

# A Study on Financial Problems of the Business Units in Andaman Islands – An Empirical Analysis

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## Abstract

*In any country, the growth of the business sector i.e. the trade, commerce, and industry determines the economic development since they are the base of all activities and all developments. The Business Sector (BS) plays an important role in the economy of any country. The growth of BS is the parameter to measure the economic development in a country particularly developing country like that of India. The Study Area chosen for the present research work is the Andaman Islands in the union territory of the Andaman and Nicobar Islands. The Islands constitute the most isolated part of the Indian Union, stretching in North-South direction, separated from the Indian mainland by vast stretches of sea. The seat of Administration of Andaman & Nicobar Islands is at Port Blair, the capital of Andaman & Nicobar Islands. The economy of A&N Islands consists of Tourism, Agriculture, Trade, Commerce, and Industry. Among the Andaman cash crops namely cashew nut, coconut, areca nuts are grown. The resources are plenty. The majority of the resources are unutilized and whatever so far utilized is also underutilized in the Andaman Islands. As a branch of Business/Commerce Education and as one of the types of Sector, the Business Sector (BS) has a high-level potential and prospects in this Study Area. Moreover, during this Corona period, the BS sector is the only scope of this Study Area for its economic development. But the BS Sector is yet to grow. The institutions which are dealing with the Business Units have not grown compared with the growing needs. Surprisingly, such important sectors of the A&N Islands have been given little attention. Business Entrepreneurs are handicapped by less knowledge about business management, cost management, finance management,*

*and accounting management. Finance is essential not only for the promotion of a business unit but also for its smooth and effective operation. Business Units of the remote Islands face financial problems much than the Business Units of Port Blair city. So the nature and peculiar types of financial problems are found out through the micro-level research and suitable suggestions are offered with the future prospects to solve such chronicle issues. The paper is divided into various sections. The paper starts with an introduction to Anadaman islands where the study is focused on. The paper later focuses on the areas such as problem statement, How the study is carried out, the implications of this research and finally the conclusion.*

## Keywords

*Business Sector, Business Units, Finance, Forms of Business Organization, Inter Islands.*

## 1. Introduction

In any country, the growth of the business sector i.e. the trade, commerce, and industry determines economic development since they are the base of all activities and all developments. When industry produces the goods and services, the trade facilitates the buying and selling activities whereas the commerce removes the hindrances of person, time, exchange, and knowledge in connection with the distribution of goods till they reach the consumers and by doing so, it ensures a free and smooth flow of goods and services from producers to consumers. When such activity cycle is repeated, growth and development occurs, national income increases, the employment opportunities are increased, the backward areas are developed by removing disparity, poverty is

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reduced, the factors of productions are fully employed and exploited and hence a tangible growth and development is clearly visible and seen. The Business Sector (BS) plays an important role in the economy of any country. The growth of BS is the parameter to measure the economic development in a country particularly developing country like that of India. The BS plays a positive role in the field of both Inter-state and international relationships. BS brings and joins the people of different cultures, religions, languages, etc. Direct employment in BS and the indirect was much more. The employment opportunities tend to increase in SB Sector.

## 2. The Study Area

The Study Area chosen for the present research work is the Andaman Islands in the union territory of the Andaman and Nicobar Islands. These islands were once coined as kalapani (the Black water) indicating the dreaded transportation, punishment of the British Government of India. These islands are historically important and economically resourceful. These islands are situated in the Bay of Bengal and are surrounded by Burma, Thailand, Malaysia, and Indonesia. The Islands constitute the most isolated part of the Indian Union, stretching in North-South direction, separated from the Indian mainland by vast stretches of sea. The Andaman group of islands are separated from the Nicobar group of islands by the boisterous 10° channel which is about 155 Kms. wide and 400 fathoms deep. This territory, comprising an area of 8,293 sq. Kms. is a group of picturesque islands. The seat of Administration of Andaman & Nicobar Islands is at Port Blair, the capital of Andaman & Nicobar Islands which is connected with Kolkata by a sea distance of 1225 Kms. and with Chennai by 1191 Kms. and with Vishakhapatnam by 1200 Kms. The economy of A & N Islands consists of Tourism, Agriculture, Trade, Commerce, and Industry. At present, a very little quantity of paddy, sugarcane, banana, sweet potato, papaya, rabbi pulse, and vegetables are cultivated. Among the Andaman cash crops

namely cashew nut, coconut, areca nuts are grown. Tourism with its relative business units is the only hope for the economic development of these islands.

## 3. Statement of the Research Problem

The Study Area i.e. Andaman Islands is one of the Districts of Andaman and Nicobar Islands, one of the union territories of India. The resources are plenty. But people depend on the mainland for all essential goods including the primary vegetables. The majority of the resources are unutilized and whatever so far utilized is also underutilized in the Andaman Islands. As far as the resources are concerned, natural resource is the only richest resource of this territory. The study area through its natural resources of scenic beauty of different colors has been attracting people from different parts of the world. In the interior place, less number of people comes forward to start any business. As a branch of business/commerce education and as one of the types of Sector, the Business Sector (BS) has a high-level potential and prospects in this study area. The Covid 19 has strongly affected the economy of these resourceful islands. Since the Covid has totally stopped the transports, no tourist is coming to these evergreen islands. So tourism and tourism-related business activities in these islands have totally been spoiled by the Covid -19. Moreover, now the BS sector is the only scope of this study area for its economic development. But the BS Sector is yet to grow. With the growing population, the BS sector has much more to play in the Study Area to solve many problems. On the observation, it is understood and strongly believed that these business units face terrible financial problems of different kinds of which few are known to them and other few are becoming intangible to the units. The institutions which are dealing with the business units and entrepreneurs - banking, storage, insurance, etc., - have not grown compared with the growing needs. They also face problems and hence they cannot provide better assistance to the business units and entrepreneurs in the study area. Surprisingly, such important

sectors of the A&N Islands particularly the Andaman Islands have been given little attention. business entrepreneurs are handicapped by less knowledge about business management, cost management, and accounting management. The problems particularly the financial issues of the business sector, have to be approached, recognized and treated as a separate discipline. So, there is a dire necessity for a study based on in-depth research on the financial management of the business sector in the study area with special reference to the financial problems and to bring out the solutions, as so far no study has been undertaken to find out the solutions for the financial problem.

#### 4. Objectives and Methodology of the Study

The present study has been undertaken with the objectives - to study the business sector and to trace the growth of business sector, to analyze and identify the problems in financial management and to offer suitable suggestions to solve the problems. In this study, to collect the primary data to identify the problems the statistical tool questionnaire was used. A pilot study was undertaken in order to pre-test the questionnaire. 120 Business Units have been selected from the different Regions namely Port Blair, Ferrar Gunj, Rangat, Mayabunder, and Diglipur Regions of the Andaman Islands as samples for the purpose of the present study. Stratified Sampling Technique has been chosen to select the sample since the islands are scattered. Of the questionnaires distributed, only 87 questionnaires have been taken up for the study purpose due to the reason that the remaining were incomplete. Data were collected over the phone due to the COVID as well as by mailing of questionnaire to the owner-managers, managers of the sample units. Some old businessmen were also contacted over the phone

for the collection of information regarding their problems. The data collected were analyzed on the basis of the forms of business organization like sole business units, partnership, cooperatives, and family business, etc., by the manual operating calculator, and graphs were drawn with the help of a computer. All the data, primary as well as secondary have been analyzed, interpreted with ratio techniques, and presented in the present

#### 5. Growth of Business Sector

In the study area, the majority of the business units are under the small business type and they do not maintain proper accounts for their routine business transactions. Even the government departments do not monitor the growth and development of the business in these islands. Moreover, due to the COVID period, there are general feelings of fear among the owners of the business units. The related institutions also have not recorded any data on sales and purchases, the number of units coming every year, etc. So determining the growth of small businesses has become very difficult. However, with the help of the available data collected both from secondary sources and from the primary sources like interviewing the elderly people from the interior places, the growth of Business in the Andaman Islands has been traced to the extent possible with the help of the (1) Number of Business Units only registered and (2) Number of Employees in the Registered business Units. To trace the growth of the small business, the numbers of business Units including small restaurants and the persons employed in such business units have been taken from the year 1975 onwards till March 2020 and are shown once in five years.

Table 1: Growth of Business Units

Sl No	Period	Units (Nos)	Cum (Nos.)	% OPFY	% OBFY	Emp (Nos)	Cum (Nos)	% OPFY	% OBFY
1	1975-80	98	98	0.0	0.0	486	486	0.0	0.0
2	1980-85	229	327	233.7	233.7	1974	2460	406.2	406.2
3	1985-90	359	686	109.8	600.0	1660	4120	67.5	747.7
4	1990-95	314	1000	45.8	920.4	1310	5430	31.8	1017.3
5	1995-'00	296	1296	29.6	1222.4	999	6429	18.4	1222.8
6	2000-05	420	1716	32.4	1651.0	1565	7994	24.3	1544.9
7	2005-10	245	1961	14.3	1901.0	1112	9106	13.9	1773.7
8	2010-15	472	2433	24.1	2382.7	3234	12340	35.5	2439.1
9	2015-20	5217	7650	214.4	7706.1	19786	32126	160.3	6510.3

Source: DIC, Port Blair. Emp –Employment; OPFY- Over the Previous Five Years; OBFY – Over the Base Five Years

It is very clear from the table that the number of business units has been growing from the first five-year block of 1975-80 to the five-year block of 2000-05 recording the growth rates of 233.7%, 109.8%, 45.8%, 29.6%, and 32.4%. But, from the five-year block of 2000-05 onwards the growth rate has decreased suddenly to 14.3%. This is the effect due to the fact that the majority of the shop owners left the Andaman Islands due to the earthquake and tsunami that occurred in the year 2004 (26.12.2004). However, the number of shops has started increasing from the five-year block 2000-05 onwards by making of growth rates of 24.1% in the five-block of 2005-10 and marvelous growth rate of 214.4% in the five-year block of 2015-20 respectively over the respective previous five years.

However, the growth rates based on the base year 1975-80 has been gradual, steady and markable that is 233.7% in 1980-85, 600.0% in 1985-90, 920.4% 1990-95; 1222.4% in 1995-2000; 1651.0% in 2000-05; 1901.0% in 2005-10; 2382.7% in 2010-15; and 7706.1% in 2015-20.

As far as the number of persons employed in such

units is concerned, it is very clear from the table that several employment has been growing from the first five-year block of 1975-80 to the five-year block of 2000-05 recording the growth rates of 406.2%, 67.5%, 31.8%, 18.4%, and 24.3%. But from the five-year block of 2000-05 onwards the growth rate has been decreased suddenly to 13.9%. This is the effect due to the fact that the majority of the shop owners left the Andaman Islands due to the earthquake and tsunami that occurred in the year 2004.

However, the number of shops has started increasing from the five-year block 2000-05 onwards by making of growth rates of 35.5% in the five-block of 2005-10 and marvelous growth rate of 160.3% in the five-year block of 2015-20 respectively over the respective previous five years. However, the growth rates based on the base year 1975-80 has been gradual, steady and markable that is 406.2% in 1980-85, 747.7% in 1985-90, 1017.3% 1990-95; 1222.8% in 1995-2000; 1544.9 in 2000-05; 1773.7% in 2005-10; 2439.1% in 2010-15; and 6510.3% in 2015-20.

Table 2: Nature of Structure of Business Units in Andaman Islands

Heading	Sl. No.	Particulars	NORTY	%
Forms	1	Sole Business Units	54	62.1
	2	Partnership	27	31.0
	3	Company	Nil	Nil
	4	Cooperatives	05	5.7
	5	Family Business	01	1.2
	6	Total	87	100.0
Source of Idea	1	Self	29	33.3
	2	Parents	14	16.1
	3	Study Reports	32	36.8
	4	Friends	12	13.8
	5	Government Institutions	Nil	Nil
	6	Total	87	100.0
Educational Qualification	1	Below Metric	48	55.2
	2	Metric	16	18.4
	3	Under Graduate	01	01.1
	4	Graduates	13	14.9
	5	Post Graduates	06	06.9
	6	Diploma /Technical	03	03.5
	7	Total	87	100.0
Source of Idea	1	Only Owned Capital	38	43.7
	2	Only Borrowed Capital	12	13.8
	3	Owned & Borrowed Capital	43	49.4
	4	Loan from Banks	18	20.7
	5	Loan from Businessmen	04	04.6
	6	Loan from Near & Dears	05	05.8
	7	Loan from Others	Nil	Nil
	8	Loan from Government	Nil	Nil
Structure of Capital	1	From 05 - 10 Lakhs	28	32.1
	2	From 10 - 15	23	26.4
	3	From 15 - 20	13	14.8
	4	From 20 - 25	09	10.3
	5	From 25 - 30	08	09.2
	6	From 30 - 35	02	02.4
	7	From 35 - 40	02	02.4
	8	From 40 - 50	02	02.4
	9	Total	87	100.0
Places of Buying	1	Locally	22	25.3
	2	From Port Blair	48	55.2
	3	From Other Islands	04	04.6
	4	From Locally & Other Islands*	06	06.9
	5	From Commission Agents	07	08.0
	6	Total	87	100.0
Places of Selling	1	Locally	51	58.6
	2	To Port Blair	07	08.0
	3	To Other Islands	17	19.6
	4	Locally, & Other Islands *	08	09.2
	5	To Commission Agents	04	04.6
	6	Total	87	100.0

Source: Primary Data (2021)  
NORTY- Number of Respondents Told Yes



As far as the forms of business organization are concerned, of the total respondents, 62.1% is sole Business Units; 31.05% partnership firms; 5.7% cooperatives and 1.2% is the family type of retail trade business. Source of idea to Start the Retail Business is one of the important factors for the growth of business activities and industrial activities in any particular area. As such in the Andaman Islands also, the source of ideas to start the business occupies an important position. As per the analysis, 33.3% have expressed that they started the business of their own ideas after seeing the prospects for the business in the Andaman Islands. 36.8% have expressed that they started the business after going through the research reports written by the different authors and researchers, 16.1% and 13.8% have told that their parents and friends respectively are the initiators to start the business. The table clearly pictures that the role of the Government Institutions in this aspect is nil.

Educational level gives the businessmen to understand the different techniques of business, management, administrative marketing, trade, and financial practices and related legal issues. As per the analysis, 55.2% are below metric. 18.4% are the metric qualified, 1.1% is undergraduates, 14.9% are graduates, 6.9% are Post-Graduates, 3.5% are holding diplomas and technical qualifications. The table indirectly conveys an important message that graduates, post graduates, and technically qualified persons are not interested in the business sector. It may be due to the lack of full awareness about the importance of the self-employment and Business Sector.

Source of capital and good structure of capital are the next important issues in the matter of Financial Management. The majority of the Businessmen contributed their own money as their capital.

49.4% of the businessmen have the capital structure of their own money and borrowed money. But 43.7% of businessmen told that they have their own money as their capital. 20.7 % of businessmen told that they availed loans from only banks. But none have told that they were helped by the government in the form of a loan. As far as the capital structure is concerned, most businessmen have their capital between 05 lakhs to 20 lakhs. 73.3% of the business units have expressed that their capital structure is between 05-20 lakhs. Whereas, 19.5% told that their capital structure is between 20 to 30 lakhs. 07.2% said that their capital structure is between 30 lakhs and 50 lakhs.

The tables show that the majority of the businessmen purchase goods from the mainland and from Port Blair. The majority of the businessmen sell locally and to the buyers of the other islands. 24.1% of the businessmen expressed that they buy from Mainland and 42.5% businessmen purchase from Port Blair. 56.3% sell locally and 19.5% sell to other islands buyers.

#### 6. Financial Problems

Finance is essential not only for the promotion of a business unit but also for its smooth and effective operation. Business Units of the remote Islands face financial problems than the Business Units of Port Blair city. The majority of the Business Units are of the view that finance is not available during the period when it is actually needed. In other words, when finance is available, the supply of goods is insufficient and when the supply of goods is adequate there is no availability of adequate finance. The following table shows the number of Business Units facing financial problems.

Table 3: Number of Business Units facing Problems.

<b>Number Of Business Units Facing Financial Problems</b>			
<b>Business Units</b>	<b>FFP</b>	<b>NFFP</b>	<b>TOTAL</b>
<b>Sole Business Units</b>	47 (87.04)	7 (12.96)	54 (100.00)
<b>Partnership firms</b>	21 (77.78)	6 (22.22)	27 (100.00)
<b>Co-operatives</b>	-	5 (100.00)	5 (100.00)
<b>Family Business</b>	1 (100.00)	-	1 (100.00)
	<b>69</b> <b>(79.31)</b>	<b>18</b> <b>(20.69)</b>	<b>87</b> <b>(100.00)</b>

Source: Primary data 2021. Note: FFP. Facing Financial Problems; NFFP. Not facing the Financial Problem

Out of the 87 concerns, 69(79.31%) concerns face financial problems, and 18(20.69%) concerns have no financial problems. out of the 69 concerns facing the financial problems, 47(87.03%) concerns are owned by sole Business Units, 21(77.78%) are partnership firms and 1(100.00%) is family business. As far as the cooperative sector is concerned, it is not facing any financial problem. All the sole Business Units concerns and 6 partnership firms that are not facing these financial problems were started in early 1970. so, it is very clear that the concerns other than the co-operative which have been started at the end of the

seventies and in the eighties and facing these problems. All the 7 concerns and 6 firms are situated in Port Blair city. The remaining 47 sole trading concerns and 21 partnership firms are scattered all over the other islands of this territory. Some of them are also situated in Port Blair but these were started recently. So, the concerns that started in the early seventies and were situated in the Port Blair city do not face the financial problems but the concerns started at the end of the seventies and situated in Port Blair and in the other Islands face the problems. The following table shows the nature of the financial problem.

Table 4 Nature of Financial Problems and Business Units

<b>Nature</b>	<b>Number of Business Units</b>				<b>Total</b>
	<b>Sole Traders</b>	<b>Partner Ship firm</b>	<b>Cooper-atives</b>	<b>Family Business</b>	
a. There is no financial institution nearby	2 (3.70)	5 (18.52)	-	-	7 (8.05)
b. Security Problem	37 (68.52)	14 (51.85)	-	-	51 (59.62)
c. Unnecessary formalities	25 (46.30)	12 (44.44)	-	1 (100.00)	38 (43.68)
d. Lack of knowledge	20 (37.04)	8 (29.63)	-	1 (100.00)	29 (33.33)
e. Wastage of time	32 (59.26)	18 (66.67)	-	1 (100.00)	51 (58.62)
f. Bribe is to be given	15 (27.78)	8 (29.63)	-	-	23 (26.44)

Source: Primary data 2021

Of the concerns, 2(3.70%) sole trading concerns, and 5 (18.52%) partnership firms face financial problems because there is no financial institution nearby. They have to go to the nearby island or place where the banking facilities are available, which involves another problem the wastage of time. Thirty-seven (68.52%) sole trading concerns and 14 (51.85%) Partnership firms face financial problems due to inadequate securities. The majority of the Business Units face problems due to this reason only. 25(46.30%) sole trading concerns and 12 (44.44%) partnership firms and 1 (100.00%) family businesses suffer from the lack of knowledge about the availability of banking finance and other formalities. Thirty-two (59.26%) sole Business Units, 18(66.67%) firms, and 1(1.15%) family businesses feel that obtaining financial assistance from banks involves wastage of time. If a trader walks two or three times to the bankers for financial assistance and if he is not provided, then he starts discovering that the Bankers are unwilling to meet their demand in full and tends to feel somewhat pessimistic. Fifteen (27.78%) sole trading and (29.63%) partnership firms started that they have to bribe the bankers to obtain financial assistance. So, due to the above difficulties and in order to possess adequate working capital, the Business Units are forced to borrow from money lenders at a high rate of interest. Sometimes, the Business Units are not able to get adequate financing for their smooth business operations even at an exorbitant rate of interest. Another problem, the Business Units face is that the commercial banks are not providing financial assistance to them on the ground that the duration of the business is short, and their

produce are not durable.

#### 7. Problems in Credit Sales Realization

This is yet another serious problem connected with finance facing the units particularly the Business Units outside Port Blair. The working population of Andaman Islands is mainly government employees, laborers and industrial contract laborers, cultivators, agricultural laborers, and industrial workers. All the government employees, laborers, and industrial workers buy goods from the Business Units and the account is settled only after getting a salary. While settling their accounts, they normally keep some balance. The Business Units need working capital to meet this. The Business Units cannot ask for the balance two or three times, if they do the customers stop buying goods from that trader. If the trade asks for the balance amount outstanding for a very long period, the debtors abuse the Business Units openly ruining the reputation of the trader. The sample study reveals that all the 87 Business Units sell for credit. The Business Units reported that they cannot stick to the credit period as far as the individual customers are concerned. However, some Business Units (suppliers) maintain a strict policy of 30 days' credit. There is another problem faced by the Business units. that the employees on an ad-hoc basis who are posted in rural areas start dealing with the Business Units without disclosing the fact that they are posted on an ad-hoc basis. One day suddenly such ad-hoc employees will leave the place without informing the business units. The following table shows the number of Business Units facing problems in the realization of credit sales proceeds.

Table 5 Number of business units facing problems in realisation of credit proceeds.

<b>Business Units</b>	<b>FP</b>	<b>NFP</b>	<b>TOTAL</b>
<b>Sole Business Units</b>	<b>45</b> <b>(83.33)</b>	<b>9</b> <b>(16.67)</b>	<b>54</b> <b>(100.00)</b>
<b>Partnership Firms</b>	<b>24</b> <b>(88.89)</b>	<b>3</b> <b>(11.11)</b>	<b>27</b> <b>(100.00)</b>



Co-operatives	1 (20.00)	4 (80.00)	5 (100.00)
Family Business	1 (100.00)	-	1 (100.00)
Private Company	-	-	-
	<b>71</b> <b>(81.61)</b>	<b>16</b> <b>(18.39)</b>	<b>87</b> <b>(100.00)</b>

Source.: Primary Data- 2021. Note: FP = Facing Problem; Note.: NFP = Not Facing Problem.

of the 87 respondents, 71 (81.61%) are facing problems in the realization of credit sales. Among them, 45 (65.38%) are sole traders, who account for 83.33% of the total number of sole traders, 24 are partnership firms who form 88.80% of the total number of partnership firms, 1 is a co-operative society counting for 20% of the total number of co-operatives societies and one is a family business. The table reveals that the majority of the sole traders and partnership firms face this problem more. They hold dealership and sole distributorship of some essential items. Certain wholesalers are very rigid about payment. For example, the CCS Ltd. holds the dealership for Amul products, if a trader makes any default in payment then the society stops the supply of goods to him.

#### 8. Problems in Sales to Business Units of Other Lands

The Business Units of the Port Blair city supply goods to the Business Units of the Other Islands. In

other words, the Other Business Units, except a few, depend more on the Business Units of Port Blair city for their needed goods. Since each Island is cut off from the other, the Business Units of the Islands have to procure the goods in advance. Since the boats are often canceled (particularly in the rainy season) the other Island Business Units purchase goods well in advance before the starting of the rainy season. Even in the other seasons, due to transport problems, the business units are compelled to purchase the goods in advance. Some business units of very remote Islands like Trinket, Pilpilo, Katchal, and Bamboka of the Nicobar district and Strait Island, Smith Island, East Island, Narcondum, Peal Island of the Andaman District purchase goods from the nearby Islands. Inter-Island Business Units have to face a number of problems when making sales to the Business Units from remote Islands. This is given in the following Table.

Table 6: Business Units and their Problems in Sales to the Other Islands

Problems	Sole Business Units	Partnership Firms	Cooperative Societies	Family Business	Total
Transport Problems	31 (57.41)	24 (88.89)	02 (40.00)	01 (100.00)	58 (66.67)
Late Payments	29 (53.70)	20 (74.07)	02 (40.00)	01 (100.00)	52 (59.77)
Competition	13 (24.07)	07 (25.93)	-	01 (100.00)	21 (24.14)
Collection Problems	14 (25.93)	06 (22.22)	-	01 (100.00)	21 (24.14)
Weather Problems	25 (46.30)	17 (62.96)	-	-	42 (48.28)
Minimum Demands	09 (16.67)	02 (7.41)	01 (20.00)	-	12 (13.79)
Not Facing Problem	17 (31.48)	03 (11.11)	03 (60.00)	-	23 (26.44)
No Comments	06 (11.11)	-	-	-	06 (6.90)

Source: Primary data (2021)

The above table reveals that 58(66.67%) respondents out of the 87 respondents stated that

the transport problem is the burning problem in the Inter-Island trade. Among the Business Units who face the transport problem, 31 (57.41%) are sole Business Units, 24(88.89%) are partnership firms, 2 (40.00%) are co-operative and one (100.00%) is family business. The Inter-Island transport problem is not only for the buyers but also for the sellers. The sellers of Port Blair and the Other Islands cannot keep their promise as well as render good services to their customers. The reason for this is transport problems. Late payment of money is an important problem faced by the Business Units. Of the 87 Business Units, 52(59.77%) Business Units face the problem of late payment, out of whom 29 (53.70%) are Sole Business Units, 20 (74.07%) are partnership firms, 2(40.00%) are co-operatives and one (100.00%) is family business. There are various reasons for the late payment of money such as a. Late arrival of goods due to the transport problem, b. Slow progress in the realization of sales proceeds, c. Competition, d. Postal delay, and e. Goods reaching the destination but the trader not going due to: i. Health problem or ii. Non-availability of the seat in the boat of and iii. Social hindrances etc.

The weather and climate conditions pose yet another problem for the Business Units of these Islands. A & N Islands have a peculiar type of weather and climate conditions (discussed in chapter II.). A sudden attack of cold, cough, fever, body pain, malaria, diarrhea, Jaundice, sore-eye, etc, are some of the ailments affecting the population of these Islands due to sudden changes in the weather conditions. Climate conditions create first labor problems and then heavy expenditure on the treatment of the workers. It often happens that due to sudden rain cyclones and roughness of the sea, many ship and boat schedules are canceled. Even at the time of salability of goods, due to continuous rain, goods like sugar, rice, dhal, cement, etc., cannot be transported from one place to another. It is learned from the sample study that the irregular demand and low also affect the Business Units of these Islands adversely. 14(25.93%) Sole Business Units,

6(22.24%) partnership firms and one (100.00) family type business face the problem of irregular demand of the customers, and 9 (16.67%) sole Business Units, 2 (7.41%) partnership firms, and one (20.00%) co-operative unit suffer due to the low demand.

## 9. Suggestions

The Small Business Units are the most suitable solution for the economic problems at the micro level and macro level. No data on the small business units are correctly available anywhere on these islands. Particulars about the registered units and unregistered units, their accounts detail, human resource detail, capital details, sales, and purchase details are not available. Actually, the Deputy Commissioner's Office is the responsible place to keep records on Small Business Ventures in the particulars districts. This situation is to be totally changed. The officers, owners of the small business units, workers and employees, the heads of the educational institutions, the teachers of different disciplines, researchers of the different areas, political persons, large scale business owners, heads of the social organizations, etc., must understand the sectors of the factors of the and the problems of the economic development of the region with special reference to the Small Business Sector. After the careful analysis and interpretations of the data collected and presented, as a measure for the problems of the Small Business Units in these islands, and for the faster growth and development of the Small Business Units in these islands, the following suggestions are given here”

I. A separate department called the Department of Small Business Development. A & N Islands (DSBDANI) may be created and established under the head of the department of the Director, Small Business Development with the qualification of at least a Ph.D. Research Degree Holder in Commerce / Management / Administration with his subordinates named Small Business Development Officer (SBDO) with the qualification of at least an M. Com Degree Holder in Commerce / Management /

Administration who may be assigned the following functions:

1. Issue of License to start any trade or business, any shop including pan shops. Management of forms like 'C' forms, Arrangement of the ship, Boat or Road Transport Vehicles for the import, export, or transfer of the goods, and the Management of the whole import and export trading system.
2. Attachment of the Food Inspector with this department and the Management of the whole affairs of the warehouse and cold storage at different centers. Enforcement of the Essential Commodities Act by conducting various seminars and conferences about the small business sector to have good quality control of the goods.

Completion of Octroi, Customs clearances, Bill of Lading, Shipping Delivery Order, etc., at one place, so that the small business units may not face any problem of taking delivery.

3. DSBDANI may be entrusted with the work of collection of the outstanding amount due to any unit, department, customers, etc. Regulation of proper timings for loading in and unloading trucks in the bazaar areas. Labor Force and Contract Laborers may be handed over to this department for effective working regarding loading and unloading. DSBDANI may have its offices under the Small Development officers at important centers as suggested below to help the Small Business Units and the society as a whole.

Table 07: Suggested Centers for DSBDANI

Sl. No.	Name of the Place	Sl. No.	Name of the Place
01	Port Blair	10	Neil island
02	Ferrar Gunj	11	Little Andaman
03	Bambooflat	12	Car Nicobar
04	Mayabunder	13	Terrasa
05	Rangat	14	Katchal
06	Diglipur	15	Nancowry
07	Baratang	16	Kamota
08	Kathamthala	17	Little Nicobar
09	Havelock	18	Great Nicobar

Source: Rajavel (2021)

II. Delay in passing the bills by the government department or Pay and Accounts office may be avoided so that the Business Units do not face the working capital problems. The government department while purchasing goods and making payments for them may use a uniform pattern without showing any partiality to the known Small Business Units so that all the Small Business Units may not face the inadequate working capital problem.

III. The government may introduce the liberal financing system to the Small Business Units after having proper surety from them. Necessary instructions may be given to all the commercial

banks and cooperative banks so that the Small business units will get financial assistance from the banks. The local government must take the labor problem as one of the serious problems. Efforts must be made to combine the employment exchange and the need of the business units. A need-based training programme may be given to the locally available candidates both boys and girls and even the uneducated and less-educated men and women with the help of the local colleges. For that, a crystal clear policy is to be made.

IV. The local government may encourage the advertisement in the local newspaper with

moderate rates. Awareness among the Small Business Units is to be brought in about the need of the advertisement and its availability at a very low cost.

V. Adequate transport facilities are to be provided to all the interior places particularly in the other islands both by Sea and by Road. All the ship owners may prepare the sailing programme for both Mainland - Islands traffic as well as for Inter - Islands traffic and the same may be announced at least 60 days in advance. The policy of "It will be announced tomorrow" may be discarded.

VI. The A & N Administration may construct good warehouses with cold storage facilities at important centers of the region so that the business units may store the goods well in advance particularly during the rainy season and at the time of non-availability of transport. Adequate berthing facilities in the harbor and godown facilities and proper lighting arrangements for the protection of cargo from theft and pilferage at the godown may be provided to the ship owners.

VII. The Inter-Island vessels which are totally idle and berthed in Jetties particularly Marine Jetty, Fisheries and Haddo Jetty may be berthed in Jetties like Junglighat Jetty, Chatham Jetty, etc., where business is less so that the Cargo vessels can be berthed without any difficulties and delay.

VIII. Instruction may be issued by the A & N Administration to the government department for quick clearance of cargo from the jetty. Otherwise, the slow clearance will render the loading and unloading operation difficult since the space on the wharf is very limited.

IX. The A & N Administration or the Proposed Department of Small Business Development is suggested to take a one hour film covering the different aspects of business particularly the small business including the meaning, how to start, from where the ideas are to collect, who is to be contacted, from where the financial help will be available, how to approach them, what are the forms are available with some different purposes,

the successful history of the successful entrepreneurs, how to prepare the accounts, what is income tax, and all other relevant information may be included in the film and that should be screened to the small businessmen. This is with a view to increasing awareness about small business development.

#### 10. Future Prospects

The population and the small business in these islands are closely related. Some business units cheated the customers and the majority of the business units were also cheated. At present, the small business sector is not properly organized. As suggested earlier the A & N Administration should bring all the units under one umbrella, called the Department of Small Business Development. A & N Islands (DSBDANI) under the head of the department of the Director, Small Business Development with the qualification of at least a Ph.D. Research Degree Holder in Commerce/Management/Administration with his subordinates named Small Business Development Officers (SBDO) with the qualification of at least an M.Com Research Degree Holder in Commerce / Management / Administration who may be assigned the related functions. The A & N Administration should formulate a good Small Business Policy. While preparing the policy; the factors like Remoteness of A & N Islands, Distance between the Island, Inadequate transport facilities, Absence of storage facilities, Financial weakness of the business units, Inadequate power supply, and All the suggestions offered in this study, may be taken into consideration. The export of raw materials from the A & N Islands is to be stopped immediately. For example, coconut, copra, areca nuts, sawn timber, logs, shells, etc., are exported at their raw state itself. The growth and the development of tourism and industry shall increase small business units in these Islands. oil, pan masala, fish, rubber products, pencil, matchbox soaps, agarpathi, etc., need not be imported if the proposed industrial units are started in these Islands. The following places are to be concentrated for the speedy



development of the Small Businesses in these islands. They are the growth centers.

Table 8: Expected Places for the Growth Centers for Small Business

Sl. No.	Name of the Place	Sl. No.	Name of the Place
01	Port Blair	10	Neil island
02	Ferrar Gunj	11	Little Andaman
03	Bambooflat	12	Car Nicobar
04	Mayabunder	13	Terrasa
05	Rangat	14	Katchal
06	Diglipur	15	Nancowry
07	Baratang	16	Kamota
08	Kathamthala	17	Little Nicobar
09	Havelock	18	Great Nicobar

Source: Rajavel (2021)

Moreover, there is a considerable demand for fish products, shell products, cane products, Nicobar products like mat and timber products (furniture) in the mainland market as well as in the foreign markets. Beche-de-mer, oysters, shark liver oil, etc., have high demand in the South East Asian Countries. A & N Islands (Campbell Bay Island) is situated on the world maritime route. The Directorate of Industries and the District Industries Center can have a link with the suggested Department of Small Business Development. A & N Islands (DSBDANI) under the head of the department of the Director, Small Business Development with his subordinates named Small Business Development Officer (SBDO) for efficient export of the finished products and import of the required raw materials for the industrial units in A & N Islands. Thus, the future of business activity in the A & N Islands appears to be bright.

#### 11. Conclusion

From the analysis and interpretations, it is very clear that the business units are facing peculiar financial problems. At the same time developing the Small businesses in these resourceful islands is certainly possible once the financial problems are solved. This is the researcher's view. But policy formulations, effective implementation, are the important aspects. One should work hard with the real thinking of developing these islands. He or She should be a dedicated person to think that

these islands could also be developed to the sky level. The fact is that only a really educated person can take up this challenge and can do start the highly commendable work. People who are only interested to show their faces in newspaper photos and TV, accepting garlands and shawls can never do this highly challenging work for growth and development and cannot develop these islands. So once the impediments in the path of the growth of the small business is removed and if the effective strategies, programmes, policies, rules are framed in the light of the suggestions given as a solution to the financial problems and the same are carefully implemented, executed and monitored by the dedicated and hardworking officers, the economic growth will definitely emerge which will take the Andaman Islands to contribute to the National Income of India.

#### References

- Rajavel. N (1998). *Tourism in Andaman and Nicobar Islands*, Manas Publications, New Delhi, p.21
- Rajavel. N. (1990). Primary Vegetables the name was given by Dr. N. Rajavel, the author of this article first time in his Ph.D. Research Thesis Work on "The Problems and Prospects of Trade, Commerce and Industry in A & N islands" in the year 1986-90, Kumaun University, Almora, The vegetables named as Primary Vegetables by the author are Tomato, Potato and Onion.