

**FACTOR INFLUENCING ON CREDIT ACCESSIBILITY OF SMALL SCALE
ENTREPRENEURS IN THE POLONNARUWA DISTRICT**



By

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A Project Report

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ABSTRACT

Small and medium enterprises (SME's) play a very significant role in the economy of any country. They provide employment and improve the standard of living of individuals-both the employers and employees. They are a major source of entrepreneurial skills and innovations. The aim of this research paper is to find out "How does credit accessibility perceived by small scale entrepreneurs and credit grantors in Polonnaruwa district?"

Conceptual model is developed based on reviewing literature. The study has been developed by the researcher based on the research studies of Nkundabanyanga, Kasozi, Nalukenge and Tauringana (2013), Mira and Kennedy (2013) and Gichuki, Njeru and Tirimba (2014) to examine challenges face by SME owners and credit grantors for obtaining credit facilities. Primary data that has been used for the study were obtained from 100 number of small scale business owners and 20 numbers of credit grantors in Polonnaruwa district. Convenient sampling method was used. The collected data has been analyzed by using descriptive statistics, correlation analyses, multiple regression and simple liner regressions analyses.

Based on the findings of the study, all most all the dimensions were at higher level. Business Risk (BR) and Availability of Information and (I); and Credit accessibility (CA) have strong positive relationships. Interest rate charged (IRC) and commercial lending terms (CLT) have moderate positive relationships with Credit accessibility (CA). But, financial literacy (FL) and lending institutions (LI) with Credit accessibility (CA) are statistically insignificant. 57.3% of variability in credit accessibility was explained by influence factors of credit accessibility jointly. commercial lending terms, interest rate charges, financial literacy, availability of Information, business risk and lending institutions account for 20.7%, 24.6 %, 0.5%, 29.6%, 37.4% and 0.3% percent of the variation in credit accessibility have been explained individually.

Key word: credit accessibility, commercial lending terms, interest rate charges, financial literacy, availability of Information, business risk and lending institutions.

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