

STUDY ON THE FACTORS CAUSING FOR NON PERFORMING ADVANCES (NPA) AMONG MICRO LEVEL ENTREPRENEURS IN BATTICALOA DISTRICT: BANKER'S VIEW

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Entrepreneurship is one of the most important input in the economic development of a country. The objective of industrial development, regional growth, and employment generation are achieved through entrepreneurial development. Sri Lankan Government and Central Bank of Sri Lanka is frequently appealing to the financial institutions to provide support to the development of entrepreneurship via various credit programmes and control measures. Currently, micro level entrepreneurs in Batticaloa District enjoy various credit facilities from Banking Institutions. But the recent observation is that there is a steady increase of credit facilities provided to these micro entrepreneurs are being transferred to non-performing status. Therefore, this study aims to find out the factors causing non-performing advances (NPA) among micro level entrepreneurs with special reference to Batticaloa District from the bankers' point of view. For this study, inadequate technical know-how, high cost of inputs, lack of strategies, labour turnover, marketing problems, financial indiscipline, financial bottlenecks, unsupportive government policies, high competition, entrepreneur's character are used as independent variables. Data are collected from primary and secondary sources. Sample size was limited to 100. Questionnaires are issued to manager, credit officer and recovery officer of banks and interviews also used as an additional source. Annual reports of the banks used as secondary source to observe the trends of NPA over years. Collected data were analyzed using five point likert scales (5 for high and 1 for low) to obtain descriptive statics such as mean, median and standard deviation. Findings of the study shows that certain factors are highly causing to NPA while other factors are having moderate and lower level impact. Entrepreneur's character, financial indiscipline, financial bottleneck and marketing problems are highly causing with the mean value above 3.50. Inadequate technical know-how, high input costs, lack of strategies and rivals' competition are moderately contributing with the mean value between 2.50-3.50 and labour turnover and unsupportive government policies are having low impact. The result of the study is more useful for bankers in screening the credit proposals of customers.

Keywords: Bottleneck, Entrepreneurs, Know-how, Micro Non-performing advances