**RESEARCH METHODOLOGY:**

To attain the above objective and getting first hand information knowledge of representative of the Small and Medium Enterprises preliminary discussion were held with the Representatives of Proprietorship firms / Partners / Directors / Their Representatives connected with the Small and Medium Enterprises in Mumbai. The study is based on the Primary and Secondary Data.

**AREA OF STUDY:**

The scope of research is restricted within the limits of Mumbai Municipal Corporation and Navi Mumbai Municipal Corporation.

**RESEARCH DESIGN USED:**

In this case, a descriptive research & exploratory research design study will be used to study the relationship in question. Descriptive research facilitates the study to obtain accurate and complete information regarding a concept or a situation. Therefore survey method will be followed for the study.

**SOURCES OF DATA COLLECTION:**

**PRIMARY DATA:**

1. Primary Data collected through questionnaire from the factoring companies.
2. Primary Data collected through questionnaire from the Small and Medium Enterprises.
3. Primary Data also collected from face to face interview with the Officers / Representatives of Banks engaged in factoring finance.
SECONDARY DATA:
The main sources of Secondary Data are as under:
1. Financial Reports of the factoring companies.
2. World Factoring Year Book published by Factor Chain International and BCR publishing Ltd. 3 Cobden Court, Wimpole Close, Bromley, Kent, BR2 9JF, UK.
4. Published Data regarding factoring finance in India published by the Reserve Bank of India.
5. Various Newspapers Local, National and International.
7. Various websites related to the topic.

SAMPLING TECHNIQUE:

A questionnaire was issued to 10 factoring companies engaged in factoring business in Mumbai for the last 8 to 10 years. The questionnaire was given to the manager dealing with the Small and Medium Enterprises.

Another questionnaire meant for the Small and Medium Enterprises were issued to 50 the Small and Medium Enterprises in Mumbai to find out whether they are availing factoring facilities as a source of working capital or not.

Face to face interviews was arranged with the Directors / Partners / Proprietors to find out their problems relating to availability of working capital finance and the problems faced by them in meeting their working capital requirements.

Further efforts will be made to find out their problems, how to resolve them and how factoring facilities could be utilized to meet working capital requirements?

Meeting with CEO of factoring companies and banks to get insight into working of factoring companies and problems faced by them.
DATA ANALYSIS:

The data will be analyzed through appropriate software; interpretation of data will be based on tabulation and analysis. Statistical methods will be used for data analysis. Such as, Mean, percentage, standard deviation, correlation etc. The hypothesis will be tested with the help of statistical technique, such as CHI-square test. The conclusion will be drawn on the basis of data analysis. A few suggestions will be made at the end for drawing conclusion about factoring finance as a source of working capital to the Small and Medium Enterprises.

WORK PLAN:

Chapter-1 Introduces the theme of the research project and presents the research approach.
Chapter-2 Literature review
Chapter-3 Statement of Problem
Chapter-4 Research methodology.
Chapter-5 Data Analysis & Interpretation
Chapter-6 Summary & Conclusions
Chapter-7 Suggestion & limitations of Study.
SCOPE OF THE PRESENT STUDY:-

Scope of study is restricted to Mumbai only. The research scholar will collect information from 25 small and 25 medium enterprises in Mumbai to find out their problems in raising funds through various sources and whether they have gone for factoring finance to meet their working capital requirements. The research scholar will gather information from banking / factoring companies registered in India in order to find out detailed information about their modus-operandy and to understand the real problems faced by them in financing to SME’s. 

The study will also enable the readers to find out what is the progress made by the factoring companies since beginning?

LIMITATIONS:

The researcher experienced practical difficulties in contacting the factoring companies, the Small and Medium Enterprises and officials employed with them. The following are the some of the limitations of my research paper:

1. Due to lack of time and monetary matter, researcher has taken only limited area for the study.
2. Sample selection: Since this study is limited to the Small and Medium Enterprises in Mumbai, the study may not represent the whole population. This may affect the judgement made on the basis of the sample.
3. The study is based on the opinion of respondents (questionnaire) and these can be biased.
4. The factoring companies are reluctant to provide information to researcher.
5. Bankers dealing in factoring business and its officials were reluctant to provide important information. However they have provided some information on the conditions that their names will not be revealed in the research paper.
UTILITY:
Factoring finance is one of the most important sources of working capital the Small and Medium Enterprises in meeting their working capital requirements. It is scientifically described that life blood of the organization without which no organizations can survived for longer period. Every organization irrespective of its size, nature require adequate working capital for its smooth operations.

The study will be useful to small scale industries, medium size industries, the study will try to find out the gap between factoring companies / banks on one hand and SME’s on the other hand. The study will also helpful to SME’s to find out why they (SME’s) are not financed by factoring companies? At the same time SME’s would come to know the expectations / requirements of factoring companies from SME’s. The study will try to bring consensus amongst the factoring / banks companies and the SME’s.