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PRELIMINARY RESULTS OF A SURVEY ON THE  
FINANCING OF LARGE-SCALE ENTERPRISE IN UGANDA.

Note: Economic Development Research Papers are written as a basis for discussion in the Makerere Economic Research Seminar. They are not publications and are subject to revision.

CONTENTS:

1. Purpose of the Study
2. The Survey
3. Choosing the Sample.
4. General Characteristics of the Firms.
5. Relationships with Commercial Banks
6. Relationships with Other Financial Institutes
7. Present Sources and Uses of Funds
8. Planned Sources and Uses of Funds.
9. Operations of the Firms.
10. Conclusion and Remarks
11. Tables

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cation

## 1. INTRODUCTION

The purpose of this paper is to present some preliminary findings of a survey on the financing of large-scale enterprise in Uganda. It is the first half of a study of the demand for and supply of funds to business, and is designed to supply factual information on the availability of funds and on the factors influencing the decision to invest. The specific object of the survey is to identify the internal, non-institutional, and institutional sources of funds available to the businessman and to determine the relative importance of each in the total supply of credit. It is also hoped to discern and describe the problems experienced by businessmen in their relationships with various financial institutions and to recommend ways of improving the credit structure in Uganda. In many ways the survey is complementary to that of George Bosa who recently completed a study of finance for small-scale enterprise in Uganda, and reference will be made to this study for purposes of comparison. Unfortunately, the number of firms tabulated thus far is insufficient to give a thorough and reliable basis for statistical analysis, but it is hoped that enough has been collected to provide an indication of the demand for funds among large-scale enterprises.

## 2. THE SURVEY

It was apparent from the very beginning that an 18 page questionnaire would elicit a very low rate of response if sent by post, particularly in view of the recent bombardment of requests from the Statistical Department for various types of business information. The formidable size of the questionnaire was due partly to a high degree of precoding and partly to the diversity of business firms which it was hoped to cover. The combination of a complicated and lengthy questionnaire and the delicate nature of the information involved made it essential to conduct interviews personally rather than through hired interviewers or by post. The results of this approach have certainly justified the time spent, and the businessmen have displayed a high degree of cooperation. Originally it was not intended to seek access to financial accounts in view of the poor response rate experienced by the Bosa survey. However, it soon became apparent that this information would be more or less readily available, and after the first twenty questionnaires an attempt was made to obtain balance sheets from all respondents. The next 75 interviews produced 64 financial statements, with the result that the tables for aggregate sources and uses of funds are highly accurate. The only inconsistency in these tables is due to errors and omissions resulting from overly hasty tabulation in the businessman's office, and to some lack of clarity in the accounting presentation. For example, the heading "Sundry Creditors" frequently hides such interesting items as loans from moneylenders, friends or relatives, hire purchase companies, or foreign suppliers, all of which are impossible to determine without a thorough examination of the supporting accounts. Another major difficulty arose with depreciation accounts which are set up as reserves on the liability side, without specifying the fixed assets to which they apply. Thus the Land & Buildings and Plant & Equipment accounts are sometimes presented at cost and must be aggregated before subtracting depreciation to arrive at a net value.

Besides collecting factual data on the sources and uses of funds, the questionnaire was designed to elicit information on overdraft facilities, high points and security requirements of commercial banks, and the amounts, interest rates and terms of

1. G.R. Bosa, "Results of a Survey of Financial Demand by Small-Scale Enterprise in Uganda", EDRP No. 111, October, 1966

loans from other institutional sources. It also inquires regarding repayment difficulties, failure to obtain funds, credit squeezes and similar problems, as well as seeking opinions about possible improvements of existing lending procedures and services. In addition, it provides many details about the organization of the firm, such as employment, racial ownership, rents, type of activities and similar information, and finally it includes a general section on problems of business operation, reasons for failure, and major constraints to expansion. Most of these latter are not connected in any way with shortages of funds - a fact which is indicative of the broad range of factors influencing the decision to invest - but they present a fascinating panorama of business frustrations covering almost every aspect of economic underdevelopment.

### 3. CHOOSING THE SAMPLE

Choosing a sample is primarily a problem of definition, since several possible criteria present themselves. A large-scale enterprise may be defined on the basis of employment, turnover, total assets or issued capital, but each criterion has its shortcomings. If the employment criterion is used, there is the risk that many large wholesale - retail, investment and property companies will be omitted from the sample. If turnover is used, there is again the risk of losing companies which depend upon income from rents or dividends. The best criteria of size is probably that of total assets, but unfortunately there are no available statistics from which to select a sample. The ultimate choice depends upon availability of data, and for this reason it was decided to use issued and paid-up capital as the basic criterion of size. This choice has its shortcomings too, since many firms are undercapitalized and do an enormous volume of business on borrowed funds, and many others have amassed large reserves on a very small capital base. There are some, too, which have accumulated extensive losses which erode the equity base to such an extent that paid-up capital becomes an inadequate measure of the firm's size. However, the availability of paid-up capital figures from the Registrar of Companies' files made it imperative to use this basis for calculating size.

The original intention was to select firms with 1,000,000/- or more paid-up capital, but it developed that there were only 182 such firms registered in Uganda, and anything short of a total population survey would have produced an inadequate volume of information. It was therefore decided to include all firms with paid-up capital in excess of 400,000/-, of which there were 404, and to take a 50% random sample of this size range. Subsequently, because of a high exclusion factor due to inactivity, closure or unknown location, an additional 10% were randomly selected from the remaining 202 firms, giving a total gross sample of 55%, or 222 firms. It was originally considered desirable to obtain a representative breakdown by industry, size and location, but in view of the high sample proportion it was considered unnecessary to stratify the sample.

There are two major omissions from the sample. One is the exclusion of large-scale foreign firms which are operating in Uganda but, as of June, 1966, were still registered outside the country. These firms were excluded because of the difficulty of obtaining figures on the size of local investment in Uganda, and, pending their imminent local registration, it was not possible to judge whether the size of their operations justified inclusion in the sample. The second major omission, though less serious, is that of unlimited concerns which do not file with the

Registrar of Companies. The lack of available information thus required the exclusion of several large partnerships and proprietorships which undoubtedly would have fallen into the size category under consideration. Another shortcoming of the sample is the possible lack of comparability between "small" large-scale firms with paid-up capital starting at 400,000/- and "large" large-scale firms with paid-up capital above 10,000,000/-. There has been no attempt in the current analysis to stratify the results according to size of firm.

The response rate for the questionnaire has been very good, and only four of the first 113 firms refused to cooperate in the survey. Another 24 had to be excluded because of closure, inactivity or unknown address, 13 were excluded because they were more than 70% controlled by U.D.C. and were considered to be a special case of public financing, and 4 were excluded for various other reasons. The effective response rate for the first 146 firms was therefore 76%, if one includes 17 companies which have been contacted but not yet interviewed.

TABLE 1  
SAMPLE RESPONSE

|                      |    | Number | Percent |
|----------------------|----|--------|---------|
| Total Population     |    | 404    |         |
| Gross sample @ 55%   |    | 222    | 100     |
| Closed or inactive   | 19 |        | 9       |
| Address unknown      | 5  |        | 2       |
| Uncoperative         | 4  |        | 2       |
| Other exclusions     | 17 |        | 7       |
| Total exclusions     |    | 45     | .20     |
| Net sample           |    | 177    | 80      |
| Completed interviews |    | 96     | 43      |
| Pending interviews   |    | 17     | 8       |
| Not yet visited      |    | 64     | 29      |

The total number of firms thus far interviewed is 96, but unfortunately, due to the very lengthy tabulating procedure, only 49 have been coded in time for this preliminary report. In addition, the present sample is limited only to Kampala and Jinja, and is biased in favour of Jinja because of the more complete information obtained from the most recently held interviews (See Table 7). With these reservations in mind, we may turn to the more specific characteristics of the sample.

#### 4. GENERAL CHARACTERISTICS OF THE FIRMS

The sample has been measured according to various size criteria and the results have been tabulated in Tables 9 and 10. The sample distribution appears to be well diversified according to measures of paid-up capital, turnover and total

assets. The employment figures are slightly unbalanced due to the large number of holding, investment, and property companies under "Other Commerce" which employ only two or three people to manage their accounts.

The industry classifications in Table 8 are based upon the United Nations Standard Industrial Classification System, but it should be emphasized that their accuracy is doubtful because of the large number of multi-product firms in the sample. The one major difference from the Bosa tabulations is that secondary processing industries have been removed from the "Agriculture" sector and included in "Manufacturing". This treatment is justified when the firm is solely engaged in processing activities, but is questionable when the activities include cultivation as well as processing. In general, all firms engaged in processing as well as cultivation have been classified under the appropriate processing heading in the Manufacturing sector. Thus, the figures for Food Manufacturing and Textile Manufacturing appear inordinately large because of the inclusion of coffee processors and cotton ginners respectively. The classification Chemicals and Chemical Products includes a high proportion of oil millers, and the Transport Equipment sector is wholly made up of garages engaged in vehicle repairs.

The location statistics in Table 7 show the very heavy predominance of large-scale business in Buganda and Eastern provinces, and especially in Kampala and Jinja. The gross population figures should be treated with caution since many firms list the address of their Kampala auditors or company secretaries, resulting in an overstatement of the Kampala figures.

The figures for date of establishment, show a surprisingly low percentage of firms founded in the 1950's. However, this malproportion may be corrected after additional tabulation of results. The National Origin of Owners shown in Table 5 conforms closely with the gross population figures of 3% African, 68% Asian, 8% European and 20% Mixed. The figures in Table 6 show the very high proportion of family owned businesses, even among large-scale enterprises, and it is interesting to note that 90% of the sample members were founded by the present owners rather than being purchased from someone else.

##### 5. RELATIONSHIPS WITH COMMERCIAL BANKS

One of the objectives of this survey is to determine whether there really is a shortage of funds for large-scale enterprise, and, if such a shortage exists, whether it is a primary factor preventing the expansion of new investment in Uganda. The availability of funds must be considered first in the short term and then in the long term, and separate conclusions will be reached. First, it appears from responses tabulated to date that businessmen are finding it increasingly difficult to obtain short term funds from commercial banks (See Table 18). When asked if they had failed to obtain funds from their bank since 1960, 28% of the respondents answered in the affirmative and the majority stated that they had been refused during the past two years. The same percentage said that their present overdraft arrangements were less than what they requested, and 20% stated that they had suffered from bank credit squeezes at some time since 1960. Six members of the sample, or 12%, changed banks during the period, and four

gave their reasons as "Increased facilities from another bank". The respondents stated that the banks' reasons for refusing credit were either that the banks had no confidence in their industries - such as private cotton ginning or oil milling - or that the bank was overlent in Uganda and was under Head Office pressure to tighten up. Undoubtedly the banks find themselves in a difficult position between an increasing demand for short term funds and a less than proportionate increase in local deposits. This shortfall has been satisfied up to now by shifts of funds between the three territories, or by overdraft arrangements with overseas head offices. Both these sources are becoming increasingly difficult to rely upon, not only because of the Tanzanian bank nationalization, but also because of Bank of England pressure to stop capital outflows from the United Kingdom.

The banks find themselves obliged to grant facilities only to prime customers, and the marginal firms find themselves with a shortage of funds. However, it should be noted from Table 12 that although 9 out of 34 respondents (or 26%) were in excess of their maximum overdraft limits, there were 14 (or 41%) whose annual high point was below their maximum approved limit. This indicates that in spite of seasonal requirements, 14 businesses had more funds at their disposal than they really needed, and it lends credence to the contention that large-scale firms which are profitable and well managed have little difficulty in obtaining short term funds. It is the marginal business or the smaller business which presents the greatest risk to the lender, and which, as George Bosa shows, has the greatest difficulty in obtaining funds.

It is important to note that a shortage of funds implies an effective demand for capital, and no viability criteria have been utilized in analysing the firms which have experienced refusals from commercial banks. It is hoped at a later date to correlate profitability of the firm with bank refusals to lend, and to see whether the 13 unprofitable firms are the same as the 12 firms which have experienced bank refusals and the 11 firms which have obtained lower overdraft facilities than they requested. Undoubtedly, a high proportion of the unprofitable firms will also have experienced bank refusals to lend, and if this is the case, it raises the possibility that extraneous factors may be more important than a shortage of funds in limiting operations and preventing expansion. The question is, why are the firms unprofitable, and is it because of a shortage of funds or because of other defects in the market structure. It occurs to me that many firms experiencing difficulties in obtaining funds are unprofitable because of other reasons than a previous lack of funds. The profit squeeze on cotton ginners has been primarily due to a shortage of raw materials because of government quota arrangements favouring the cooperative ginners. Fixed capital continues to depreciate and the level of production is insufficient to cover overhead costs. The oil milling industry suffers from the high cost of raw materials, the excessive number of millers, and the inadequacy of local market demand. Similarly, profit margins have been shaved in wholesale - retail organizations because of the excessive degree of competition in similar products. The conclusion to be reached is that the basic shortage is not financial but is due to other defects in the market or in the organization of the firm. These businesses do not have an effective demand for capital because other conditions in their industries do not permit them to operate profitably. There are situations, of course, in which the lack of funds compounds the problems of such firms and makes it more difficult to reverse an unprofitable trend. The oil industry is a case in point, since they are

unable to buy cotton seed in bulk at the lowest seasonal price because of inadequate funds to carry large stocks.

In support of the contention that extraneous factors may be more important than a shortage of funds, it is worth noting that only three respondents mentioned a shortage of funds as a major factor preventing the expansion of their businesses, and only five stated that they had been obliged to refrain from increasing their operations because of a shortage of funds.<sup>2</sup>

In the long term lending field it is a frequently heard complaint that banks should provide mortgage finance (as they did in the 1950's) for building construction and long term capital expenditure. The cessation of mortgage lending by Building Societies, combined with the cautious approach of Insurance Companies and the unavailability of bank funds, has left a significant gap in the long term credit structure which definitely needs to be filled. The commercial banks are hardly in a position to remedy this need as long as they remain overlent and are unable to satisfy the demand for short term funds, and until the level of deposits can be raised by encouraging greater saving on the part of individuals, there is little chance that banks will be able to alleviate the shortage. It is possible that, in order to raise deposits, the banks could pay interest on ordinary deposit accounts and require businesses to keep a minimum average balance equal to a certain percentage of their maximum overdraft limit (or their average overdraft outstanding), but judging from the response to a question on this subject, the reaction of businessmen would be highly unfavourable. The possibility of raising business deposits in any other manner appears unpromising since only 11 members of the sample (or 22%) were not borrowing on overdraft basis, and only 8 stated that they would place surplus funds on deposit with their bank. (See Table 2 below)

TABLE 2

USES OF SHORT TERM SURPLUS FUNDS

| <u>USES</u>                       | <u>NUMBER OF FIRMS</u> |
|-----------------------------------|------------------------|
| Reduce bank overdraft             | 28                     |
| Commercial bank deposits          | 8                      |
| Commercial bank fixed deposits    | 6                      |
| Building society deposits         | -                      |
| Government securities             | 13                     |
| Private fixed interest securities | 5                      |
| Commercial bills                  | -                      |
| Deposits with other companies     | 3                      |
| Moneylending                      | 5                      |
| Other investments                 | 2                      |

2. The first question was an open ended question asking "What do you consider to be the most important factors preventing the expansion of your business?" The second question was more specific in asking "Have the problems of raising money outside the firm ever caused you to decide against increasing the level of operations?"

It seems fairly clear that there is a shortage of long term funds for capital expenditure, and this impression is supported by the response of 10 out of 28 firms who stated that a shortage of external funds had caused them to postpone planned capital expenditure which they would otherwise have undertaken.

Finally, it has been suggested that banks should be more liberal in their security requirements, and from the information obtained it does seem difficult to justify the low overdraft/security ratio. In Table 12, it can be seen that 13 out of 18 respondents (or 72%) were getting overdrafts amounting to less than 60% of the security pledged, and 9 (or 50%) were getting less than 40% of their security. In the opinion of 11 out of 27 respondents, it was felt that the security required by banks was excessive. Another question designed to find out whether businessmen had other assets available as security for new borrowing was inconclusive, but several respondents mentioned difficulties in getting banks to release security to other lenders. If it should be the case that firms are short of pledgeable assets, then it seems that banks should be more generous in lending against existing security, or else less demanding in their security requirements. At least one respondent complained that banks will no longer lend against leasehold assets, and several others thought that the overdraft/security ratio should approach 80% of the value of pledged fixed assets. From the banks' point of view, it is possible that the current explosion in property values has caused them to exercise caution in their valuation of property which is offered as security, but most mortgages are based on the cost rather than the market value of the property and are therefore very conservatively valued. It seems that security requirements should be less stringent than they currently are, and that banks should be more willing to release security to other lenders.

## 6. RELATIONSHIPS WITH OTHER FINANCIAL INSTITUTIONS

✓ The unavailability of long term funds from banks emphasizes the need for alternative sources of long term finance. If the firm is not to depend on its own resources, it can obtain medium and long term funds from several outside sources, among them the development corporations, insurance companies, hire purchase companies, moneylenders, and various foreign sources. The development corporations include the finance and development corporations of the three major British banks, the East African Industrial Promotion Services (Uganda) Ltd., the Uganda Development Corporation Ltd., and the recently formed Development Finance Company of Uganda Ltd. The experience of sample members with these six companies is shown in Table 14. Thirteen respondents made a total of sixteen applications, of which ten were approved, five rejected and one withdrawn. Thirty-six firms said that they had not applied to a development corporation, and twenty-five of these stated that their own funds or bank facilities were adequate for long term needs. Seven more said that long term funds were inapplicable to their business, one avoided development corporations because the application procedure was too long and complicated, and two expressed the opinion that development corporations were not interested in financing small projects. The largest number of suggestions for improvements in lending procedure stressed the slow handling of applications and the excessive detail required in project reports. It was also suggested that repayment periods were too short (See Table 16), that grace periods were inadequate, and that interest should not be charged during the grace period. Several firms implied their reticence to deal with U.D.C. or D.F.C.U. because these corporations insist on equity participations or, alternatively, on a varying degree



of control over management policy. One family concern was required to accept a D.F.C.U. appointed general manager and an outside auditor before funds were made available to the firm.

The insurance companies were criticized primarily for their high interest rates and frequent installment payments. The normal interest rate is 9% per annum, but the requirement of monthly installments effectively doubles the interest paid on the average amount available to the firm. In spite of the higher interest charges, one respondent specifically stated his preference for insurance money because it gave him a definite long term supply of operating funds rather than being subjected to the uncertainties of annual reviews by his commercial bank. One other criticism leveled at insurance companies concerned their requirement that loan recipients place their normal insurance business with the lending company.

The hire purchase companies provided a very small portion of total non-bank finance (See Table 15), and the main criticism of their lending procedure was again leveled at high interest rates. The majority of firms which had not applied to a hire purchase company said that their own funds were adequate for vehicle purchases or that supplier credit was readily available.

Moneylenders do not figure prominently in the credit structure of large-scale firms, and only one firm was obliged to use this last resort method of financing. Moneylender rates begin at 12% per annum, and, as can be seen from Table 13, very few firms are willing to pay such high rates to obtain funds. The one respondent who approached a moneylender subsequently withdrew his application when the commercial bank extended the repayment period on his overdraft.

Foreign finance was a major factor in the financial planning of sample companies, and 20 out of 47 said they had applied to foreign sources of various types. Nine companies had approached suppliers for machinery or equipment financing and all succeeded in obtaining funds. The competitive nature of supplier finance makes this source highly attractive, but restrictions on foreign exchange may in future limit the availability of this type of finance. The only difficulty experienced with foreign suppliers was the Japanese insistence on a local bank guarantee, which effectively shifts the financing risk from the supplier to the bank. Understandably the banks are reticent to provide such a guarantee, and require 100% cash cover from the local buyer. The main problem with supplier finance is that it is restricted to machinery and equipment purchases and does not help to alleviate the shortage of funds for building construction, estate development, or continuous working capital requirements.

In summary, there seems to be a widespread opinion that long term finance is hard to get from outside sources, and that one must undergo a very long application procedure or else have influence to obtain funds. There are not enough funds to go round from U.D.C. and D.F.C.U., and many businessmen do not want equity participations which may affect their management prerogatives. They want longer term money, longer grace periods and lower interest rates, all of which the existing institutions are unable or unwilling to give. Until such an institution is created to cater to their demands, the businessman is likely to continue financing a large proportion of his capital requirements through his own funds and to limit his expansion programs to the funds generated by his own business.

TABLE 3  
STRUCTURE OF THE FIRM

|                               | Number of<br>Firms | Percentage<br>of Total |
|-------------------------------|--------------------|------------------------|
| Registered<br>Private Company | 43                 | 88                     |
| Registered<br>Public Company  | 6                  | 12                     |
| Total                         | 49                 | 100                    |

TABLE 4  
DATE OF ESTABLISHMENT

| Date of<br>Establishment | Number of<br>Firms | Percentage<br>of Total |
|--------------------------|--------------------|------------------------|
| 1909 - 1909              | 0                  | -                      |
| 1910 - 1919              | 2                  | 4                      |
| 1920 - 1929              | 4                  | 8                      |
| 1930 - 1939              | 1                  | 2                      |
| 1940 - 1949              | 16                 | 33                     |
| 1950 - 1959              | 14                 | 29                     |
| 1960 - 1966              | 12                 | 24                     |
| Total                    | 49                 | 100                    |

TABLE 5  
NATIONAL ORIGIN OF OWNERS

| National Origin | Number of Firms | Percentage of<br>Total |
|-----------------|-----------------|------------------------|
| African         | 3               | 6                      |
| Asian           | 34              | 70                     |
| European        | 6               | 12                     |
| Mixed           | 6               | 12                     |
| Total           | 49              | 100                    |

TABLE 6  
RELATIONSHIP OF OWNERS

| Relationship | Number of Firms | Percentage<br>of Total |
|--------------|-----------------|------------------------|
| Same Family  | 29              | 59                     |
| Not related  | 20              | 41                     |
| Total        | 49              | 100                    |

TABLE 7  
LOCATION OF FIRM

| Province and Townships. | Cross Population | Gross Sample @ 55% | Exclusions | Net Sample | Completed |
|-------------------------|------------------|--------------------|------------|------------|-----------|
| <u>I. Buganda</u>       |                  |                    |            |            |           |
| Bombo                   | 2                |                    |            |            |           |
| Kampala                 | 266              | N.A.               | N.A.       | N.A.       | 24        |
| Kawempe                 | 6                |                    |            |            | 1         |
| Lugazi                  | 6                |                    |            |            |           |
| Masaka                  | 9                |                    |            |            |           |
| Mubende                 | 1                |                    |            |            |           |
| Total Buganda           | 291              |                    |            |            | 25        |
| <u>II. Eastern</u>      |                  |                    |            |            |           |
| Iganda                  | 1                |                    |            |            |           |
| Jinja                   | 68               |                    |            |            | 24        |
| Kamuli                  | 1                |                    |            |            |           |
| Mbale                   | 19               |                    |            |            |           |
| Soroti                  | 7                |                    |            |            |           |
| Tororo                  | 5                |                    |            |            |           |
| Total Eastern           | 101              |                    |            |            |           |
| <u>III. Western</u>     |                  |                    |            |            |           |
| Fort Portal             | 3                |                    |            |            |           |
| Kabale                  | 3                |                    |            |            |           |
| Kilembe                 | 2                |                    |            |            |           |
| Masindi                 | 2                |                    |            |            |           |
| Mbarara                 | 2                |                    |            |            |           |
| Total Western           | 12               |                    |            |            |           |
| <u>IV. Northern</u>     |                  |                    |            |            |           |
| Gulu                    | 2                |                    |            |            |           |
| Lira                    | 1                |                    |            |            |           |
| Total Northern          | 3                |                    |            |            |           |
| Total all Uganda        | 407              |                    |            |            |           |

TABLE 8.  
COMPOSITION OF SAMPLE BY  
TYPE OF INDUSTRY<sup>1</sup>

| TYPE OF INDUSTRY  | Gross Population | Gross Sample @ 55% | Exclusions | Net Sample | Completed |
|---|------------------|--------------------|------------|------------|-----------|
| 1. AGRICULTURE  | 49               | 28                 |            |            | 3         |
| Agriculture   | 47               | 28                 |            |            | 3         |
| Hunting & Fishing   | 2                | -                  |            |            |           |
| 2. MINING & QUARRYING                                       | 8                | 4                  |            |            | 0         |
| Metal Mining  | 8                | 4                  |            |            | 0         |
| 3. MANUFACTURING  | 178              | 94                 |            |            | 20        |
| Food manufacturing industries                               | 42               | 24                 |            |            | 4         |
| Beverage industries   | 8                | 3                  |            |            | 1         |
| Textile manufacturing                                       | 64               | 34                 |            |            | 5         |
| Footwear, Other wearing apparel and made - up textile goods | 4                | 3                  |            |            | 1         |
| Wood & Cork, except furniture                               | 9                | 2                  |            |            | 1         |
| Printing & Publishing                                       | 5                | 5                  |            |            | 0         |
| Rubber products   | 2                | 2                  |            |            | 2         |
| Chemicals & Chemical products                               | 17               | 8                  |            |            | 3         |
| Non-metallic mineral products                               | 4                | 2                  |            |            | 0         |
| Basic Metal Industries                                      | 2                | 1                  |            |            | 1         |
| Metal Products except Transport equipment                   | 10               | 5                  |            |            | 1         |
| Transport equipment   | 7                | 3                  |            |            | 0         |
| Miscellaneous manufacturing                                 | 4                | 2                  |            |            | 1         |
| 4. CONSTRUCTION   | 9                | 7                  |            |            | 1         |
| 5. WHOLESALE - RETAIL TRADE                                 | 100              | 50                 |            |            | 10        |
| Wholesale Trade   | 48               | 23                 |            |            | 7         |
| Retail Trade  | 52               | 27                 |            |            | 3         |
| 6. OTHER COMMERCE   | 36               | 23                 |            |            | 11        |
| Banks & other Financial Institutions                        | 15               | 10                 |            |            | 6         |
| Insurance   | 3                | 2                  |            |            | 1         |
| Real Estate   | 18               | 11                 |            |            | 5         |
| 7. TRANSPORT  | 11               | 8                  |            |            | 3         |
| 8. SERVICES   | 16               | 8                  |            |            |           |
| Community Services  | 3                | 2                  |            |            |           |
| Business Services   | 1                | 1                  |            |            |           |
| Recreation Services   | 7                | 3                  |            |            |           |
| Personal Services   | 5                | 2                  |            |            |           |
| TOTAL   | 407              | 220                |            |            | 49        |

1. The gross population, gross sample and net sample have not been corrected for changes in type of activity which were discovered in the course of interviewing.

TABLE 9.

## COMPOSITION OF SAMPLE BY EMPLOYMENT

| NUMBER EMPLOYED | Agriculture  |     | Mining       |     | Manufacturing |     | Construction |     | Wholesale Retail |     | Other Commerce |     | Transport    |     | Services     |     | Total        |     |
|-----------------|--------------|-----|--------------|-----|---------------|-----|--------------|-----|------------------|-----|----------------|-----|--------------|-----|--------------|-----|--------------|-----|
|                 | No. of Firms | %   | No. of Firms | %   | No. of Firms  | %   | No. of Firms | %   | No. of Firms     | %   | No. of Firms   | %   | No. of Firms | %   | No. of Firms | %   | No. of Firms | %   |
| 0 - 19          |              |     |              |     | 1             | 5   |              |     | 4                | 40  | 11             | 92  |              |     |              | 16  |              | 33  |
| 20 - 49         |              |     |              |     | 4             | 20  |              |     | 3                | 30  | 1              | 8   | 2            | 67  |              | 10  |              | 21  |
| 50 - 99         |              |     |              |     | 6             | 30  |              |     | 1                | 10  |                |     |              |     |              | 7   |              | 14  |
| 100 - 199       |              |     |              |     | 5             | 25  | 1            | 100 | 2                | 20  |                |     | 1            | 33  |              | 9   |              | 18  |
| 200 - 299       | 2            | 67  |              |     | 1             | 5   |              |     |                  |     |                |     |              |     |              | 3   |              | 6   |
| 300 - 399       | 1            | 33  |              |     | -             |     |              |     |                  |     |                |     |              |     |              | 1   |              | 2   |
| 400 - 499       |              |     |              |     | 1             | 5   |              |     |                  |     |                |     |              |     |              | 1   |              | 2   |
| 500 - 749       |              |     |              |     | -             |     |              |     |                  |     |                |     |              |     |              | -   |              | -   |
| 750 - 999       |              |     |              |     | 1             | 5   |              |     |                  |     |                |     |              |     |              | 1   |              | 2   |
| 1000 or more    |              |     |              |     | 1             | 5   |              |     |                  |     |                |     |              |     |              | 1   |              | 2   |
| TOTAL           | 3            | 100 | 0            | 100 | 20            | 100 | 1            | 100 | 10               | 100 | 12             | 100 | 3            | 100 | 0            | 100 | 49           | 100 |

TABLE 10.  
SIZE DISTRIBUTION OF SAMPLE

| AMOUNT<br>(Shs.000) | PAID - UP CAPITAL |      |              |      |            |      | TOTAL ASSETS |     | ANNUAL TURNOVER |     |   |   |
|---------------------|-------------------|------|--------------|------|------------|------|--------------|-----|-----------------|-----|---|---|
|                     | Gross Population  | %    | Gross Sample | %    | Net Sample | %    | Net Sample   | %   | Net Sample      | %   |   |   |
| 0 - 499             | 66                | 16.2 | 33           | 14.9 | 0          | 6.1  | -            | -   | 10              | 21  |   |   |
| 500 - 599           | 76                | 18.7 | 43           | 19.4 | 9          | 18.4 | 1            | 2   | 2               | 4   |   |   |
| 600 - 699           | 39                | 9.6  | 22           | 9.9  | 4          | 8.2  | -            | -   | -               | -   |   |   |
| 700 - 799           | 11                | 2.7  | 6            | 2.7  | -          | -    | 3            | 6   | 1               | 2   |   |   |
| 800 - 899           | 19                | 4.7  | 12           | 5.4  | 5          | 10.2 | -            | -   | -               | -   |   |   |
| 900 - 999           | 12                | 2.9  | 7            | 3.1  | 3          | 6.1  | -            | -   | 1               | 2   |   |   |
| 1000 - 1499         | (91               | 22.3 | (51          | 23.0 | 8          | 16.3 | 6            | 13  | 5               | 10  |   |   |
| 1500 - 1999         |                   |      |              |      | 5          | 10.2 | 4            | 8   | 3               | 6   |   |   |
| 2000 - 2499         | (24               | 5.9  | (11          | 4.9  | 3          | 6.1  | 5            | 10  | -               | -   |   |   |
| 2500 - 2999         |                   |      |              |      | -          | -    | 1            | 2   | -               | -   |   |   |
| 3000 - 3499         | (15               | 3.7  | (8           | 3.6  | 1          | 2.0  | 2            | 4   | 1               | 2   |   |   |
| 3500 - 3999         |                   |      |              |      | 1          | 2.0  | 3            | 6   | -               | -   |   |   |
| 4000 - 4499         | (10               | 2.5  | (7           | 3.1  | 1          | 2.0  | 1            | 2   | 1               | 2   |   |   |
| 4500 - 4999         |                   |      |              |      | 1          | 2.0  | 3            | 6   | -               | -   |   |   |
| 5000 - 5999         | 9                 | 2.2  | 5            | -    | 2          | 4.1  | 2            | 4   | 2               | 4   |   |   |
| 6000 - 6999         | 6                 | 1.5  | 3            | 1.4  | -          | -    | 1            | 2   | -               | -   |   |   |
| 7000 - 7999         | 4                 | 1.0  | 1            | 0.4  | -          | -    | 1            | 2   | -               | -   |   |   |
| 8000 - 8999         | 1                 | 0.2  | 1            | 0.4  | -          | -    | 1            | 2   | 1               | 2   |   |   |
| 9000 - 9999         | -                 | -    | -            | -    | -          | -    | -            | -   | 1               | 2   |   |   |
| 10000 - 14999       | (22               | 5.4  | (11          | 4.9  | 2          | 4.1  | 1            | 2   | 4               | 8   |   |   |
| 15000 - 19999       |                   |      |              |      | -          | -    | -            | -   | 1               | 2   | - | - |
| 20000 - or more     |                   |      |              |      | -          | -    | -            | -   | 1               | 2.0 | 2 | 4 |
| Not known           | 2                 | 0.5  | 1            | -    | -          | -    | 11           | 23  | 15              | 31  |   |   |
| Total Firms         | 407               | 100  | 222          | 100  | 49         | 100  | 49           | 100 | 49              | 100 |   |   |

1. The gross population and the gross sample are both uncorrected for exclusions due to closure or inactivity.



TABLE 12

| Percentage:   | OVERDRAFT USAGE<br>RATIO | OVERDRAFT/SECURITY<br>RATIO | OVERDRAFT/<br>PAID-UP CAPITAL<br>RATIO |
|---------------|--------------------------|-----------------------------|--|
|               | No. of Firms             | No. of Firms                | No. of Firms                           |
| 0 - 9         | 2                        | 3                           | 1                                      |
| 10 - 19       | -                        | 2                           | 2                                      |
| 20 - 29       | -                        | 1                           | 3                                      |
| 30 - 39       | -                        | 3                           | 1                                      |
| 40 - 49       | 1                        | 1                           | 6                                      |
| 50 - 59       | 2                        | 2                           | 3                                      |
| 60 - 69       | 2                        | 1                           | 2                                      |
| 70 - 79       | 3                        | -                           | 1                                      |
| 80 - 89       | 3                        | -                           | 3                                      |
| 90 - 99       | 1                        | -                           | 1                                      |
| 100 - 109     | 11                       | 1                           | 4                                      |
| 110 - 119     | 3                        | -                           | -                                      |
| 120 - 129     | 3                        | 1                           | -                                      |
| 130 - 139     | -                        | -                           | 2                                      |
| 140 - 149     | 1                        | -                           | -                                      |
| 150 - 199     | -                        | 2                           | -                                      |
| 200 - 249     | 1                        | -                           | 1                                      |
| 250 - or more | 1                        | 1                           | 4                                      |
| TOTAL FIRMS   | 34                       | 18                          | 34                                     |

BANK INTEREST RATES

| Interest<br>Rate (%) | Number of Firms       |                         |
|----------------------|-----------------------|-------------------------|
|                      | Bank Interest<br>Rate | Maximum<br>Rate Payable |
| Bank rate            | -                     | 5                       |
| 7 - 7.9              | 25                    | 3                       |
| 8 - 8.9              | 13                    | 7                       |
| 9 - 9.9              | 1                     | 15                      |
| 10 - 10.9            | -                     | 2                       |
| 11 - 11.9            | -                     | 1                       |
| 12 - 12.9            | -                     | 1                       |
| 13 or more           | -                     | -                       |



TABLE 14.

## APPLICATIONS TO NON-BANK FINANCIAL INSTITUTIONS

Number of Firms

| Type of Institutions    | Application made <sup>1</sup> |      |    | Application approved |     |    |          | Received amount requested |     |    | Repayment difficulties |    |    |
|-------------------------|-------------------------------|------|----|----------------------|-----|----|----------|---------------------------|-----|----|------------------------|----|----|
|                         | Yes                           | %    | No | Yes                  | %   | No | Withdraw | Yes                       | %   | No | Yes                    | %  | No |
| Development Corporation | 13                            | 26.5 | 36 | 10                   | 63  | 5  | 1        | 7                         | 70  | 3  | 2                      | 33 | 4  |
| Insurance Company       | 8                             | 16.3 | 41 | 3                    | 43  | 3  | 1        | 2                         | 100 | -  | -                      | 0  | 3  |
| Building Society        | 1                             | 2.1  | 46 | -                    | 0   | -  | 1        | -                         | -   | -  | -                      | -  | -  |
| Hire Purchase Company   | 6                             | 12.5 | 42 | 5                    | 100 | -  | -        | 4                         | 100 | -  | -                      | 0  | 5  |
| Moneylender             | 1                             | 2.0  | 48 | -                    | 0   | -  | 1        | -                         | -   | -  | -                      | -  | -  |
| Friends or relatives    | 2                             | 7.4  | 25 | 1                    | 100 | -  | -        | -                         | -   | -  | -                      | -  | -  |
| Foreign Supplier        | 9                             | 19.1 | 38 | 9                    | 90  | -  | 1        | 7                         | 100 | -  | 1                      | 17 | 6  |
| Confirming house        | 8                             | 16.7 | 39 | 7                    | 88  | 1  | -        | 7                         | 100 | -  | 1                      | 17 | 6  |
| Other Foreign           | 13                            | 27.7 | 34 | 8                    | 89  | 1  | -        | 6                         | 100 | -  | -                      | 0  | 5  |
| Other Institutions      | -                             | -    | -  | 2                    | 100 | -  | -        | -                         | -   | -  | -                      | -  | -  |
| TOTAL                   | -                             | 75   | -  | 45                   | -   | 10 | 5        | 33                        | 92  | 3  | 4                      | 12 | 29 |

1. Percentage calculations are based on the number of affirmative answers out of the total number of responses.

TABLE 16

TERMS OF LOANS GIVEN BY NON-BANK FINANCIAL  
INSTITUTIONS

| No. of months | Devel.<br>Corp. | Ins.<br>Co. | Blg.<br>Soc. | H.P.<br>Co. | Money<br>lender | Friend | Fgn.<br>Supp. | Confirm<br>House | Other<br>Fgn | Other<br>Sources |
|---------------|-----------------|-------------|--------------|-------------|-----------------|--------|---------------|------------------|--------------|------------------|
| 0 - 5.9       |                 |             |              |             |                 |        |               |                  | 5            | 1                |
| 6 - 11.9      |                 |             |              |             |                 |        |               |                  | 1            |                  |
| 12 - 17.9     | 1               |             |              | 3           |                 |        | 2             |                  |              | 1                |
| 18 - 23.9     |                 |             |              | 2           |                 |        | 2             |                  |              |                  |
| 24 - 29.9     | 1               |             |              |             |                 |        | 3             |                  |              |                  |
| 30 - 35.9     |                 |             |              |             |                 |        |               |                  |              |                  |
| 36 - 41.9     | 1               |             |              |             |                 |        |               |                  |              |                  |
| 42 - 47.9     |                 |             |              |             |                 |        |               |                  |              |                  |
| 48 - 53.9     | 1               |             |              |             |                 |        | 1             |                  |              |                  |
| 54 - 59.9     |                 |             |              |             |                 |        |               |                  |              |                  |
| 60 - 71.9     |                 | 2           |              |             |                 |        | 1             |                  |              |                  |
| 72 - 83.9     | 1               |             |              |             |                 |        | 1             |                  |              |                  |
| 84 - 95.9     |                 |             |              |             |                 |        | 1             |                  |              |                  |
| 96 - 107.9    |                 |             |              |             |                 |        |               |                  |              |                  |
| 108 - 119.9   |                 |             |              |             |                 |        |               |                  |              |                  |
| 120 - 131.9   | 2               | 2           |              |             |                 |        |               |                  |              | 2                |
| 132 or more   | 1               |             |              |             |                 |        |               |                  |              |                  |
| Total loans   | 8               | 4           |              | 5           |                 |        | 10            |                  | 6            | 4                |

TABLE. 17  
 LOAN/SECURITY RATIO FOR LOANS GIVEN  
 BY NON-BANK FINANCIAL INSTITUTIONS .

| Percentage  | Number of firms |             |              |             |                 |        |              |                  |
|-------------|-----------------|-------------|--------------|-------------|-----------------|--------|--------------|------------------|
|             | Devel.<br>Comp. | Ins.<br>Co. | Blg.<br>Soc. | H.P.<br>Co. | Money<br>lender | Friend | Other<br>Fgn | Other<br>Sources |
| 0 - 9       | 1               |             |              |             |                 |        |              |                  |
| 10 - 19     |                 |             |              |             |                 |        |              |                  |
| 20 - 29     |                 |             |              |             |                 |        |              |                  |
| 30 - 39     |                 | 1           |              |             |                 |        |              |                  |
| 40 - 49     | 2               | 2           |              |             |                 |        | 1            |                  |
| 50 - 59     | 2               | 1           |              | 1           |                 |        |              |                  |
| 60 - 69     | 1               |             |              |             |                 |        |              |                  |
| 70 - 79     |                 |             |              |             |                 |        |              |                  |
| 80 - 89     |                 |             |              |             |                 |        |              |                  |
| 90 - 99     |                 |             |              |             |                 |        |              |                  |
| 100 -109    |                 |             |              |             |                 |        |              |                  |
| 110 -119    |                 |             |              |             |                 |        |              |                  |
| 120 -129    |                 |             |              |             |                 |        |              |                  |
| 130 -139    |                 |             |              |             |                 |        |              |                  |
| 140 -149    |                 |             |              |             |                 |        |              |                  |
| 150 -174    |                 |             |              |             |                 |        |              |                  |
| 175 -199    |                 |             |              |             |                 |        |              |                  |
| 200 -249    |                 |             |              |             |                 |        |              |                  |
| 250 or more |                 |             |              |             |                 |        |              |                  |
| Total firms | 6               | 4           | 0            | 1           | 0               | 0      | 1            |                  |

TABLE 21  
PROFIT DISTRIBUTION AND RETENTION

| Percentage              | Distributed |      | Retained |      |
|-------------------------|-------------|------|----------|------|
|                         | 1960        | 1965 | 1960     | 1965 |
| 0 - 9%                  | 4           | 7    | 5        | 11   |
| 10 - 19%                | 1           | -    | 1        | 3    |
| 20 - 29%                | -           | 1    | 1        | -    |
| 30 - 39%                | -           | 2    | 3        | 2    |
| 40 - 49%                | -           | -    | 1        | 1    |
| 50 - 59%                | 1           | 1    | -        | -    |
| 60 - 69%                | 3           | 2    | -        | 2    |
| 70 - 79%                | 1           | -    | -        | 1    |
| 80 - 89%                | 1           | 3    | -        | -    |
| 90 - 99%                | -           | 1    | 1        | 1    |
| 100 - 109%              | 3           | 5    | 4        | 6    |
| 110 - 149%              | -           | 3    |          |      |
| 150 - 199%              | -           | 1    |          |      |
| 200 or more             | 2           | 1    |          |      |
| Total Firms             | 16          | 27   | 16       | 27   |
| Firms making no profits |             | 13   |          |      |

TABLE 22  
EXPANSION PLANS  
RESULTS OF APPLICATION FOR FUNDS

| Type of Institution     | Application Approved | Application Pending | Application Rejected |
|-------------------------|----------------------|---------------------|----------------------|
| Commercial Bank         | 1                    | 1                   | 2                    |
| Development Corporation |                      | 2                   | 1                    |
| Insurance Company       |                      | 3                   | 1                    |
| Hire Purchase Company   |                      | 1                   |                      |
| Money lender            |                      | -                   |                      |
| Foreign Source          | 2                    | 3                   |                      |
| Total Firms             | 3                    | 10                  | 4                    |
| Not yet applied         | 10                   |                     |                      |

TABLE 23  
SOURCES OF FUNDS FOR EXPANSION  
 ( Shs 000 )

| SOURCES                              | Number of Firms | Amount | Percent of Total |
|--------------------------------------|-----------------|--------|------------------|
| <u>Own Sources:</u>                  |                 |        |                  |
| Personal assets                      | 2               | 1,240  | 2.2              |
| Ordinary shares-local                | 8               | 4,625  | 8.3              |
| Ordinary shares-foreign              | 1               | 2,000  | 3.6              |
| Ordinary shares-public               | 1               | 700    | 1.3              |
| Preference & shares                  |                 | -      |                  |
| Retained profits                     | 31              | 22,890 | 41.1             |
| Total Own Sources                    |                 | 31,455 | 56.5             |
| <u>Non-institutional Sources:</u>    |                 |        |                  |
| Loans from directors or shareholders |                 | -      |                  |
| Loans from associated companies      | 4               | 1,995  | 3.6              |
| Loans or advances from brokers       | 1               | 100    | .2               |
| Loans or deposits from others        | 1               | -      |                  |
| Trade credit (short term)            |                 | -      |                  |
| Supplier credit-foreign              | 10              | 7,220  | 12.9             |
| Supplier credit-local                | 2               | 250    | 1.7              |
| Taxes payable                        |                 | -      |                  |
| Other sources                        |                 | -      |                  |
| Total Non-institutional Sources      |                 | 10,265 | 18.4             |
| <u>Institutional Sources:</u>        |                 |        |                  |
| Bank overdrafts                      | 8               | 5,120  | 9.2              |
| Bank loans or advances               |                 | -      |                  |
| Development corporation loans        | 5               | 4,520  | 8.1              |
| Insurance company loans              | 2               | 1,100  | 2.0              |
| Building Society loans               |                 | -      |                  |
| Hire purchase loans                  | 1               | 50     | .1               |
| Moneylender loans                    |                 | -      |                  |
| Confirming house loans               |                 | -      |                  |
| Foreign loans                        | 1               | 3,300  | 5.9              |
| Other institutional sources          |                 | -      |                  |
| Total Institutional Sources          |                 | 14,090 | 25.5             |
| Total Sources <sup>1</sup>           |                 | 55,810 | 100.0            |
| Not yet considered                   |                 | 18,505 |                  |

1. The difference between total sources and total uses is reflected in the "Not yet considered" column.

TABEL 24.

DEMAND FOR FUNDS

PLANNED EXPANSION OF ASSETS <sup>1.</sup>

(Shs 000)

| ASSETS TO BE                             | No. of firms | Agriculture |      | Mining |     | Manufacturing <sup>3</sup> |      | Construction |      | Wholesale Retail |      | Other <sup>2</sup> Commerce |     | Transport |      | Services |      | Total (by type of assets) |      |
|--|--------------|-------------|------|--------|-----|----------------------------|------|--------------|------|------------------|------|-----------------------------|-----|-----------|------|----------|------|---------------------------|------|
|  |              | Amt.        | %    |        | %   | Amt.                       | %    | Amt.         | %    | Amt.             | %    | Amt.                        | %   | Amt.      | %    | Amt.     | %    | Amt.                      | %    |
| Working Capital <sup>4</sup>             | 25           | 4,125       | 65.4 | -      | -   | 9,415                      | 19.4 | 50           | 33.3 | 805              | 49.8 | -                           | -   | -         | -    | 100      | 4.0  | 14,495                    | 19.5 |
| Land & Buildings                         | 33           | 420         | 6.7  | -      | -   | 9,370                      | 19.3 | -            | -    | 750              | 46.4 | 11,685                      |     | 600       | 17.5 | 2,500    | 96.0 | 25,325                    | 34.1 |
| Plant & Machinery                        | 28           | 190         | 3.0  | -      |     | 28,365                     | 58.4 | 30           | 20.0 | -                | -    | -                           | -   | 15        | 0.4  | -        | -    | 28,600                    | 38.5 |
| Transport Equipment & Other Fixed Assets | 19           | 1,575       | 25.0 |        |     | 1,380                      | 2.8  | 70           | 46.7 | 60               | 3.7  | -                           | -   | 2,810     | 82.0 | -        |      | 5,895                     | 7.9  |
| Firms Planning no expansion              | 20           |             |      |        |     |                            |      |              |      |                  |      |                             |     |           |      |          |      |                           |      |
| TOTAL (by Sector)                        |              | 6,310       | 100  | -      | 100 | 48,530                     | 100  | 150          | 100  | 1,615            | 100  | 11,685                      | 100 | 3,425     | 100  | 2,500    | 100  | 74,315                    | 100  |
| Percent of Total Investment              |              | 8.4%        |      | 0%     |     | 65.3%                      |      | 0.2%         |      | 2.2%             |      | 16.0%                       |     | 5.0%      |      | 3.5%     |      | 100%                      |      |

1. The sectoral break down shows the sector in which the investment will be made, and not the type of firm making the investment.

2. Other commerce includes finance, property and insurance concerns.

3. Includes secondary processing of agricultural raw materials.

4. Working capital is probably understated because businessmen were often uncertain about future working capital requirements.

TABLE 25.  
SOURCE OF FUNDS<sup>1</sup>

| SOURCE                                 | Number of firms |             |            |             |           |             |
|--|-----------------|-------------|------------|-------------|-----------|-------------|
|  | 1960            | %           | 1965       | %           | Expected  |             |
| <b>A. Own Sources:</b>                 |                 |             |            |             |           |             |
| Ordinary shares - local                | 22              | 14.1        | 40         | 15.3        | 8         | 12.7        |
| Ordinary shares - foreign              | 2               | 1.3         | 6          | 2.3         | 1         | 1.6         |
| Ordinary shares- public                | 1               | 0.6         | 1          | 0.4         | 1         | 1.6         |
| Preference shares                      |                 |             |            |             |           |             |
| Retained profits                       | 21              | 13.4        | 31         | 11.9        | 21        | 33.3        |
| <b>Total own Sources</b>               | <b>46</b>       | <b>29.4</b> | <b>78</b>  | <b>29.9</b> | <b>31</b> |             |
| <b>B. Non-institutional Sources:</b>   |                 |             |            |             |           |             |
| Loans from directors or Shareholders   | 18              | 11.5        | 24         | 9.2         | -         | -           |
| Loans from associated companies        | 13              | 8.3         | 27         | 10.3        | 5         | 7.9         |
| Loans or advances from brokers         | 1               | .6          | -          | -           | -         | -           |
| Trade credit (short term)              | 18              | 11.5        | 35         | 13.4        | -         | -           |
| Loans or deposits from others          | 5               | 3.2         | 7          | 2.7         | 1         | 1.6         |
| Supplier credit-local                  | -               | -           | -          | -           | -         | -           |
| Supplier credit-foreign                | 2               | 1.3         | 5          | 1.9         | 10        | 15.9        |
| Taxes payable                          | 16              | 10.3        | 19         | 7.3         | -         | -           |
| Other non-institutional sources        | 10              | 6.4         | 13         | 5.0         | -         | -           |
| <b>Total non-institutional sources</b> | <b>83</b>       | <b>53.1</b> | <b>130</b> | <b>49.8</b> | <b>16</b> | <b>25.4</b> |
| <b>C. Institutional Sources:</b>       |                 |             |            |             |           |             |
| Bank overdrafts                        | 17              | 10.9        | 32         | 12.3        | 8         | 12.7        |
| Bank loans or advances                 | 2               | 1.3         | 2          | 0.8         | 1         | 1.6         |
| Development corporation loans          | 2               | 1.3         | 3          | 1.1         | 2         | 3.2         |
| Insurance company loans                | 4               | 2.5         | 4          | 1.5         | 3         | 4.8         |
| Building society loans                 | -               | -           | -          | -           | -         | -           |
| Hire purchase loans                    | -               | -           | 2          | 0.8         | 1         | 1.6         |
| Money lender loans                     | -               | -           | -          | -           | -         | -           |
| Confirming house loans                 | -               | -           | 5          | 1.9         | -         | -           |
| Foreign loans                          | -               | -           | 2          | 0.8         | 1         | 1.6         |
| Other institutional sources            | 2               | 1.3         | 3          | 1.1         | -         | -           |
| <b>Total institutional sources</b>     | <b>27</b>       | <b>17.3</b> | <b>53</b>  | <b>20.3</b> | <b>16</b> | <b>25.4</b> |
| <b>&amp; Total sources</b>             | <b>156</b>      | <b>100</b>  | <b>261</b> | <b>100</b>  | <b>63</b> | <b>100</b>  |

1. Not all firms operating in 1965 were operating in 1960, so the absolute change in responses is not as important as the proportionate change from 1960 to 1965.

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