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A study of the constraints faced by the small and medium entrepreneurs in the cane industry in Sri Lanka

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The cane industry is a major traditional industry in Sri Lanka. It is currently practiced in small and medium scales in rural communities in the North Central, Western, Southern and Eastern Provinces and in Mullaitivu and Matale Districts. This industry possesses a future potential for expansion and further expansion as a profit oriented small and medium enterprise (SME) in the country.

The objective of this study was to document the current status of the industry and to identify constraints faced by industry participants. Information of 135 small and medium scale operators covering all 13 districts where the industry operates was obtained from the National Craft Council. The direct interview method using a structured questionnaire was employed to collect information.

The study identified the involvement of several agencies and institutions responsible for the current performance of the industry. They are; a) knowledge providers (universities and R&D institutes); b) technology providers (National Craft Council, Industrial Development Board and National Design Centre); c) market facilitators (Export Development Board); d) vocational training centers; e) markets and sales centers; f) financiers (Banks); and g) community facilitators (NGOs).

Major constraints for business as identified by the operators were, a) difficulty in finding raw materials including obtaining permits to cut cane from the forest and lack of standard prices for raw cane, b) lack of awareness on new technologies and on marketing and sales aspects and lack of opportunities for training, c) inadequate access to market financing, d) high cost of chemicals used for pre treatment, and e) problem of storage of raw materials and finished products prior to sale.