**Figure 4.16: Sources of Short Term Finance of Sample Enterprises**



On an overall, it has been found from the study that most of the total micro and small enterprises in Barak Valley (86.18%) have used 'own capital' as their 'major source' of short term finance, however no micro and small enterprise in the Valley have used 'non-banking financial institutions' as their 'major source' of short term finance. Most of the total micro and small enterprises in Barak Valley (48.78%) have used 'family members and relatives' as their 'minor source' of short term finance and least of the enterprises (3.25%) have used 'non-banking financial institutions' as their 'minor source' of short term finance.

#### 4.5 Sources of Short Term Finance of Micro Enterprises and Small Enterprises

After evaluating the sources of short term finance of micro and small enterprises in Barak Valley, it is necessary to evaluate the sources of short term finance of micro enterprises and small enterprises in the Valley. The following tables exhibit the sources of short term finance of microenterprises and small enterprises in Barak Valley.

**Table 4.17: Own Capital as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	177 (88.06)	21 (10.45)	3 (1.49)	201 (100.00)
Small	35 (77.78)	8 (17.78)	2 (4.44)	45 (100.00)
Total	212 (86.18)	29 (11.79)	5 (2.03)	246 (100.00)

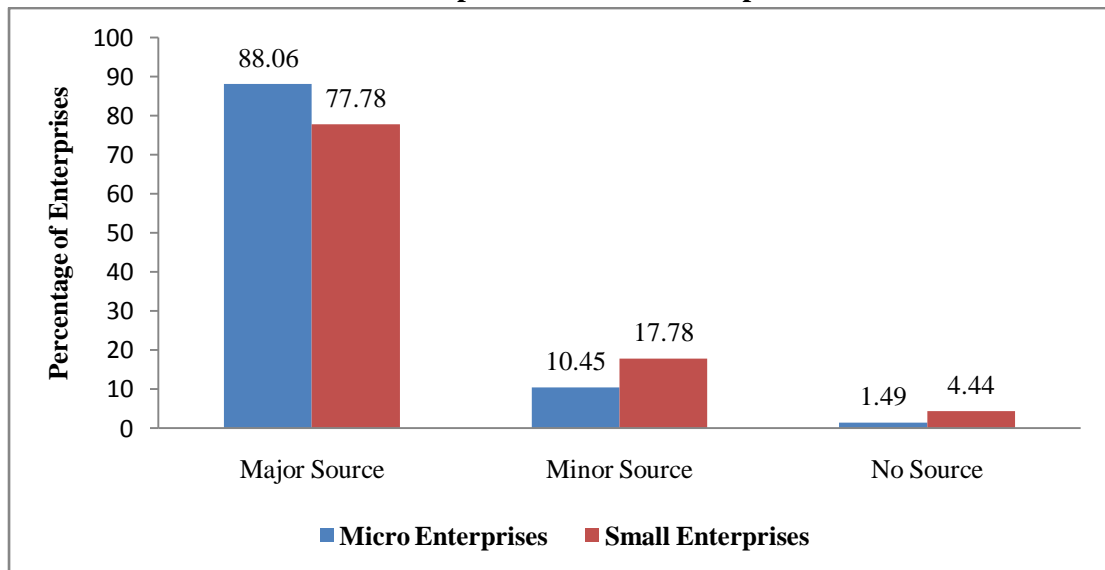
*Note:* Figures denote number of enterprises.

*Figures in parentheses denote percentage of enterprises.*

*Source* Field Survey

Table 4.17 reveals that 88.06% of the micro enterprises have used ‘own capital’ as their ‘major source’ of short term finance while 77.78% of the small enterprises have used ‘own capital’ as their ‘major source’ of short term finance. Further, 10.45% of the micro enterprises and 17.78% of the small enterprises have used ‘own capital’ as their ‘minor source’ of short term finance. Only, 1.49% of the micro enterprises and 4.44% of the small enterprises have not used ‘own capital’ as their source of short term finance.

**Figure 4.17: Own Capital as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



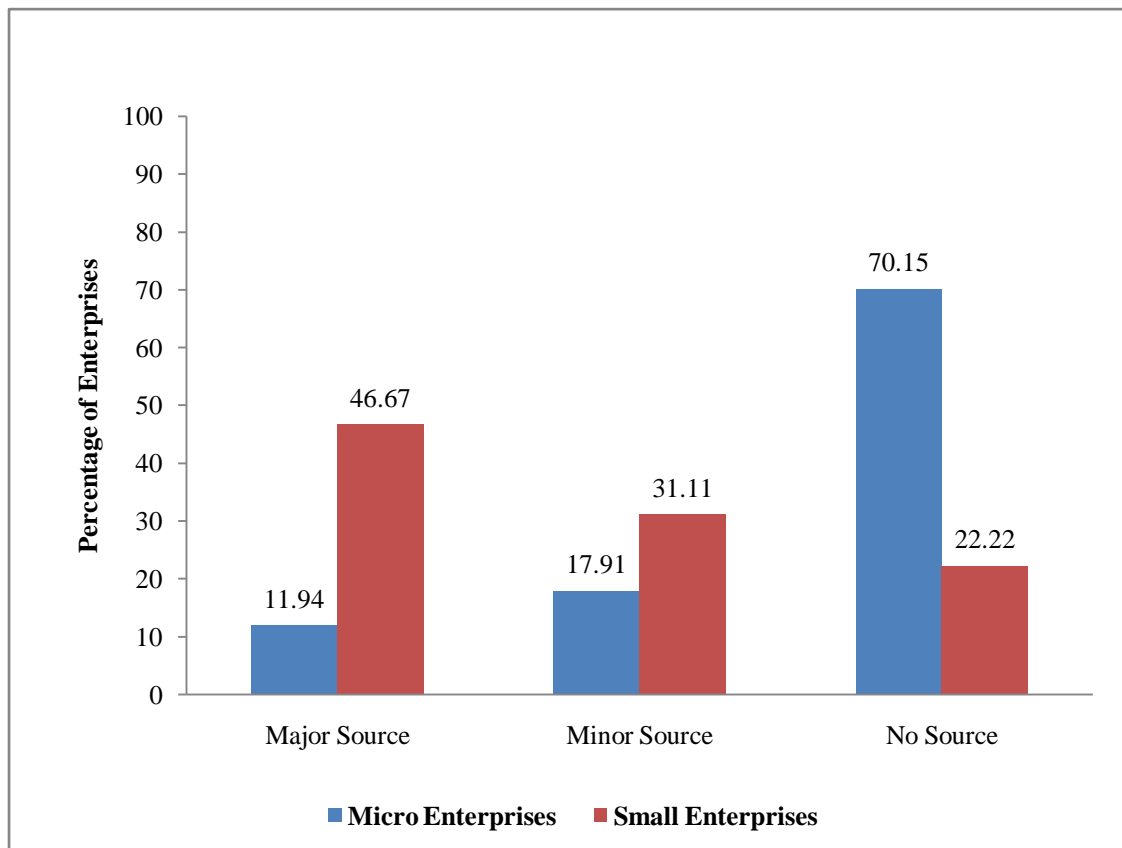
**Table 4.18: Banks as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	24 (11.94)	36 (17.91)	141 (70.15)	201 (100.00)
Small	21 (46.67)	14 (31.11)	10 (22.22)	45 (100.00)
Total	45 (18.29)	50 (20.33)	151 (61.38)	246 (100.00)

*Note:* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.  
*Source:* Field Survey

Table 4.18 displays that that 11.94% of the micro enterprises have used ‘banks’ as their ‘major source’ of short term finance while 46.67% of the small enterprises have used ‘banks’ as their ‘major source’ of short term finance. In addition, 17.91% of the micro enterprises and 31.11% of the small enterprises have used ‘banks’ as their ‘minor source’ of short term finance. But, 70.15% of the micro enterprises and 22.22% of the small enterprises have not used ‘banks’ as their source of short term finance.

**Figure 4.18: Banks as a Source of Short Term Finance of  
Micro Enterprises and Small Enterprises**



**Table 4.19: Friends as a Source of Short Term Finance of  
Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	14 (6.97)	88 (43.78)	99 (49.25)	201 (100.00)
Small	1 (2.22)	18 (40.00)	26 (57.78)	45 (100.00)
Total	15 (6.10)	106 (43.09)	125 (50.81)	246 (100.00)

*Note* Figures denote number of enterprises.

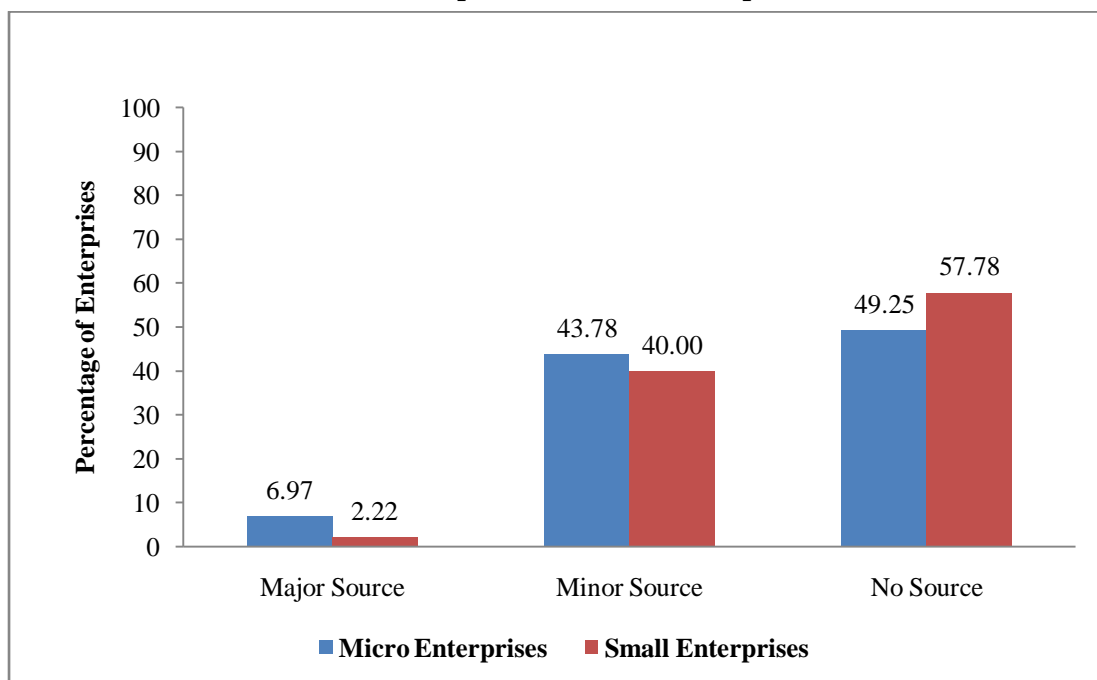
*Figures in parentheses denote percentage of enterprises.*

*Source:* Field Survey

Table 4.19 delineates that only 6.97% of the micro enterprises have used ‘friends’ as their ‘major source’ of short term finance while 2.22% of the small enterprises have used ‘friends’ as their ‘major source’ of short term finance. Further, 43.78% of the micro enterprises and 40.00% of the small enterprises have used ‘friends’ as their

‘minor source’ of short term finance. But, 49.25% of the micro enterprises and 57.78% of the small enterprises have not used ‘friends’ as their source of short term finance.

**Figure 4.19: Friends as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.20: Family Members and Relatives as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	34 (16.92)	101 (50.25)	66 (32.83)	201 (100.00)
Small	2 (4.45)	19 (42.22)	24 (53.33)	45 (100.00)
Total	36 (14.63)	120 (48.78)	90 (36.59)	246 (100.00)

*Note:* Figures denote number of enterprises.

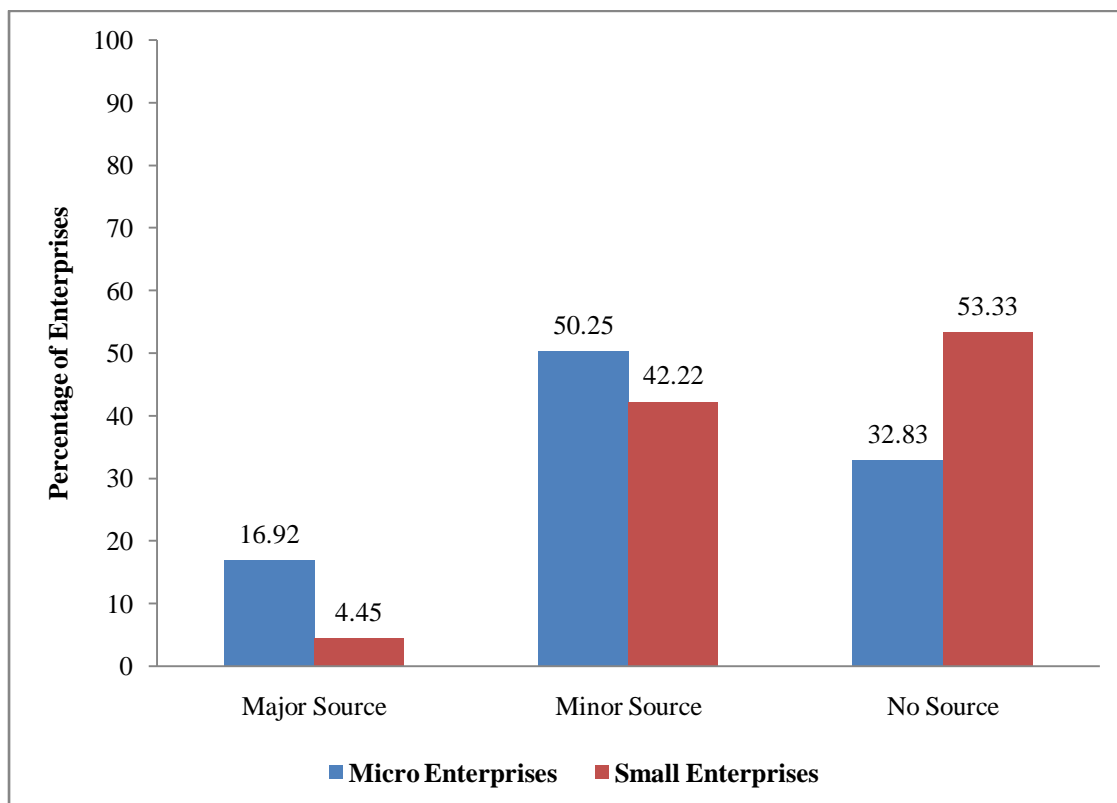
*Figures in parentheses denote percentage of enterprises.*

*Source:* Field Survey

It has been observed from the table 4.20 that 16.92% of the micro enterprises have used ‘family members and relatives’ as their ‘major source’ of short term finance while 4.45% of the small enterprises have used ‘family members and relatives’ as their ‘major source’ of short term finance. Moreover, 50.25% of the micro enterprises and 42.22% of the small enterprises have used ‘family members and relatives’ as their

‘minor source’ of short term finance. But, 32.83% of the micro enterprises and 53.33% of the small enterprises have not used ‘family members and relatives’ as their source of short term finance.

**Figure 4.20: Family Members and Relatives as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.21: Professional Money Lenders as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	14 (6.97)	31 (15.42)	156 (77.61)	201 (100.00)
Small	7 (15.56)	11 (24.44)	27 (60.00)	45 (100.00)
Total	21 (8.54)	42 (17.07)	183 (74.39)	246 (100.00)

*Note: Figures denote number of enterprises.*

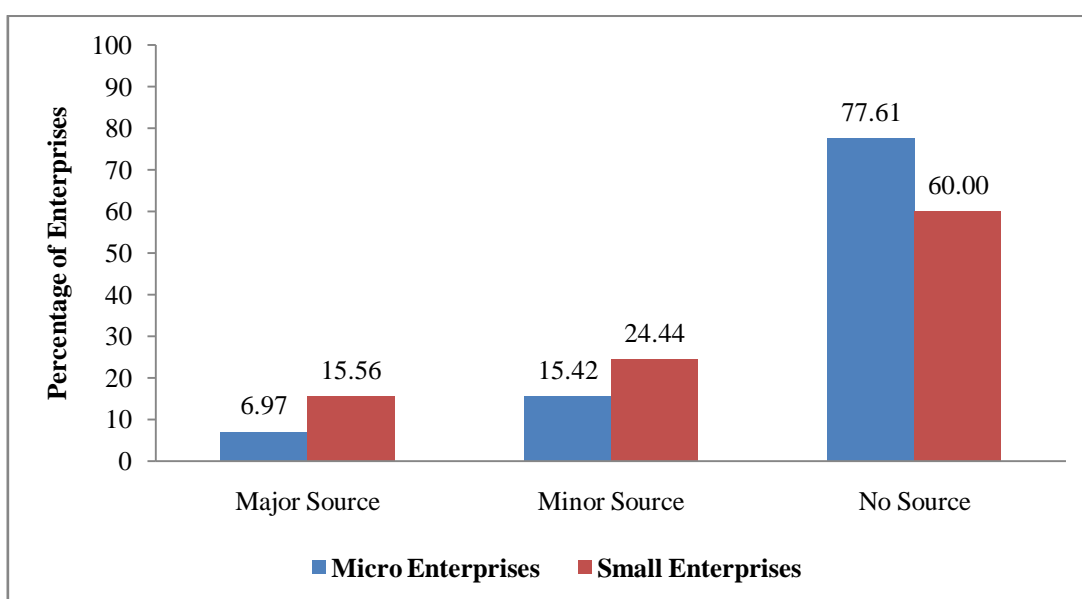
*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.2 1reveals that 6.97% of the micro enterprises have used ‘professional money lenders’ as their ‘major source’ of short term finance while 15.56% of the small

enterprises have used ‘professional money lenders’ as their ‘major source’ of short term finance. In addition, 15.42% of the micro enterprises and 24.44% of the small enterprises have used ‘professional money lenders’ as their ‘minor source’ of short term finance. But, 77.61% of the micro enterprises and 60.00% of the small enterprises have not used ‘professional money lenders’ as their source of short term finance.

**Figure 4.21: Professional Money Lenders as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.22: Trade Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	59 (29.35)	52 (25.87)	90 (44.78)	201 (100.00)
Small	18 (40.00)	14 (31.11)	13 (28.89)	45 (100.00)
Total	77 (31.30)	66 (26.83)	103 (41.87)	246 (100.00)

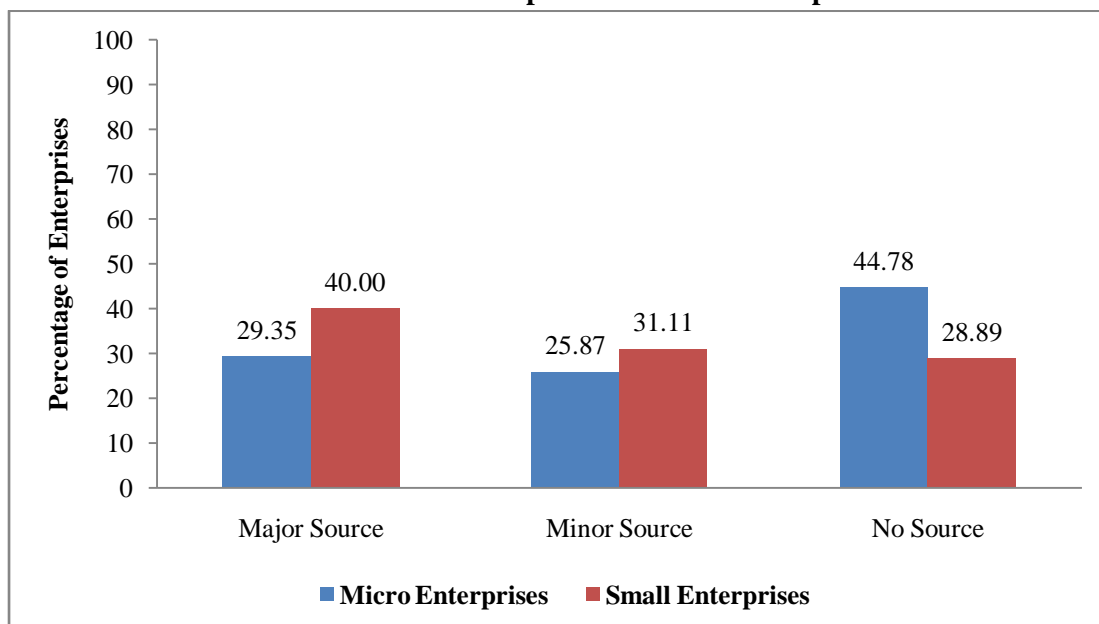
*Note:* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.22 shows that 29.35% of the micro enterprises have used ‘trade credit’ as their ‘major source’ of short term finance while 40.00% of the small enterprises have used ‘trade credit’ as their ‘major source’ of short term finance. Further, 25.87% of the micro enterprises and 31.11% of the small enterprises have used ‘trade credit’ as

their ‘minor source’ of short term finance. But, 44.78% of the micro enterprises and 28.89% of small enterprises have not used ‘trade credit’ as their source of short term finance.

**Figure 4.22: Trade Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.23: Instalment Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	27 (13.43)	15 (7.46)	159 (79.11)	201 (100.00)
Small	19 (42.22)	7 (15.56)	19 (42.22)	45 (100.00)
Total	46 (18.70)	22 (8.94)	178 (72.36)	246 (100.00)

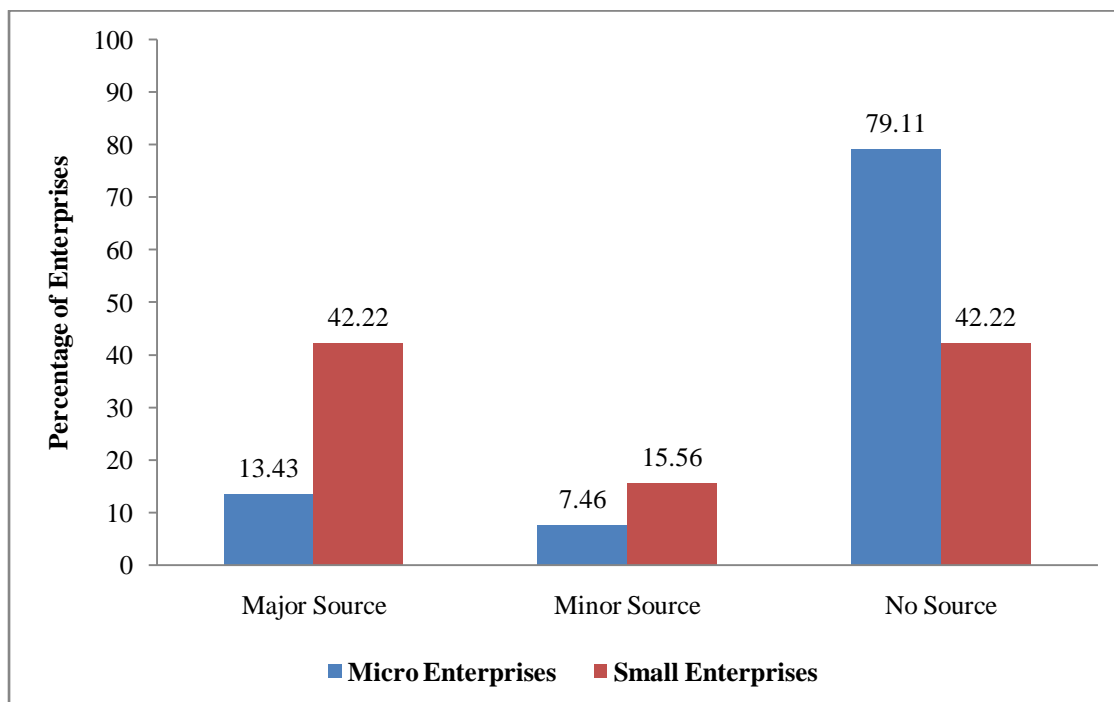
*Note:* Figures denote number of enterprises.

*Figures in parentheses denote percentage of enterprises.*

*Source:* Field Survey

Table 4.23 exhibits that 13.43% of the micro enterprises have used ‘instalment credit’ as their ‘major source’ of short term finance while 42.22% of the small enterprises have used ‘instalment credit’ as their ‘major source’ of short term finance. Moreover, 7.46% of the micro enterprises and 15.56% of the small enterprises have used ‘instalment credit’ as their ‘minor source’ of short term finance. But, 79.11% of the micro enterprises and 42.22% of small enterprises have not used ‘instalment credit’ as their source of short term finance.

**Figure 4.23: Instalment Credit as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.24: Customer Advance as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	1 (0.50)	74 (36.82)	126 (62.68)	201 (100.00)
Small	3 (6.67)	23 (51.11)	19 (42.22)	45 (100.00)
Total	4 (1.63)	97 (39.43)	145 (58.94)	246 (100.00)

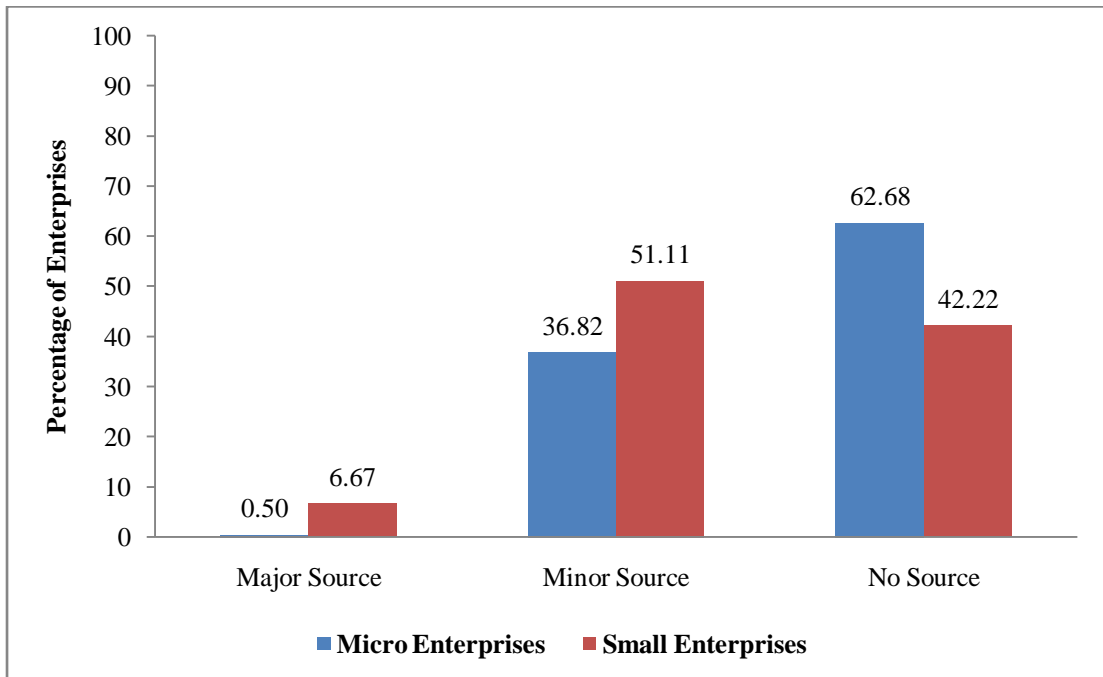
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source* Field Survey

It is found from the table 4.24 that only 0.50% of the micro enterprises have used 'customer advance' as their 'major source' of short term finance while 6.67% of the small enterprises have used 'customer advance' as their 'major source' of short term finance. In addition, 36.82% of the micro enterprises and 51.11% of the small enterprises have used 'customer advance' as their 'minor source' of short term finance. But, 62.68% of the micro enterprises and 42.22% of the small enterprises have not used 'customer advance' as their source of short term finance.

**Figure 4.24: Customer Advance as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.25: Government Grant and Subsidy as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Micro	1 (0.50)	14 (6.97)	186 (92.53)	201 (100.00)
Small	1 (2.22)	17 (37.78)	27 (60.00)	45 (100.00)
Total	2 (0.81)	31 (12.60)	213 (86.59)	246 (100.00)

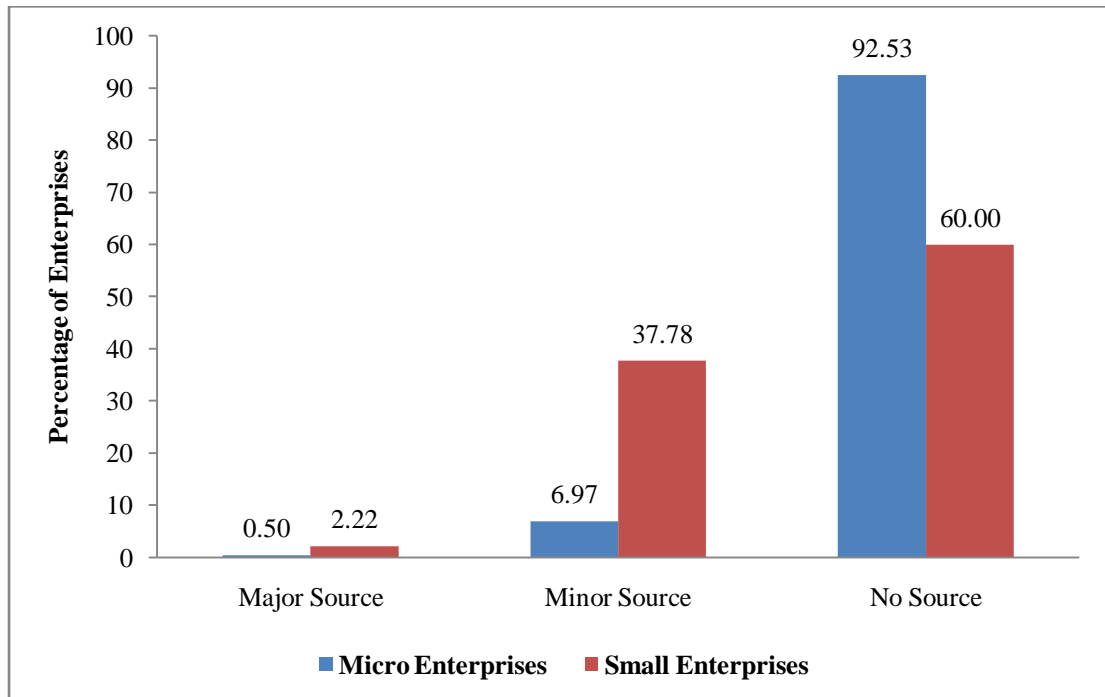
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.25 reveals that only 0.50% of the micro enterprises have used ‘government grant and subsidy’ as their ‘major source’ of short term finance while 2.22% of the small enterprises have used ‘government grant and subsidy’ as their ‘major source’ of short term finance. Further, 6.97% of the micro enterprises and 37.78% of the small enterprises have used ‘government grant and subsidy’ as their ‘minor source’ of short term finance. But, 92.53% of the micro enterprises and 60.00% of the small enterprises have not used ‘government grant and subsidy’ as their source of short term finance.

**Figure 4.25: Government Grant and Subsidy as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



**Table 4.26: Non- Banking Financial Institutions as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**

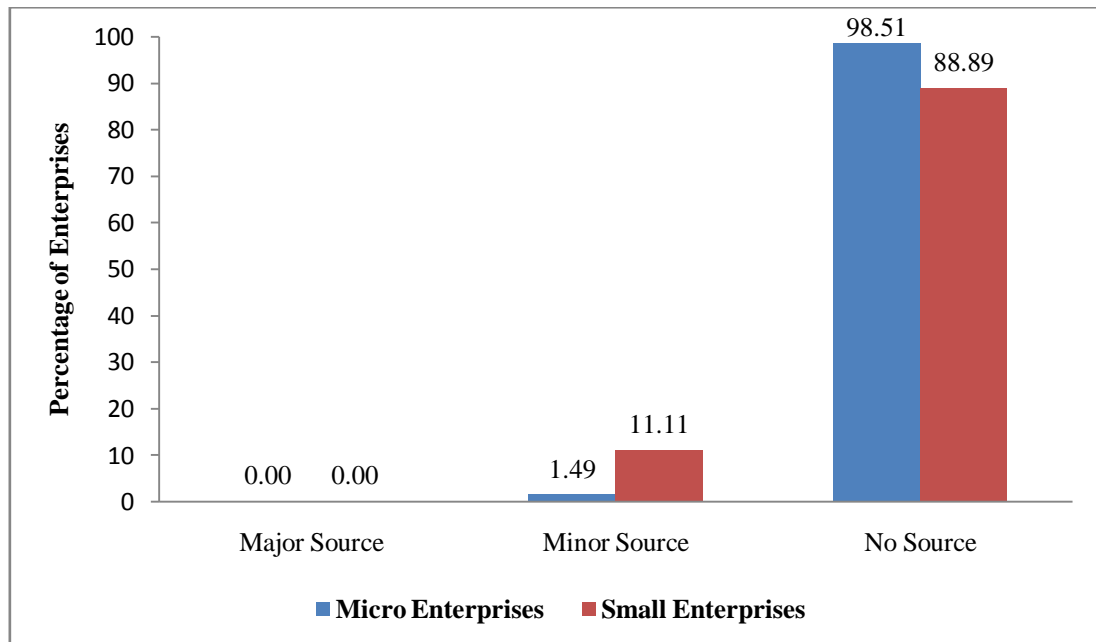
Enterprises	Major Source	Minor Source	No Source	Total
Micro	0 (0.00)	3 (1.49)	198 (98.51)	201 (100.00)
Small	0 (0.00)	5 (11.11)	40 (88.89)	45 (100.00)
Total	0 (0.00)	8 (3.25)	238 (96.75)	246 (100.00)

*Note:* Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.26 indicates that no micro enterprise and small enterprise has used ‘non-banking financial institutions’ as their ‘major source’ of short term finance. Only, 1.49% of the micro enterprises and 11.11% of the small enterprises have used ‘non-banking financial institutions’ as their ‘minor source’ of short term finance. But, 98.51% of the micro enterprises and 88.89% of the small enterprises have not used ‘non- banking financial institutions’ as their source of short term finance.

**Figure 4.26: Non- Banking Financial Institutions as a Source of Short Term Finance of Micro Enterprises and Small Enterprises**



#### 4.6 Sources of Short Term Finance of Manufacturing Enterprises and Service Enterprises

After evaluating the sources of short term finance of micro enterprises and small enterprises in Barak Valley, it is necessary to evaluate the sources of short term finance of manufacturing enterprises and service enterprises in the Valley. The following tables exhibit the sources of short term finance of manufacturing enterprises and service enterprises in Barak Valley.

**Table 4.27: Own Capital as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	162 (83.50)	27 (13.92)	5 (2.58)	194 (100.00)
Service	50 (96.15)	2 (3.85)	0 (0.00)	52 (100.00)
Total	212 (86.18)	29 (11.79)	5 (2.03)	246 (100.00)

*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.27 reveals that 83.50% of the manufacturing enterprises have used ‘own capital’ as their ‘major source’ of short term finance while 96.15% of the service enterprises have used ‘own capital’ as their ‘major source’ of short term finance. Further, 13.92% of the manufacturing enterprises and 3.85% of the service enterprises have used ‘own capital’ as their ‘minor source’ of short term finance. Only 2.58% of the manufacturing enterprises have not used ‘own capital’ as their source of short term finance while no service enterprise has used ‘own capital’ as their source of short term finance.

**Figure 4.27: Own Capital as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

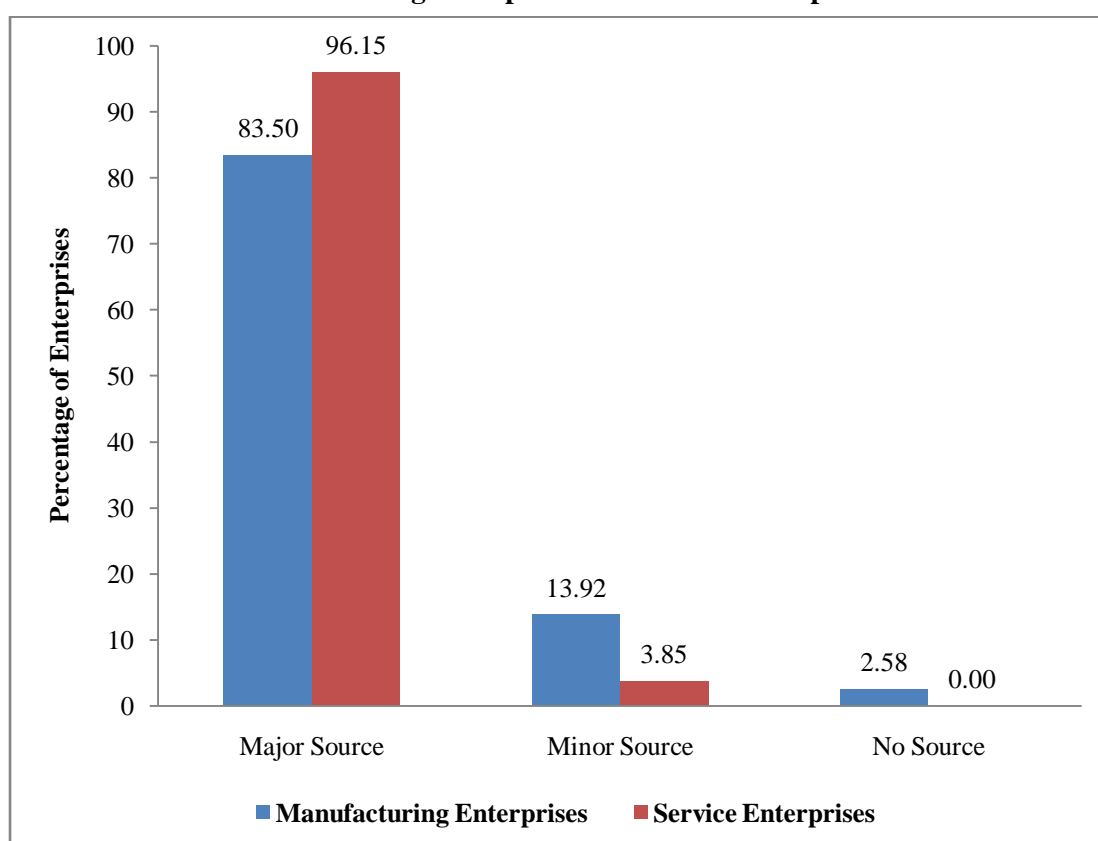


Table 4.28 depicts that 21.65% of the manufacturing enterprises have used ‘banks’ as their ‘major source’ of short term finance while 5.77% of the service enterprises have used ‘banks’ as their ‘major source’ of short term finance. Moreover, 22.68% of the manufacturing enterprises and 11.54% of the service enterprises have used ‘banks’ as their ‘minor source’ of short term finance.

**Table 4.28: Banks as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	42 (21.65)	44 (22.68)	108 (55.67)	194 (100.00)
Service	3 (5.77)	6 (11.54)	43 (82.69)	52 (100.00)
Total	45 (18.29)	50 (20.33)	151 (61.38)	246 (100.00)

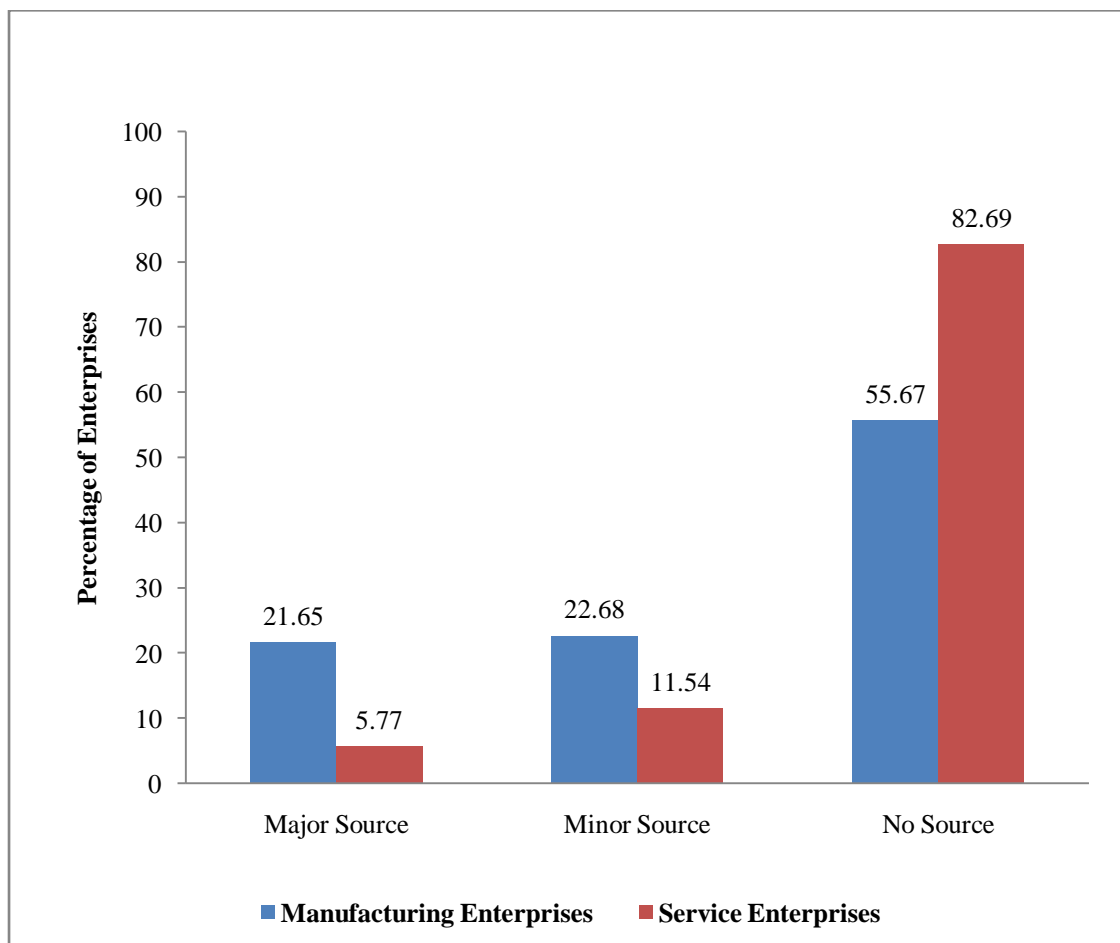
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

But, 55.67% of the manufacturing enterprises and 82.69% of the service enterprises have not used 'banks' as their source of short term finance.

**Figure 4.28: Banks as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**



**Table 4.29: Friends as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	10 (5.15)	85 (43.81)	99 (51.03)	194 (100.00)
Service	5 (9.62)	21 (40.38)	26 (50.00)	52 (100.00)
Total	15 (6.10)	106 (43.09)	125 (50.81)	246 (100.00)

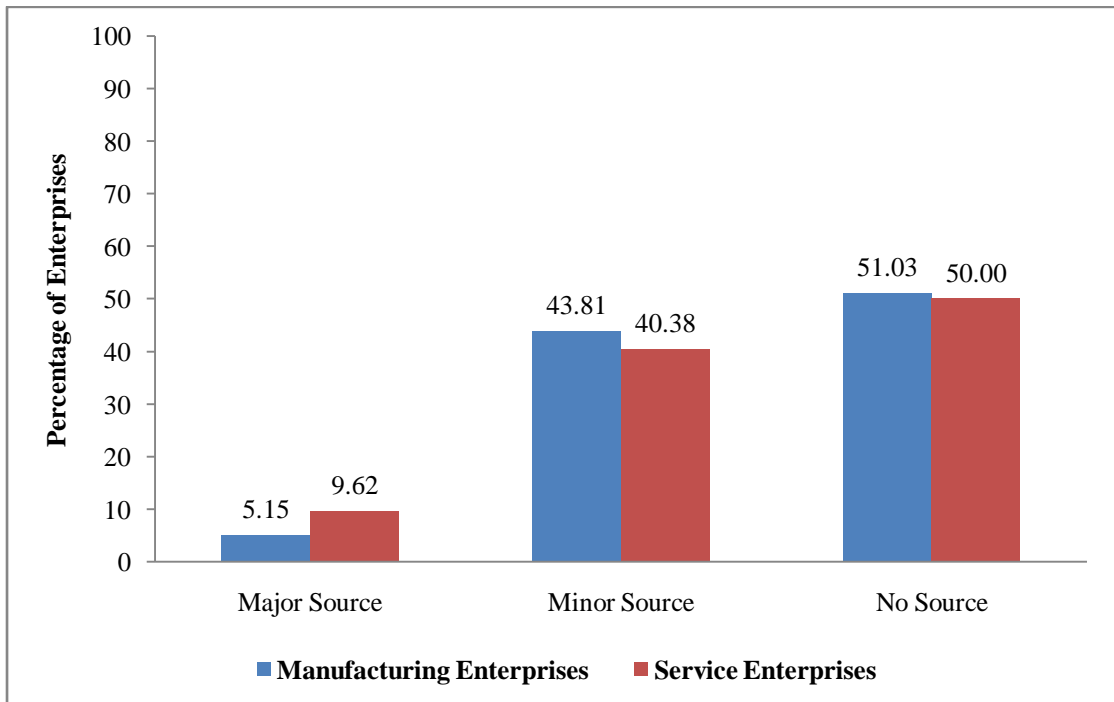
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey*

Table 4.29 exhibits that only 5.15% of the manufacturing enterprises have used ‘friends’ as their ‘major source’ of short term finance while 9.62% of the service enterprises have used ‘friends’ as their ‘major source’ of short term finance. In addition, 43.81% of the manufacturing enterprises and 40.38% of the service enterprises have used ‘friends’ as their ‘minor source’ of short term finance. But 51.03% of the manufacturing enterprises and 50.00% of the service enterprises have not used ‘friends’ as their source of short term finance.

**Figure 4.29: Friends as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**



**Table 4.30: Family Members and Relatives as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

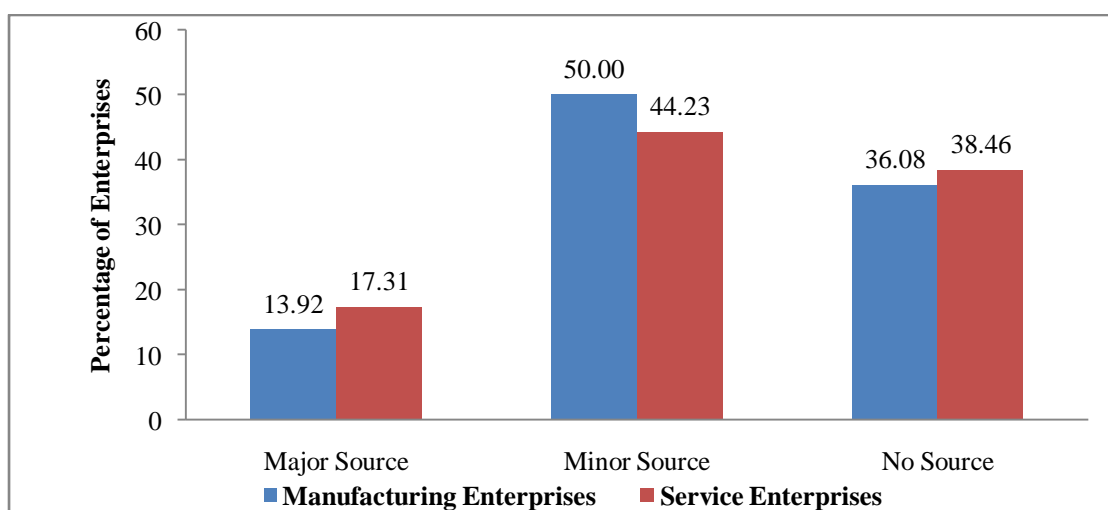
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	27 (13.92)	97 (50.00)	70 (36.08)	194 (100.00)
Service	9 (17.31)	23 (44.23)	20 (38.46)	52 (100.00)
Total	36 (14.63)	120 (48.78)	90 (36.59)	246 (100.00)

*Note:*     Figures denote number of enterprises.  
               Figures in parentheses denote percentage of enterprises.

*Source:*   Field Survey

It has been observed from the table 4.30 that 13.92% of the manufacturing enterprises have used ‘family members and relatives’ as their ‘major source’ of short term finance while 17.31% of the service enterprises have used ‘family members and relatives’ as their ‘major source’ of short term finance. Further, 50.00% of the manufacturing enterprises and 44.23% of the service enterprises have used ‘family members and relatives’ as their ‘minor source’ of short term finance. But 36.08% of the manufacturing enterprises and 38.46% of the service enterprises have not used ‘family members and relatives’ as their source of short term finance.

**Figure 4.30: Family Members and Relatives as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.31: Professional Money Lenders as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

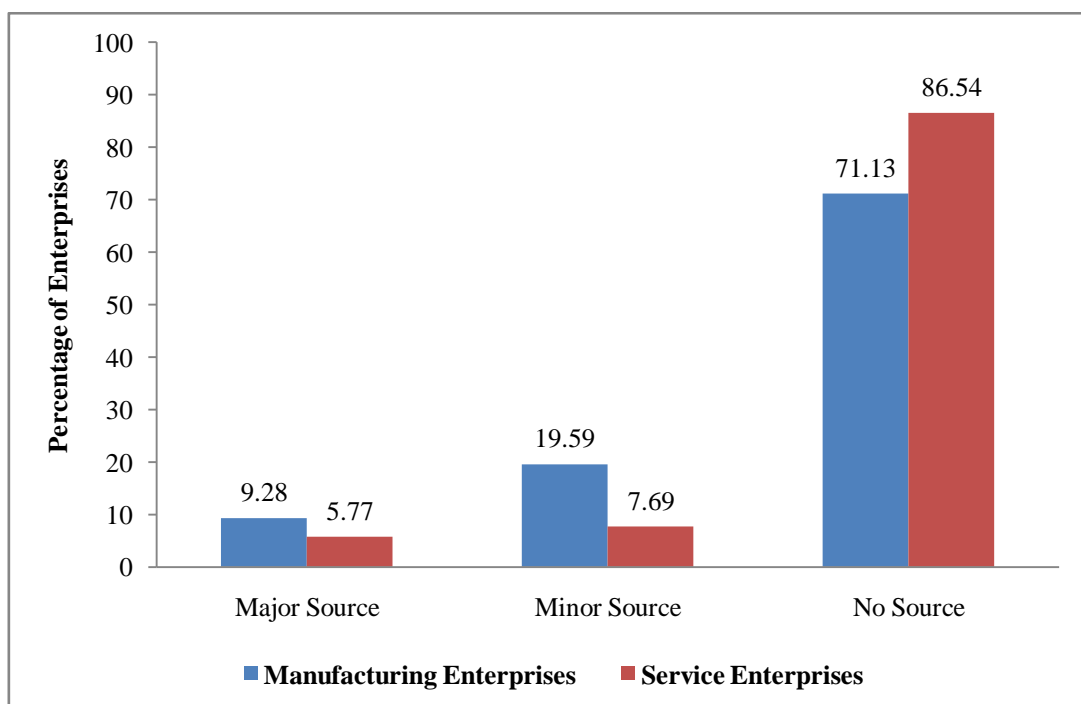
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	18 (9.28)	38 (19.59)	138 (71.13)	194 (100.00)
Service	3 (5.77)	4 (7.69)	45 (86.54)	52 (100.00)
Total	21 (8.54)	42 (17.07)	183 (74.39)	246 (100.00)

*Note: Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey.*

Table 4.31 indicates that only 9.28% of the manufacturing enterprises have used ‘professional money lenders’ as their ‘major source’ of short term finance while 5.77% of the service enterprises have used ‘professional money lenders’ as their ‘major source’ of short term finance. Moreover, 19.59% of the manufacturing enterprises and 7.69% of the service enterprises have used ‘professional money lenders’ as their ‘minor source’ of short term finance. But 71.13% of the manufacturing enterprises and 86.54% of the service enterprises have not used ‘professional money lenders’ as their source of short term finance.

**Figure 4.31: Professional Money Lenders as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.32: Trade Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

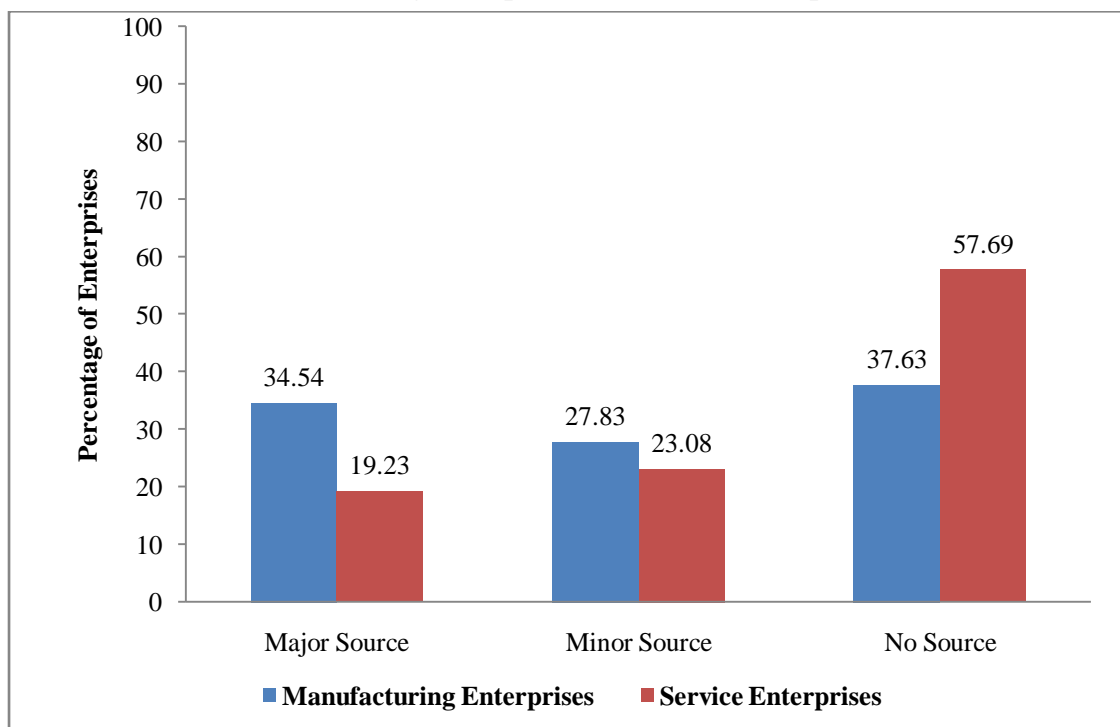
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	67 (34.54)	54 (27.83)	73 (37.63)	194 (100.00)
Service	10 (19.23)	12 (23.08)	30 (57.69)	52 (100.00)
Total	77 (31.30)	66 (26.83)	103 (41.87)	246 (100.00)

*Note: Figures denote number of enterprises.  
Figures in parentheses denote percentage of enterprises.*

*Source Field Survey*

Table 4.32 displays that 34.54% of the manufacturing enterprises have used ‘trade credit’ as their ‘major source’ of short term finance while 19.23% of the service enterprises have used ‘trade credit’ as their ‘major source’ of short term finance. Further, 27.83% of the manufacturing enterprises and 23.08% of the service enterprises have used ‘trade credit’ as their ‘minor source’ of short term finance. But 37.63% of the manufacturing enterprises and 57.69% of the service enterprises have not used ‘trade credit’ as their source of short term finance.

**Figure 4.32: Trade Credit as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.33: Instalment Credit as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	40 (20.62)	18 (9.28)	136 (70.10)	194 (100.00)
Service	6 (11.54)	4 (7.69)	42 (80.77)	52 (100.00)
Total	46 (18.70)	22 (8.94)	178 (72.36)	246 (100.00)

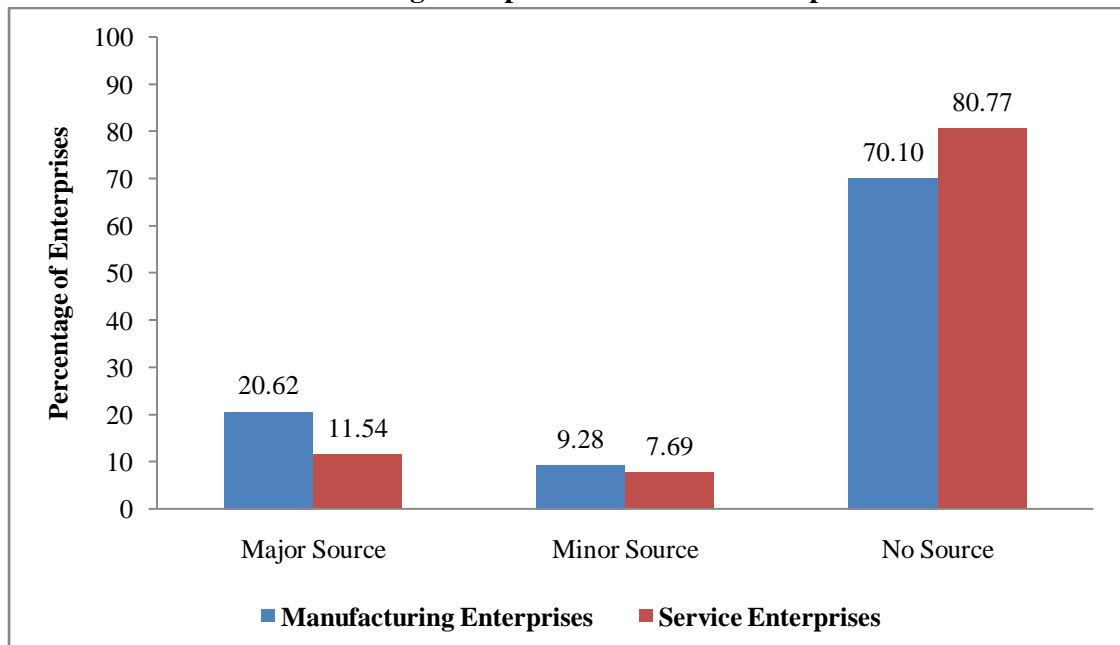
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source* Field Survey

Table 4.33 reveals that 20.62% of the manufacturing enterprises have used ‘instalment credit’ as their ‘major source’ of short term finance while 11.54% of the service enterprises have used ‘instalment credit’ as their ‘major source’ of short term finance. In addition, 9.28% of the manufacturing enterprises and 7.69% of the service enterprises have used ‘instalment credit’ as their ‘minor source’ of short term finance. But 70.10% of the manufacturing enterprises and 80.77% of the service enterprises have not used ‘instalment credit’ as their source of short term finance.

**Figure 4.33: Instalment Credit as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**



**Table 4.34: Customer Advance as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	4 (2.06)	83 (42.78)	107 (55.16)	194 (100.00)
Service	0 (0.00)	14 (26.92)	38 (73.08)	52 (100.00)
Total	4 (1.63)	97 (39.43)	145 (58.94)	246 (100.00)

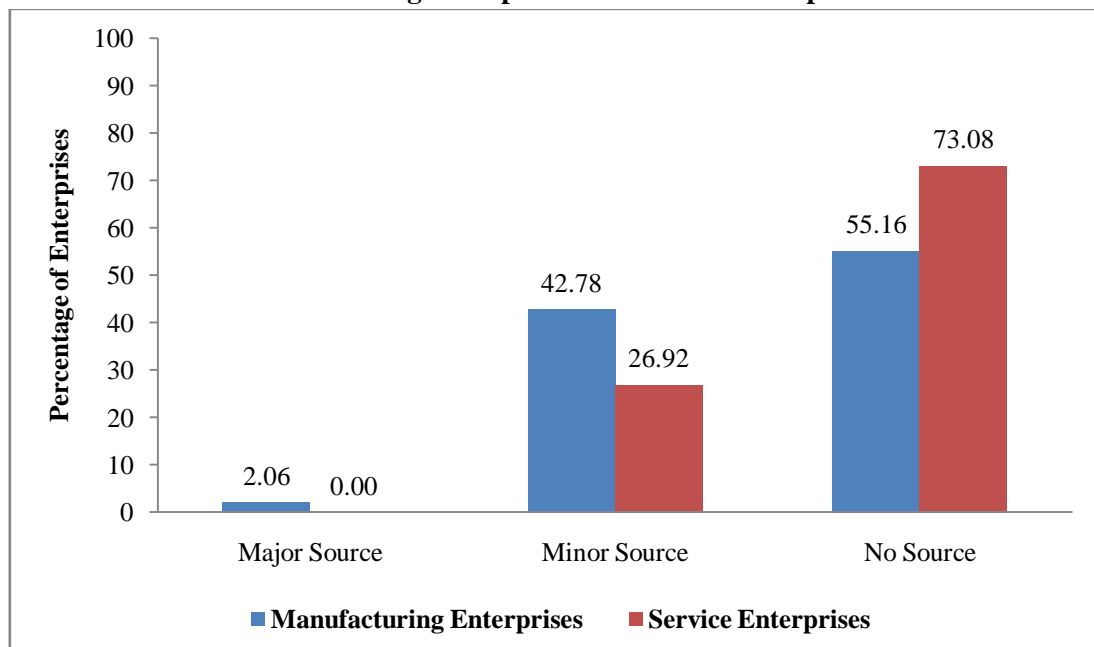
*Note: Figures denote number of enterprises.*

*Figures in parentheses denote percentage of enterprises.*

*Source: Field Survey.*

It is found from the table 4.34 that only 2.06% of the manufacturing enterprises have used 'customer advance' as their 'major source' of short term finance while no service enterprise has used 'customer advance' as their 'major source' of short term finance. Further, 42.78% of the manufacturing enterprises and 26.92% of the service enterprises have used 'customer advance' as their 'minor source' of short term finance. But 55.16% of the manufacturing enterprises and 73.08% of the service enterprises have not used 'customer advance' as their source of short term finance.

**Figure 4.34: Customer Advance as a Source of Short Term Finance of  
Manufacturing Enterprises and Service Enterprises**



**Table 4.35: Government Grant and Subsidy as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	2 (1.03)	28 (14.43)	164 (84.54)	194 (100.00)
Service	0 (0.00)	3 (5.77)	49 (94.23)	52 (100.00)
Total	2 (0.81)	31 (12.60)	213 (86.59)	246 (100.00)

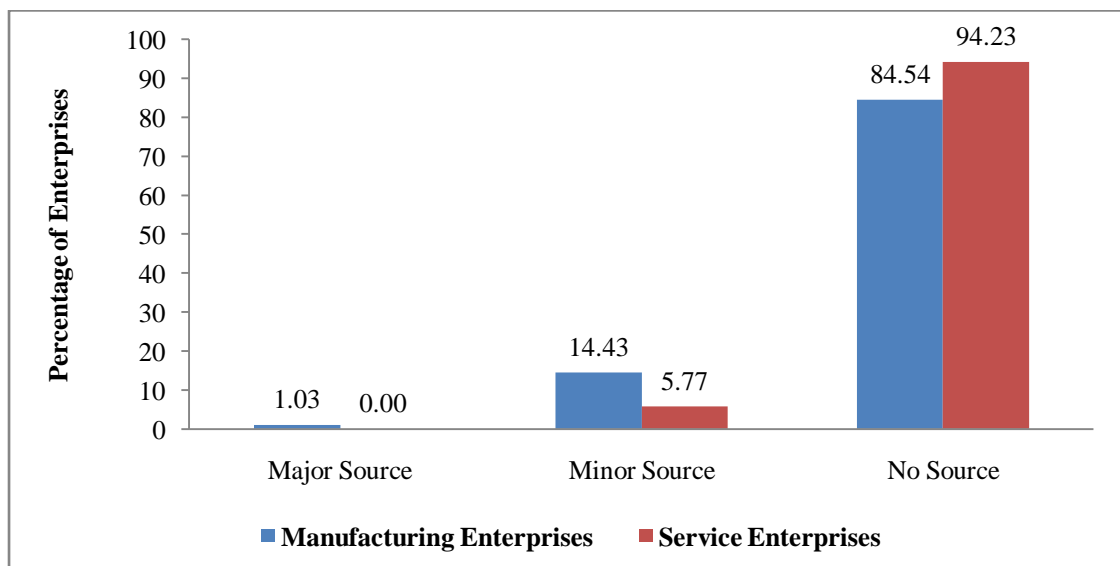
*Note:* Figures denote number of enterprises.

Figures in parentheses denote percentage of enterprises.

*Source:* Field Survey

Table 4.35 exhibits that only 1.03% of the manufacturing enterprises have used ‘government grant and subsidy’ as their ‘major source’ of short term finance while no service enterprise has used ‘government grant and subsidy’ as their ‘major source’ of short term finance. Moreover, 14.43% of the manufacturing enterprises and 5.77% of the service enterprises have used ‘government grant and subsidy’ as their ‘minor source’ of short term finance. But 84.54% of the manufacturing enterprises and 94.23% of the service enterprises have not used ‘government grant and subsidy’ as their source of short term finance.

**Figure 4.35: Government Grant and Subsidy as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**



**Table 4.36: Non- Banking Financial Institutions as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**

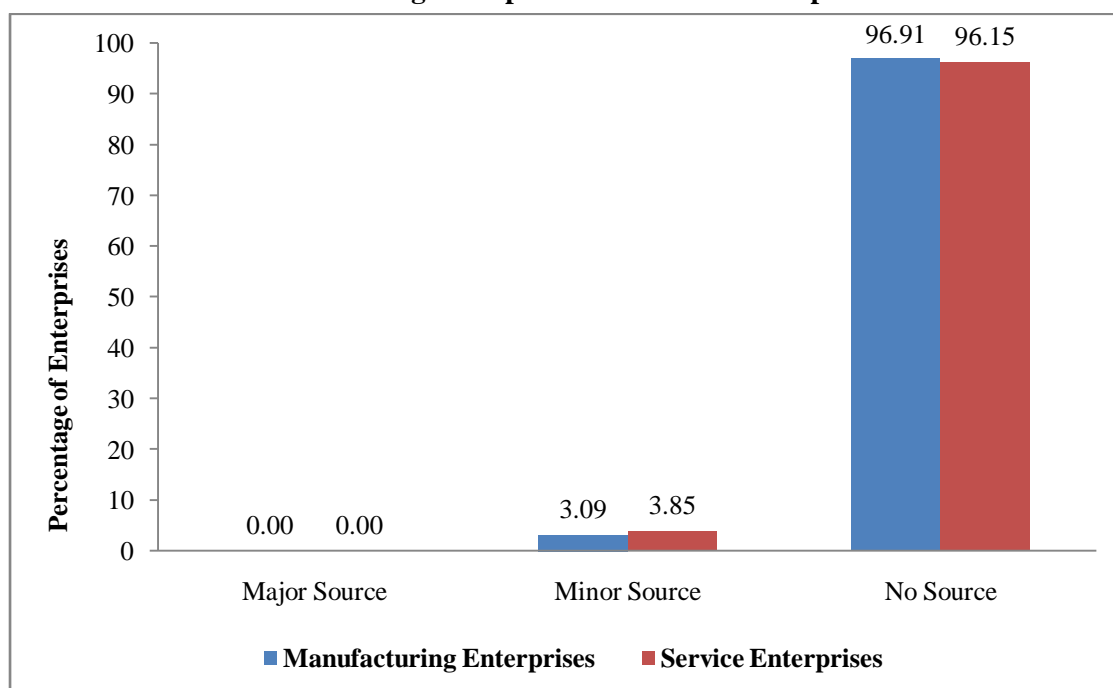
Enterprises	Major Source	Minor Source	No Source	Total
Manufacturing	0 (0.00)	6 (3.09)	188 (96.91)	194 (100.00)
Service	0 (0.00)	2 (3.85)	50 (96.15)	52 (100.00)
Total	0 (0.00)	8 (3.25)	238 (96.75)	246 (100.00)

*Note:*     *Figures denote number of enterprises.*  
               *Figures in parentheses denote percentage of enterprises.*

*Source:*   *Field Survey*

Table 4.36 exhibits that no manufacturing enterprise and service enterprise has used ‘non-banking financial institutions’ as their ‘major source’ of short term finance. Only 3.09% of the manufacturing enterprises and 3.85% of the service enterprises have used ‘non-banking financial institutions’ as their ‘minor source’ of short term finance.

**Figure 4.36: Non- Banking Financial Institutions as a Source of Short Term Finance of Manufacturing Enterprises and Service Enterprises**



But 96.91% of the manufacturing enterprises and 96.15% of the service enterprises have not used ‘non-banking financial institutions’ as their source of short term finance.

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