

THE IDENTIFICATION OF PROBLEMS AND THE NEED FOR THE  
IMPROVEMENT OF SMALL AND MEDIUM SCALE ENTERPRISES IN SRI LANKA

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Several steps have been taken by governments over the last three decades to promote small and medium enterprises. However, this sector still faces tremendous difficulties in improving, modernising, and expanding their enterprises. It is the purpose of this paper to study the problems and demands of these entrepreneurs with a view to propose ways and means to assisting these enterprises.

The paper is based on some preliminary investigations of a questionnaire survey administered to a sample of entrepreneurs selected randomly from the industrial and commercial sectors.

The survey revealed that low levels of production technology, shortage and absence of raw materials, lack of capital, marketing constraints, lack of managerial and technical skills, and inadequate tariff protection were the major problems encountered by entrepreneurs. In order to improve these enterprises, it is necessary to re-examine the entire policy environment within which these enterprises operate and undertake measures which can counter the disadvantages they suffer from. The adoption of appropriate technology, easy access to formal credit, development of inter-industry linkages and proper co-ordination among different institutions are needed to overcome the difficulties faced by the small entrepreneurs.