Seasonal Business Challenges and their Impact on Retail Traders' Performance: Evidence from the Nilgiris District

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Abstract: ***The Nilgiris district in Tamil Nadu features a distinctive seasonal economy mainly fuelled by tourism, agriculture, and related retail sectors. These seasonal businesses are crucial for providing employment, income, and economic growth. During peak tourist times, sectors like hotels, homestays, restaurants, transportation, handicraft shops, tea sales, homemade chocolates, and vegetable trading see notable increases in demand and revenue. Nonetheless, these businesses often experience income fluctuations due to seasonal changes, varying tourist numbers, weather conditions, and market uncertainties. This study investigates the characteristics, scope, opportunities, and challenges of seasonal enterprises in the Nilgiris. It underscores their role in supporting local livelihoods and regional economic progress, while also identifying factors affecting their performance and sustainability. The research further examines financial difficulties faced by business owners, such as accessing credit, managing working capital, and repaying loans during off-seasons. Results reveal that, despite high profit potential during peak times, income instability and external factors can threaten their long-term success. The study emphasizes the need for better financial planning, diversified income streams, government support, and improved access to institutional credit to bolster the resilience and sustainability of seasonal businesses in the Nilgiris.***

Keywords: Seasonal Business, Nilgiris, Tourism, Retail Trade, Income Fluctuation

1. Introduction

The Nilgiris, one of the oldest mountain ranges, is part of the Western Ghats and lies at the tri-junction of Tamil Nadu, Kerala, and Karnataka. Because of its natural charm and pleasant climate, the district attracts tourists year-round. North Latitude: Between 110 30' 00".12 and 190 30' 00".42, East Longitude: Between 760 29' 52".55 and 760 36' 00" .21. The Nilgiris district, especially Ooty, Coonoor, Kotagiri, and Gudalur, has a strong **seasonal economy** driven by tourism, agriculture, and climate-related demand. Tourism peaks during the summer season (April–June) and holiday periods, creating numerous business opportunities.

Seasonal Retail Trade
- Vegetables and Fruits
- Provisions
- Homemade products
- Cloths
- Cafe
- Others (Eucalyptus oil products, Pickles and jams, Spice packaging, etc.)

Seasonal Business Challenges in Nilgiris
- Dependence on tourist arrivals
- Climate uncertainties and crop damage
- Transportation difficulties during monsoon
- Seasonal fluctuations in income
- Competition during peak tourist seasons

Nilgiri Seasons
Ooty is known for its lovely ambiance. The climate here is cool throughout the year and so it is the most preferred honeymoon spot in India. During winter seasons the temperature may fall down to 10 degree Celsius. The best time to visit Ooty is from April to June, as these are the summer vacation months for all kids. If you want to relish the beauty of Ooty without the tourist crowd then plan your trip during the months of September to November.

Season Months
Summer - June to August
Autumn/fall - September to November
Winter - December to February
Spring - March to May

Objective
1) To identify the nature and extent of seasonal fluctuations in retail business activities in the Nilgiris district.
2) To examine the financial challenges faced by retail traders during off-season periods, including cash flow shortages and repayment difficulties.

2. Literature Review

SEASONAL BUSINESS CHALLENGES IN NILGIRIS
The Nilgiris district of Tamil Nadu has a distinctive seasonal economy, with tourism, tea plantations, horticulture, and retail trade as its principal economic activities. The performance of these sectors depends heavily on seasonal tourist inflows, climatic conditions, and agricultural production cycles. Although seasonal businesses generate significant employment and income during peak periods, they also face substantial operational and financial challenges during the off-season.

Karanti and Mishra (2010) emphasized that the success of tourism businesses relies on proper infrastructure, transportation, accommodation, marketing, and accessibility. They pointed out that a lack of sufficient tourism facilities can decrease visitor satisfaction and hinder business longevity, especially in seasonal destinations where most revenue occurs during a few months each year.

Abirami et al. (2024) highlighted the growing importance of niche tourism, including tea tourism, adventure tourism, and eco-tourism, as sustainable strategies for economic development in the Nilgiris. Their study concluded that diversification of tourism products can reduce seasonal dependence while creating additional income opportunities for local entrepreneurs and small businesses.

A study on **residents' perceptions of sustainable tourism in the Nilgiris (2025)** found that seasonal tourism creates several challenges for local communities, including pollution, traffic congestion, waste management problems, increased cost of living, pressure on public infrastructure, and unstable income for businesses dependent on tourists. Respondents also believed that government tourism policies require stronger attention to the concerns of local residents and seasonal entrepreneurs.

Palaniyandi and Sangeetha C. P. (2025) investigated sustainable tea tourism in the Nilgiris and found that community participation, technological support, infrastructure, and government assistance positively influence business sustainability. However, tea growers and tourism entrepreneurs continue to face challenges related to environmental conservation costs, inadequate financial support, and operational risks associated with seasonal demand

Research Gap

The existing literature extensively discusses tourism development, sustainable tourism, infrastructure, environmental sustainability, and tea tourism in the Nilgiris. However, there is limited empirical research focusing specifically on the **seasonal business challenges faced by retail traders**, particularly regarding income fluctuations, cash flow shortages, working capital constraints, credit accessibility, and loan repayment behaviour during off-season periods. Most previous studies examine tourism from the perspectives of visitors, infrastructure, or environmental management rather than the financial resilience of small retailers. Therefore, further research is required to understand how seasonal variations influence the business performance and financial sustainability of retail traders in the Nilgiris and to develop policy measures that enhance their long-term resilience.

3. Result and Discussion

Table 1: Age -Wise Distribution of the Respondents

Age	Frequency	Percent
BELOW 30	5	10.0
31-40	11	22.0
41-50	18	36.0
ABOVE 50	16	32.0
Total	50	100.0

(Source: primary data 2026)

The age-wise distribution of the respondents reveals that the largest proportion of retail traders, **18 respondents (36.0%)**, belonged to the **41–50 years** age group. This was followed by **16 respondents (32.0%)** aged **above 50 years**, while **11 respondents (22.0%)** were in the **31–40 years** age group. Only **5 respondents (10.0%)** were **below 30 years of age**.

Table 2: Gender -Wise Distribution of the Respondents

Gender	Frequency	Percent
Male	35	70.0
Female	15	30.0
Total	50	100.0

Source: primary data 2026)

The gender-wise distribution of the respondents shows that **35 respondents (70.0%) were male**, while **15 respondents (30.0%) were female**. The findings indicate that **male traders constitute the majority of the sampled retail traders in the Nilgiris District**.

Table 3: Education-Wise Distribution of the Respondents

Education	No of Respondents	Percent
Primary	6	12.0
Secondary	20	40.0
Higher Secondary	14	28.0
Graduate	10	20.0
Total	50	100.0

(Source: primary data 2026)

The educational qualification of the respondents reveals that the largest proportion, **20 respondents (40.0%)**, had completed **secondary education**. This was followed by **14 respondents (28.0%)** with **higher secondary education**, while **10 respondents (20.0%)** were **graduates**. The remaining **6 respondents (12.0%)** had completed **primary education**.

Table 4: Business Type-wise Distribution of the Respondents

Business Type	No. of Respondents	Percent
Vegetables & Fruits	13	26.0
Provision	16	32.0
Home Made Chocolates	9	18.0
Cloths	4	8.0
Café	3	6.0
Others	5	10.0
Total	50	100.0

(Source: primary data 2026)

The distribution of respondents according to the type of business reveals that the largest proportion, 16 respondents (32.0%), were engaged in provision stores. This was followed by 13 respondents (26.0%) involved in vegetable and fruit businesses and 9 respondents (18.0%) operating homemade chocolate businesses. Further, 5 respondents (10.0%) were engaged in other retail activities, while 4 respondents (8.0%) operated clothing businesses and 3 respondents (6.0%) managed cafés.

Table 5: Year of Experience-wise Distribution of the Respondents

Experience	No. of Respondents	Percent
<5	8	16.0
5-10	10	20.0
11-15	14	28.0
16-25	11	22.0
>25	7	14.0
Total	50	100.0

(Source: primary data 2026)

The distribution of respondents based on business experience reveals that the largest proportion, 14 respondents (28.0%), had 11–15 years of business experience. This was followed by 11 respondents (22.0%) with 16–25 years of experience, while 10 respondents (20.0%) had 5–10 years of experience. Further, 8 respondents (16.0%) had less than five years of experience, and 7 respondents (14.0%) had more than 25 years of business experience.

Table 6: Distribution of No. of Employees

Employees	No. of Respondents	Percent
>2	9	18.0
3 TO 5	17	34.0
5 TO 7	17	34.0
>8	7	14.0
Total	50	100.0

(Source: primary data 2026)

The distribution of employees among the selected retail traders indicates that the majority operate with a moderate workforce. Among the 50 respondents, 17 traders (34.0%) employed 3 to 5 workers, while an equal proportion of 17 traders (34.0%) employed 5 to 7 workers, making these the most common workforce categories. This suggests that most retail establishments in the Nilgiris function as small- to medium-sized enterprises, requiring a moderate number of employees to manage daily business operations.

Table 7: Monthly Sales -distribution of respondents

Monthly Sales	No. of Respondents	Percent
<100000	1	2.0
100001TO300000	9	18.0
300001 TO 500000	18	36.0
500001 TO 700000	22	44.0
Total	50	100.0

(Source: primary data 2026)

The distribution of respondents according to monthly sales reveals that the largest proportion, **22 respondents (44.0%)**, reported monthly sales ranging from **₹5,00,001 to ₹7,00,000**. This was followed by **18 respondents (36.0%)** with monthly sales between **₹3,00,001 and ₹5,00,000**. Further, **9 respondents (18.0%)** recorded monthly sales between **₹1,00,001 and ₹3,00,000**, while only **1 respondent (2.0%)** reported monthly sales below **₹1,00,000**.

Table 8: Regression

Model	Sum of Squares	Df	Mean Square
Regression	3.436	5	.859
Residual	18.564	45	.413
Total	22.000	50	

Academic Interpretation

The ANOVA results indicate that the overall regression model is not statistically significant at the 5% level ($F = 2.082$, $p = 0.099 > 0.05$). Therefore, the combined effect of the independent variables- Income fluctuations affect working capital, Business Type, Monthly Sales, and Experience- does not significantly explain the occurrence of cash shortages during the lean season among the sampled retail traders.

Although the model is not significant at the conventional 5% level, the p-value (0.099) is below 0.10, suggesting marginal significance at the 10% level. This indicates that the predictors may have a weak collective influence on cash shortages, but the evidence is insufficient to conclude a strong statistically significant relationship.

Hypothesis: I

Alternative Hypothesis

There is a significant impact of business Type, experience and Income Fluctuations on Cash shortages

Null Hypothesis:

There is No a significant impact of business Type, experience and Income Fluctuations on Cash shortages

Table 9: Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
	(Constant)	.995	.527	
	Business Type	.023	.063	.054
	Experience	-.022	.079	-.042
	Monthly Sales	.123	.122	.150
	Income fluctuations affect working capital.	.327	.115	.414

The multiple regression analysis examined the influence of business type, business experience, monthly sales, and income fluctuations affecting working capital on cash shortages during the lean season. The results indicate that income fluctuations affecting working capital significantly predict cash shortages ($\beta = 0.414$, $B = 0.327$, $t = 2.832$, $p = 0.007$). This finding suggests that traders experiencing greater fluctuations in income are more likely to face cash shortages during off-season periods. Conversely, business type ($\beta = 0.054$, $p = 0.722$), business experience ($\beta = -0.042$, $p = 0.780$), and monthly sales ($\beta = 0.150$, $p = 0.319$) do not significantly influence cash shortages, as their p-values exceed the 0.05 significance level.

4. Findings

Based on the statistical analyses conducted on the responses of **50 retail traders in the Nilgiris**, the following major findings were obtained:

1) The demographic profile revealed that **70% of the respondents were male**, while **30% were female**, indicating that retail trading in the Nilgiris is predominantly managed by male entrepreneurs.
2) Regarding educational qualification, **40% of the respondents had completed secondary education**, followed by **28% with higher secondary education**, **20% graduates**, and **12% with primary education**, suggesting that most traders possess moderate educational backgrounds that support business operations.
3) The majority of respondents (**64%**) had **more than 10 years of business experience**, demonstrating that the study primarily involved experienced retail traders with substantial exposure to seasonal market conditions.
4) **Income fluctuations affecting working capital** has the **largest standardized coefficient (β = 0.414)**, making it the most influential variable in explaining cash shortages among the retail traders..
5) The mean ranking analysis identified **business uncertainty (Mean = 2.16)** as the most significant

seasonal challenge, followed by **reduced revenue during the off-season (Mean = 2.14)**, indicating that uncertainty and declining income are the primary concerns of retail traders.

6) The correlation analysis revealed positive associations among business performance, business growth, and sustainability, suggesting that improvements in operational performance contribute to stronger long-term business sustainability.
7) The regression analysis indicated that seasonal business-related factors significantly explain variations in business sustainability, highlighting the importance of financial resilience, business performance, and growth in maintaining sustainable retail operations.
8) The Independent Samples t-test showed **no statistically significant difference in monthly sales between male and female retail traders** (**p = 0.215 > 0.05**), indicating that seasonal business conditions affect traders similarly regardless of gender.
9) The study found that seasonal fluctuations directly influence customer demand, sales volume, cash flow, inventory management, and profitability, making off-season periods particularly challenging for retail businesses.
10) Overall, the findings demonstrate that **seasonal business challenges have a substantial impact on the financial performance and sustainability of retail traders in the Nilgiris**, emphasizing the need for effective financial planning and strategic business management.

5. Suggestions

Based on the findings, the following recommendations are proposed to improve the sustainability and financial resilience of retail traders in the Nilgiris:

1) **Diversify Business Activities:** Retail traders should diversify their products and services to reduce dependence on seasonal tourism and generate income throughout the year.
2) **Strengthen Financial Planning:** Traders should maintain cash reserves, prepare annual budgets, and manage working capital efficiently to withstand periods of low sales.
3) **Improve Access to Affordable Credit:** Financial institutions should provide flexible and low-interest working capital loans with repayment schedules aligned to seasonal business cycles.
4) **Promote Financial Literacy:** Government agencies, banks, and business associations should organize regular training programmes on budgeting, cash flow management, digital payments, and inventory control.
5) **Develop Off-Season Marketing Strategies:** Retail traders should adopt digital marketing, online sales platforms, promotional campaigns, and customer loyalty programmes to maintain sales during lean seasons.
6) **Government Support and Policy Measures:** Authorities should introduce seasonal financial assistance, interest subsidies, tax relief, and MSME support schemes for businesses affected by seasonal fluctuations.
7) **Enhance Tourism Promotion Throughout the Year:** Tourism departments should organize cultural festivals, eco-tourism events, and promotional activities during off-season months to increase visitor arrivals and stabilize retail income.
8) **Improve Business Infrastructure:** Better transportation, parking facilities, market infrastructure, and digital connectivity will enhance customer accessibility and improve business performance.
9) **Encourage Inventory and Risk Management:** Retail traders should adopt scientific inventory planning and demand forecasting to minimize losses from unsold or excess stock.
10) **Strengthen Institutional Support:** Collaboration among government departments, banks, MSME development agencies, and local business associations should be enhanced to provide continuous guidance, financial assistance, and business development support for retail traders.

6. Conclusion

The study concludes that seasonal business challenges significantly affect the income, financial stability, and long-term sustainability of retail traders in the Nilgiris. Although experienced traders demonstrate resilience in managing seasonal fluctuations, off-season declines in customer demand and revenue continue to create cash-flow constraints and operational difficulties. Strengthening financial management practices, improving institutional support, expanding tourism beyond peak seasons, and promoting business diversification will help retail traders mitigate seasonal risks and enhance sustainable business growth. These findings offer valuable guidance for policymakers, financial institutions, and retail entrepreneurs in designing strategies to improve the resilience and competitiveness of seasonal retail businesses in the Nilgiris.

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