



National Conference
14th – 15th March 2014

"Role of SMEs in Future Economic Development"

**Pimpri Chinchwad Education Trust's
S.B.Patil Institute of Management**

**In Association with AICTE, New Delhi
Conference Proceedings**

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National Conference 2014:

"Role of SMEs in Future Economic Development"

Conference Proceedings

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CHAIRMAN's MESSAGE

It gives me immense pleasure to bring out these papers or articles in the Conference Proceedings of SBPIM came up with the burning, current and relevant issue in the National Conference on "Role of SMEs in Future Economic Development". My sincere thanks to various faculty members of different management institutes who irrespective of their busy schedule and teaching load took out time to do a small research and write a paper for the seminar. This publication will make them happy and motivate them to do further research. The main objective of this publication is that when the papers will be read and referred by other faculty members they will use their innovative ideas and creativity and develop further research.

I am confident that these efforts will make the faculty think in different directions and on different subjects. There should be more participation more enthusiasm, hard work and competitive spirit in producing good quality papers. Remember all this should be in a global perspective and must give global solutions in handling global challenges. Lets thank all the trustees of PCET, teaching, non teaching faculty of SBPIM who have taken so much efforts in making the National Conference a grand success.

Dr. Daniel Penkar
Director,
S.B.Patil Institute of Management



CHIEF EDITOR'S MESSAGE

The world is changing rapidly. Increasing world's population, tremendous unemployment, uneven economic growth, regional imbalance, poverty, underutilization of resources etc. become the problems of Indian and world economy. The public sector, corporate sector, co-operative sector or any other sector is unable to give complete solution to these problems. The only solution to these problems is to establish and develop Micro, Small and Medium Enterprises in urban and rural areas. Their role in Indian Economy will be significant to attain balanced regional growth. Keeping in mind these aspects the SBPIM team have organized two day National Conference on 14th and 15th March 2014, upon, " Role of SMEs in Future Economic Development".

National Conference is an important platform and opportunity for Students, Academicians, Entrepreneurs, and Research Scholars to present their research work and share their knowledge with suggestions to improve business situation. In response to the call, we received research papers on various aspects of MSME from all over India. The entire team of S. B. Patil Institute of Management worked hard for achieving great success of the National Conference.

The benefit of such type of conference to research scholars is to find out new areas of research in MSME which are listed as under:

1. Innovative ideas in MSME.
2. Problems and prospects of MSME.
3. Use of Information Technology in MSME.
4. Marketing strategy in MSME.
5. HR practices in MSME.
6. Working capital management in MSME.
7. Venture Capital in MSME.
8. Capacity utilization in Manufacturing Units of MSME.
9. Government policy about MSME and Facilities provided by government to MSME.
10. Self help groups and creation of MSME.
11. Women entrepreneurship and MSME.
12. Impact of dispersal of MSME in economic development of particular area.
13. MSME and rural development.
14. Employment generation by MSME.
15. MSME and large scale industrial units.
16. Entrepreneurship Development Program Institutions and their contribution to establish MSME.

17. EDP organized by Government and Non- government organizations.
18. Cross culture due to globalization in MSME.
19. CSR activities conducted by MSME.
20. Green manufacturing and marketing by MSME.

I thank to all the SBPIM team members for their help and co-operation. We are greatful to our president Hon. Dnyaneshwar Landge, Secretary, Hon Vitthalrao Kalbhor, Treasurer, Hon. Shantaram Garade, Hon. Padmatai Bhosale, Hon. Harshwardhan Patil, and Hon. Bhaijan Kazi for their continuous support, motivation and help in organizing this conference and the all round development of the institute.

I sincerely thank to Dr. Kirti Dharwadkar Chief Convener of this conference and Dr. Daniel Penkar, Director SBPIM, as Chairman of this conference for their continuous support to SBPIM team and the efforts who made this conference a great success.

Dr. Hansraj Thorat
Head Research,
S.B.Patil Institute of Management



CHIEF CONVENER'S MESSAGE

Worldwide, the micro small and medium enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises.

SMEs play a key role in transition and developing countries. These firms typically account for more than 90% of all firms outside the agricultural sector, constitute a major source of employment and generate significant domestic and export earnings. As such, SME development emerges as a key instrument in poverty reduction efforts. Globalization and trade liberalization have ushered in new opportunities as well as challenges for SMEs. Presently, only a small part of the SME sector is able to identify and exploit these opportunities and deal with the challenges. The majority of SMEs in developing and transition countries, has been unable to exploit the benefits of globalization and, to add to the situation, are frequently under pressure on the local or domestic markets from cheaper imports and foreign competition.

In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession.

It was a matter of great honor and privilege for the institution to host a conference on the critical issues and unleash the discussion on various issues and challenges of SMEs at SBPIM.

The contributions of the participants, dedicated staff, Students, and Sponsorer went into making the conference a success as it finally did, could never be doubted, but it would not have been possible without the co-operation of all the members.

Dr. Kirti Dharwadkar,
Dean Academics,
S.B.Patil Institute of Management

Key Note Address by Chief Guest

MSME in India and Business Excellence

Introduction

- Indian MSMEs represent the model of socio-economic policies of Government.
- It emphasises job creation at all levels of income stratum and diffusion of economic power in the hands of few thereby discouraging monopolistic practices of production and marketing; and in all respects contributing to growth of economy and foreign exchange earning with low import-intensive operations.

- Indian MSMEs also play a significant role in Nation development through high
 - contribution to Domestic Production,
 - Significant Export Earnings,
 - Low Investment Requirements,
 - Operational Flexibility,
 - Location Wise Mobility,
 - Low Intensive Imports,
 - Capacities to Develop Appropriate Indigenous Technology, Import Substitution, Contribution towards Defense Production,
 - Technology – Oriented Industries,
 - Competitiveness in Domestic and Export Markets thereby generating new entrepreneurs by providing knowledge and training.

Definition of MSME

For manufacturing sector, an enterprise is classified as:

- a) Micro enterprise, if investment in plant and machinery does not exceed twenty five lakh rupees;
- b) Small enterprise, if investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or
- c) Medium enterprise, if investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

Definition of MSME

- In case, enterprise is engaged in providing or rendering of services, it is classified as:
 - (a) Micro enterprise, if investment in equipment does not exceed ten lakh rupees;
 - (b) Small enterprise, if investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or
 - (c) Medium enterprise, if investment in equipment is more than two crore rupees but does not exceed five crore rupees.

MSME Sector is important, needs no elaboration How and why MSME sector is successful and is the economic catalyst for the country ?

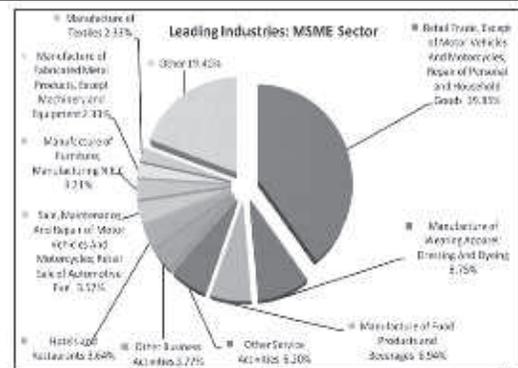
Let us look at some data
compiled by
MSME MINISTRY
ANNUAL REPORT 2013-2014

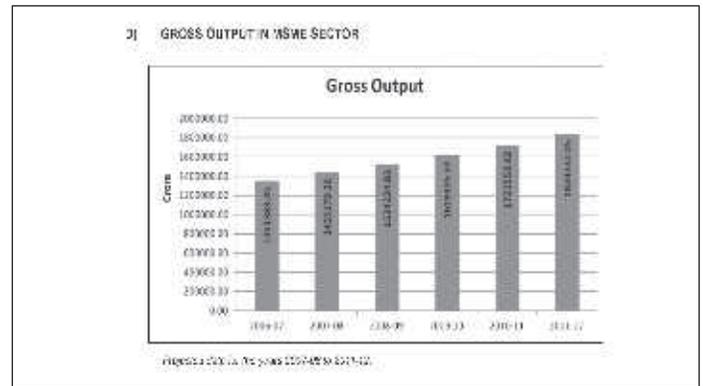
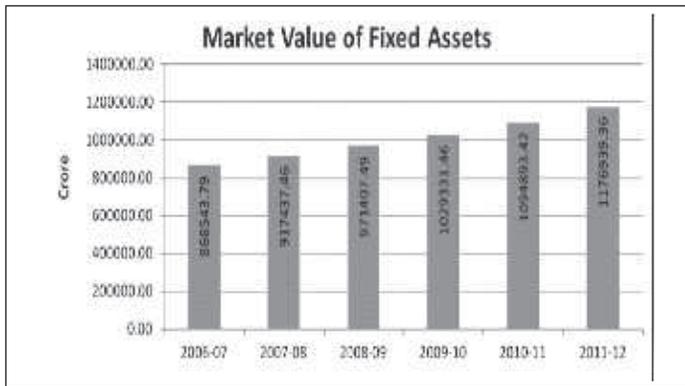
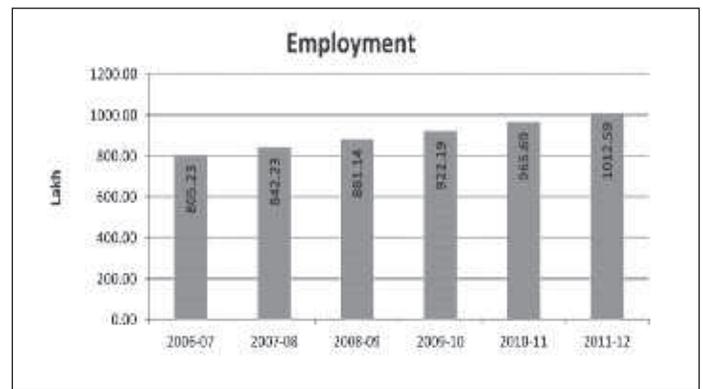
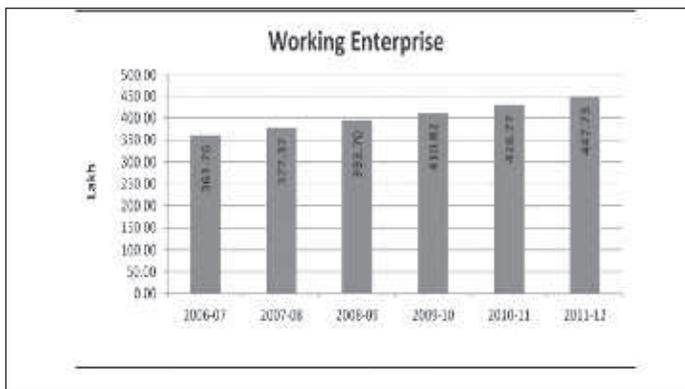
Growth and Performance of Micro, Small and Medium Enterprises (MSME)

- The Sector accounts for :
 - 44 million units
 - 100 million people employed
 - More than 6000 products
 - 45% of manufacturing output
 - 40% of the total exports of the country

Performance of SSI / MSME Units, Employment, Investments and Gross Output

Sl. No.	Year	Total Working Enterprises (Lakh)	Total Employment (Lakh)	Total Investment (₹ Crores)	Total Gross Output (₹ Crores)	Total Exports (₹ Crores)
1	2011-12	1052	340.89	19,34,500	28,22,700	7744
2	2012-13	1104.8	360.27	19,51,100	31,48,800	8913
3	2013-14	1133.5	371.43	19,21,500	35,42,700	9766
4	2014-15	1181.5	382.57	1,933,900	40,79,800	12,114
5	2015-16	1234.2	391.5	1,951,000	47,34,000	15,212
6	2016-17	1271.5	388.22	1,984,479	49,51,224	15,954
7	2017-18	1277.37	372.31	1,97,737.6	48,77,78.7	16,017
8	2018-19	1319.75	385.14	1,97,497.9	52,42,84.33	N/A
9	2019-20	1319.75	385.14	1,97,497.9	52,42,84.33	N/A
10	2020-21	120.77	366.05	1,73,479.42	47,21,653.42	N/A
11	2021-22	447.12	317.25	1,72,029.28	48,40,22.22	N/A





Recognizing the contribution and potential of the sector, the definitions and coverage of the Small Scale Industry (SSI) sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of "enterprise" to include both and services sector besides, defining the medium enterprises.

MSME Sector - Higher Growth Rate viz-a-viz overall Industrial sector

COMPARATIVE DATA ON GROWTH RATES OF MSME SECTOR

YEAR	GROWTH RATE OF MSME SECTOR (%)	SPICED (SMALL INDUSTRIAL ENTERPRISE) GROWTH RATE (%)
2002-2003	8.68	5.7
2003-2004	8.64	7.0
2004-2005	10.33	8.4
2005-2006	9.52	8.1
2006-2007	9.50	11.6
2007-2008	8.30	8.53
2008-2009	10.75	2.80
2009-2010	10.75	10.10
2010-2011	10.93	NA
2011-2012	10.35	NA

Contribution of MSME sector (other than services) to the Gross Domestic Product (GDP)

Year	Contribution of MSME (%) to	
	Total Goods Production	Gross Domestic Product (GDP)
1999-00	35.74	5.86
2000-01	35.71	6.04
2001-02	35.12	5.77
2002-03	36.85	5.51
2003-04	35.74	5.79
2004-05	38.62	5.94
2005-06	38.56	5.83
2006-07	45.67	7.25
2007-08	45.24	8.30
2008-09	44.06	8.72

Nature of Activity

SECTOR	(%)
Manufacturing/ Assembling/ Processing	31.79 %
Services	68.21 %

Area Wise Share

Area	(%)
Urban	44.66%
Rural	55.34%

Types of Management/Ownership

No. of enterprises managed by	
Male	86.17 %
Female	13.83 %
Total	100 %

Types of Organization

DISTRIBUTION BY TYPE OF ORGANISATION	
Proprietary	94.41%
Partnership	1.18 %
Pvt. Company	0.14 %
Cooperatives	0.33 %
Others	2.24 %
Not Recorded	1.7%

- According to YouGov and Legatum Institute Survey of 4000 business SME in China and India, the Indian entrepreneurs say their main motivation is independence, being one's own boss.
- FICCI has set up :
FICCI – MSME Intellectual Property Facilitation Centre in association with MSME Ministry, Govt. of India

IN THIS BACKGROUND
LET US EXAMINE
THE CHARACTERISTICS
OF THE SME SECTOR

Salient Features of SMSE

1. Instant decision making
 - No notes, no papers, no consultation
 - Gut feeling
2. Personal Knowledge
3. Personal first hand information
4. No time clock for work (0 HRS to 24 HRS)
5. Often times –more often than not– everyone in the family is a contributor to business

6. Negligible labour problems: interpersonal relationship between the owners and the employees is intimate.
7. And when he needs, he can always take help from outside, but here he always remembers (even if he has not read E. Dickinson)

"That Love is all there is,
Is all we know of love,
It is enough,

the freight should be proportionate to the groove".

- Achievement motivation motivates none more than a SME entrepreneur.
- Here everything is in First Person Singular, there is hardly any plurality.
- ❖ Centralized and yet decentralized

- Personal attention to every detail; he would almost personally know all his employees, know his customers and know his suppliers. He would also know, again personally, all the associates in the Electricity Department, Excise, ST, IT, Local Police Station, etc.
- **SME** sector- there is no unemployment; in fact it is a big fraud by Politicians that there is unemployment. Where are the men available ?
- **SME** sector is the largest provider of trained manpower to large scale sector

Rising Indian Middle Class

- Consumer spending in Asia is likely to reach \$32 trillion by 2030
- Asia to contribute 43% of worldwide consumption in next 20 years
- 205 million Indians joined the ranks of those spending \$2 to \$20 per day from 1990 to 2008
- Over the next two decades, the Indian middle class is expected to touch 1 billion mark.

- This confirms that an individual can carve out a profitable niche for himself.
- be a job-provider as against a job-seeker
- turn employer and not worry to be employee
- be a master of his own destiny
- Instead of working within a Delegation of Powers given by others, enjoy all the power given unto himself.
- Untold , Unlimited freedom
 - financially
 - emotionally
 - psychologically

Major Thrust Areas for Increasing Competitiveness of MSMEs

Government has identified three major areas that contribute to competitiveness of MSMEs

- **Technology** (including quality): ICT systems like ERP, HR & Information Systems, etc.
- **Skills development**
- **Finance:** MSMEs are beginning to move from a reliance on bank credit to a variety of other specialized financial services and options

Excellence - Definition

- **Excellent Organisations** achieve and sustain outstanding levels of performance that meet or exceed the expectations of all their stakeholders.

Fundamentals Concepts of Excellence

- Adding Value for Customers
 - Excellent organisations consistently add value for customers by understanding, anticipating and fulfilling needs, expectations and aspirations.
- Creating a Sustainable Future
 - Excellent organisations have a positive impact on the world around them by enhancing their performance whilst also actively advancing the economic, environmental and social conditions within the communities they serve.
- Developing Organisational Capability
 - Excellent organisations enhance their capabilities by effectively managing change within and beyond organisational boundaries.
- Harnessing Creativity & Innovation
 - Excellent organisations generate increased value and levels of performance through creative, incremental and systematic innovation by harnessing the creativity of their stakeholders.

- **Leading With Vision, Inspiration & Integrity**
 - Excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics.
- **Managing With Agility**
 - Excellent organisations are widely recognised for their ability to identify and respond effectively and efficiently to opportunities and threats.
- **Succeeding Through the Talent of People**
 - Excellent organisations value their people and create a culture of empowerment for the achievement of both organisational and personal goals.
- **Sustaining Outstanding Results**
 - Excellent organisations achieve sustained outstanding results that meet both the short and long term needs of all their stakeholders, within the context of their operating environment.

Business Excellence - Definition

- **Business Excellence (BE)** is about strengthening the management systems and processes of an organisation in a holistic and integrated manner using the criteria of an internationally aligned business excellence framework such as the Baldrige Framework.

BE Framework Comprises:

- Business Excellence Models**
 - Two widely used models are:
 - (1) Baldrige Performance Excellence Framework and
 - (2) EFQM Excellence Model
- Core Values & Concepts**
 - These underpin business excellence criteria requirements
- Criteria Requirements**
 - Business excellence criteria requirements are key to choosing business excellence assessment
- Scoring System**
 - The scoring of responses to criteria items are based on evaluation
 - dimensions and factors

Baldrige Criteria for Performance Excellence

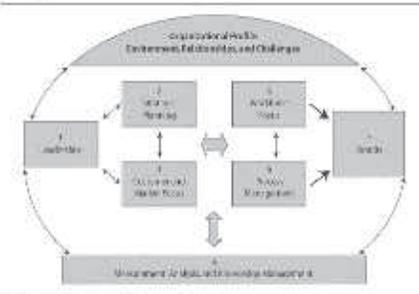


Figure 1 – Baldrige Criteria for Performance Excellence

- **1 Leadership:**
 - examines how your organization's senior leaders' personal actions guide and sustain your organization. Also examined are your organization's governance system and how your organization fulfills its legal, ethical, and societal responsibilities and supports its key communities.
- **2 Strategic Planning:**
 - examines how your organization develops strategic objectives and action plans. Also examined are how your chosen strategic objectives and action plans are implemented and changed if circumstances require, and how progress is measured.

- **3 Customer Focus:**
 - examines how your organization engages its customers for long-term marketplace success. This engagement strategy includes how your organization listens to the voice of its customers, builds customer relationships, and uses customer information to improve and identify opportunities for innovation.
- **4 Measurement, Analysis, and Knowledge Management:**
 - examines how your organization selects, gathers, analyzes, manages, and improves its data, information, and knowledge assets and how it manages its information technology. The category also examines how your organization uses review findings to improve its performance.

- **5 Workforce Focus:**
 - examines your ability to assess workforce capability and capacity needs and build a workforce environment conducive to high performance. The category also examines how your organization engages, manages, and develops your workforce to utilize its full potential in alignment with your organization's overall mission, strategy, and action plans.
- **6 Operations Focus:**
 - examines how your organization designs, manages, and improves its work systems and work processes to deliver customer value and achieve organizational success and sustainability. Also examined is your readiness for emergencies.

- **7 Results:**
 - examines your organization's performance and improvement in all key areas—product and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes. Performance levels are examined relative to those of competitors and other organizations with similar product offerings.

Benefits of Business Excellence for Small and Medium Enterprises

- BEMs help organizations to understand how well all the different functions, units, processes, systems are working together to produce the desired business results. This helps managers and employees to understand their business better and make better decisions
- BEMs help managers and employees to have a common viewpoint on the health of their organization and the key issues that are faced. This enables managers and employees to unite together to tackle the issues and move the organization forward.

- BE helps SMEs to implement a cohesive improvement strategy which integrates a range of improvement initiatives, tools and/or techniques such as Improvement Teams, Lean, Statistical Process Control (SPC), ISO9001, ISO 14001 and Balanced Scorecard. BEMs can be used as an overarching framework for managing and aligning various organizational improvement initiatives. The adoption of the most appropriate improvement initiatives varies according to the organizational situation and level of the organization's maturity.

- BE helps organizations to address various business challenges. 'Strategic Planning' helps to address changes in the business environment such as the financial crisis. 'Workforce focus' helps to address human resources, cultural and social issues. 'Operations focus' helps to address multiple legal requirements and international standards. 'Leadership' helps to address accountability, corporate governance, environmental and societal issues.

- Many SMEs cannot afford to have independent directors or consultants to assess and appraise the management and health of their organization on a regular basis. Regular BE self-assessments can go some way in fulfilling this role and ensuring that due diligence is paid to the development of the business and key risks are identified and addressed.

Other Benefits from BE

- BE assessments serve as an organizational health check.
- External BE assessments (conducted by independent evaluators) provide an outsider's view on the health of the organization and enable the organization to be considered for a quality / BE award.
- Achieving BE certification or winning a quality / BE award provides public recognition.
- BE assessments enable organizations to compare their performance against others both domestically and globally.
- BEEs provide a common framework for learning and sharing 'best practices' both within and between organizations.
- BEEs help SMEs to develop a systematic and robust system that supports rapid growth and expansion whilst ensuring alignment of strategy.

BE Awards in India

- India has four national quality / BE awards:
 - CII-EXIM Bank Award for Business Excellence
 - Rajiv Gandhi National Quality Award
 - IMC Ramkrishna Bajaj National Quality Award
 - Golden Peacock National Quality Award

Measures of Business Excellence

The organization must measure all the functions through quantifiable measures of excellence. To facilitate this assessment, sample measures of excellence for various functions are given on the following slides.

1. Marketing

Product Strategy

- Sales growth rate
- Market share
- Relative market share
- Breadth of product lines & market coverage
- Rate of successful new product introductions

Distribution strategy

- Distribution and sales force productivity
- Distribution cost per channel
- Customer service levels

Marketing...contd

Price strategy

- Price sensitivity
- Pricing of marketing mix

Promotion and advertising strategy

- Brand acceptance
- Product segmentation
- Marketing intelligence - Ability to anticipate customer needs and detect changes in the marketing trends

Marketing...contd

Others

- Accuracy of forecast assumptions.
- Number of incorrect order entries.
- Overstocked field supplies.
- Contract errors.
- Late deliveries.
- Customer complaints
- Warranty cost as a percentage of sales.

2. Purchase

- Premium freight (bulk discounts) changes.
- Down-time because of parts shortages.
- Number of Off-specification parts used to keep line going.
- Cycle time from start of purchase request until parts in house.
- Excess inventory.
- Percentage of purchased material rejected on receipt.

3. Manufacturing

- Yield per ton of raw materials.
- Percentage of parts scrapped.
- Percentage of parts reworked.
- Percentage of parts accepted or concessions.
- Percentage of final product grades as specified.
- Production per man / machine.
- Percent of production capacity in use.
- Average setup time.

4. Product engineering

- Number of engineering changes per drawing.
- Number of errors found during design review.
- Number of errors found by design evaluator test.
- Percentage of time overrun compared to planned time for development.
- Percentage of cost overrun over estimated cost of development.
- Number of redesigns of final products.

5. Quality Assurance

- Percentage of jobs rejected due to errors.
- Percentage of products having defects detected by customers.
- Number of engineering changes that should have been detected in design review.
- Errors in inspection / test reports.
- Cycle time to get corrective orders.
- Percentage of appraisal cost compared to production cost.

6. Product reliability

- Mean time to failure.
- Failure rate.
- Probability of failure occurrence during given time interval.
- Probability of failure non-occurrence during given time interval.
- Mean life time.
- Mean time to first generator overhaul.
- Mean time to repair.

7. Accounting

- Percentage of late payments.
- Time to respond to customer request for information.
- Billing errors.
- Incorrect accounting entries.
- Payroll errors.
- Errors in cost estimates.

8. Financial measures

- Cost of quality as a percentage of sales.
- Profit before interest and financial charges.
- Profit before and after tax.
- Growth in profits over last year.
- Return on assets.
- Return on capital employed.
- Return on sales.

9. Employee related

- Employee satisfaction.
- Awards presented.
- Internal promotions.
- Turnover.
- Safety and health.
- Suggestions received and implemented.

Excellence through Balanced Scorecard

Why the Balanced Scorecard?

- The Organization will become more "strategically focused" through BSP (Budget & Strategic Planning).
- People at all levels have relied heavily on tactical performance measurements.
- Need more balanced approach to looking at performance, both tactical and strategic.
- Only 5% of a workforce tends to understand their company's strategy.
- 80% of executive teams spend less than one hour per month discussing strategy.

A Major Driver is . . .

- The Organization's Information Resource Planning System (IRPS):
 - Enterprise wide system for how we will evaluate success: division read outs, data turnarounds, global partnerships, etc.
 - Must be integrated into all agency components (such as region and global outlet offices)
- Designed around the Balanced Scorecard framework
- The Balanced Scorecard will be the strategic view of performance for the agency, balancing out our current tactical view of performance which is already in place.

Where it started . . .

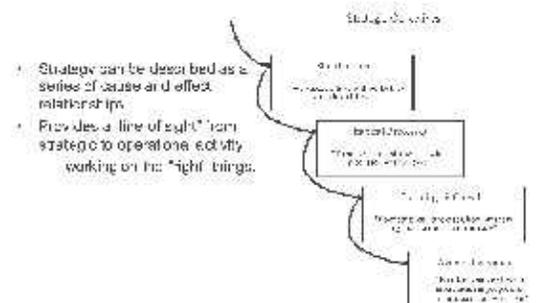
Introduced in 1992, by Robert Kaplan and David Norton, the Balanced Scorecard is the most commonly used framework for ensuring that agencies execute their strategies. Today, about 70% of the Fortune 1,000 companies utilize the Balanced Scorecard to help manage performance.

Balanced Scorecards are used as the roadmap for creating the "Strategic Management System" or our IRPS. And this will drive overall organizational performance.

Some Basic Principles

- Quantifies the Strategy in measurable terms
- Strategy is summarized on a Strategy Map over four views of performance (perspectives).
- Must capture a cause-effect relationship between strategic objectives over the four perspectives on the Strategy Map.
- Critical Components include:
 - Measurements
 - Targets
 - Initiatives
- Everything must be linked: Goals to Objectives, Objectives to Measurements, Measurements to Targets.

Four Views of Performance



In order to be successful, the Agency's IRPS should . . .

- Be comprised of a balanced set of a limited vital few measures;
- Produce timely and useful reports at a reasonable cost;
- Display and make readily available information that is shared, understood, and used by the Agency; and
- Supports the organization's values and the relationship the organization has with customers, suppliers, and stakeholders.

The Context of Measurement

Performance Measurement is a process by which an agency / program / function / outlet office objectively assesses and evaluates the extent to which it is accomplishing a specific objective, goal, or mission. Performance measurement alone is incomplete.

Performance Management is a systemic link between company strategy, Investments, and processes. Performance Management is a comprehensive management process.

Why Measure Performance?

- Enables decision making
- Manage by results
- Promote accountability
- Distinguish between program success and failure
- Allow for organizational learning and improvement
- Justify budget requests
- Optimize investments
- Provide means of performance comparison
- Fulfill mandates
- Establish catalysts for change
- And so on...

Without Measuring, Decision Makers Have No Basis For:

- ✓ Knowing what is going on in their enterprise
- ✓ Effectively making and supporting decisions regarding investments, plans, policies, schedules, and structure
- ✓ Specifically communicating performance expectations to subordinates
- ✓ Identifying performance gaps that should be analyzed and eliminated
- ✓ Providing feedback that compares performance to a standard
- ✓ Identifying performance that should be rewarded

Examples of Measurements by Perspective

Spokeholder / Customer

- Customer satisfaction level
- Percentage of customers who file a complaint
- Frequency of customer complaints
- Average cost of handling a complaint
- Number of repeat customers

Internal Processes

- Percentage of production orders on schedule
- Percentage of production orders with no defects
- Percentage of production orders with no quality defects
- Average number of quality control defects
- New product launches

Learning and Growth

- Percentage of employees who are promoted
- Employee turnover rate
- Percentage of employees who are trained
- Number of employees who are promoted
- Number of employees who are promoted

Investments

- Return on investment
- Return on assets
- Return on equity
- Return on capital employed
- Return on investment

Making the connection to the Baldrige Criteria

Major Baldrige	Baldrige Sub-criteria
Leadership	Customer Focus/Performance
Market Focus/Quality	Customer Focus/Performance
Measurement, Analysis, and Knowledge	Measurement and Analysis
Human Resources	Human Resources/People
Structure and Systems	Structure and Systems/People
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A COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE OF SELECT SMALL ENTERPRISES (SES) IN GOA.

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ABSTRACT

The Small Scale Industries (SSI) has been renamed as Micro, Small & Medium Enterprises (MSMEs) with the introduction of MSMED Act 2006. Small Enterprises are one of the most vibrant & sensitive sector of the Indian economy. The significance of attributable to its capacity of employment generation, low capital and technology requirements, use of traditional or inherited skills and exportability of products.. Goa is one of the tiny states of the Indian union. Goa got liberated in 1961 and attained statehood in 1987. Goa was included as the twenty-fifth state of India. Goa has two Districts namely North Goa District & south Goa District. Financial Management is an indispensable part of the industrial management which leads to settle on the proficient procurement and utilisation of finance in a most profitable manner depending upon the skill of Small entrepreneurs handling the business. The financial management has now become an essential part for the small entrepreneurs. There is a limitation on data collection over financial matters in case of small entrepreneurs. In this paper an attempt has been made to collect and compare finance information on the significant financial variables like owners contribution, profits, capital employed in infrastructure, overdue towards suppliers, incurred cost on raw material & financial performance of the select Small Enterprises (SEs) in Goa.

Key words: Micro Small & Medium Enterprises (MSMEs), Financial Management, Borrowings, Profits, Financial Performance.

INTRODUCTION

Financial Management is an indispensable part of the industrial Management which leads to settle on the proficient procurement and utilization of finance in a most profitable manner depending upon the skill of entrepreneurs handling the business. . In early thirties and even prior to that the subject of Financial Management was a component of accountancy with the traditional approaches. Now a days it has been enlarged with innovative and multi dimensional ways in the field of business with the effect of modernization and industrialization on large scale. Now – a –days the Financial Management has become a vital part of the business concern and it has to intertwine the subject of financial management to other industrial disciplines like Production, HRM , Marketing etc.. The field of Financial Management has also developed as corporate finance, business finance, financial economics, financial mathematics and financial engineering. The financial management has now become an essential part for the MSMEs management. The attempt has been made to study significant practises of financial management as respect of Small Enterprises (SEs) in Goa. Such limit is set due to inadequate data availability from the respondents. However, every effort is made to tabulate available data in relation to significant issues given in the content list of this section of the chapter. The data tabulated, graphically presented and drafted /Interpreted by using the statistical measurement techniques. The Use of the following statistical tools and their significance are given below:-

- a) Mean (μ) :- It is worked out for condensing the data
- b) Standard Deviation is derived to know how much variance there is from the mean.
- c) Standard deviation {SD or (σ)} tells you (on average) how far away each data point is from the mean.
- d) The Coefficient of Variation (CV) is worked out as the ratio of the standard deviation (σ) to the mean.

$$CV = \frac{\sigma}{\mu}$$

- e) The higher the CV, the greater the dispersion in the variable

OBJECTIVES OF FINANCIAL MANAGEMENT

According to Oxford dictionary, the word 'finance' connotes 'management of money'. Webster's Ninth New Collegiate Dictionary defines finance as "the Science on study of the management of funds' and the management of fund as the system that includes the circulation of money, the granting of credit, the making of investments, and the provision of banking facilities. Khan and Jain, view "Finance is the art and science of managing money".

MSME finance can broadly be defined as the activity concerned with planning, raising, controlling, administering of the funds used in the business. S, C. Kuchal supports it as "Financial Management deals with procurement of funds and their effective utilization in the business".

Effective procurement and efficient use of finance lead to proper utilization of the finance by the MSME. It is the essential part of the financial MSME manager. Hence, the financial manager must determine the basic objectives of the financial management. Objectives of Financial Management for MSME may be broadly divided into two parts such as:

1. Profit maximization
2. Wealth maximization.

Theoretical points of view, financial management approach may be broadly divided into two major parts.

Some MSMEs have modern approach which entails the excessive use of borrowed capital while traditional view limits the use of borrowed capital.

The following are the functions of owners of MSME as respect to finance may be carried out under the Modern Approach. But very few MSMEs in Goa are having the formalization of this approach. Most of the MSMEs management knowingly or unknowingly informally practise the same.¹

1. Forecasting Financial Requirements
2. Acquiring Necessary Capital
3. Investment Decision
4. Cash Management
5. Interrelation with Other Departments

This section deals with the finance data collected for 8 SEs separately, 4 from North Goa District and 4 from South Goa District and this collection and subsequent tabulation are constrained by the number of factors.

While collecting the data for different management practises there, especially on Finance management number of hurdles is to be faced on account of the reasons mentioned below

No SEs owner is ready to disclose all the financial data as required by the professional accountant for appraisal. Secondly IU Owners are reluctant to provide the precise and correct information out of fear of taxation, competitors, VAT, Political interference, Trade union or labour union pressure and such other reasons. Thirdly, mostly there has been a practise to keep double or duplicate account to manipulate profits or other details. As a result, the researcher cannot assemble full fledged duly audited finance data like Receipts, Payments, Trading and Profit Loss accounts and Balance Sheet. Looking to all these anomalies, the researcher has made herculean task to procure finance and other data with some reservations or limitations. The finance data is collected only on the crucial variable as per perception of respondents. In the process of tabulation, the data is streamlined for all the practical purposes.

METHODOLOGY

- a) Objectives of Study
- b) Sample size
- c) Data Analysis
- d) Limitations to information received
- e) Questionnaire
- f) Experience Survey

a) Objectives of Study

To study the outcome of management practices with regard to Finance.

Scope of study: - It is limited to sample units selected from Goa under the following category

Type of Units	Micro Enterprizes (MEs)	Small Enterprizes (SEs)
For Manufacturing Unit	Rs. 01 lakh to 25 lakh	Above Rs. 25 lakh to 05 crores
For Service Units	Rs.01 lakh to 10 lakh	Above Rs. 10 lakh to Rs. 02 crores

b) Sample size

Number, types and size of, Small (SEs) and method of Research Used

Sr.	Size of SIUs	Total number of Industries	Total Number of units selected under judgment sampling from two district of Goa i.e. South and North	Number of units from South Goa dist.	Number of units from North Goa dist.	Type of Sample
1	Small	156	8	4	4	Judgement

c) Data Analysis

While analysing the data on Small Enterprizes (SEs) 5% of the Universe sample is selected. Only the manufacturing units are selected.

d) Limitations to information received

While collecting the data for different management practises there, especially on Finance management a number of hurdles are to be faced on account of the reasons mentioned below

No MSE owner is ready to disclose all the financial data as required by the professional accountant for appraisal. Secondly, these Owners are reluctant to provide the precise and correct information out of fear of taxation, competitors, VAT, Political interference, Trade union or labour union pressure and such other reasons. Thirdly, mostly there has been practise to keep double or duplicate account to manipulate profits or other details. As a result, the researcher is incapable to assemble full fledged duly audited finance data like Receipts, Payments, Trading and Profit Loss accounts and Balance Sheet. Looking to all these hurdles, the researcher has to make herculean task to gathered finance and other data with some reservations or limitations. The finance data is collected only on the crucial variable as per perception of respondents. In the process of tabulation, the data is streamlined only on significant variables. For example when some ratios are worked out, the reasons behind the descend or ascend trends in such ratios are not properly reported by the respondents. In such situation the researcher has to apply every sensible reason based on theories of the management science.

e) Questionnaire

It is, for the first instant prepared for the pilot survey of the MSEs in Goa. After collecting the information in the said pilot survey, the final questionnaire mostly having the close ended questions is prepared. The design of close ended questions is facilitated from the answers and related information received in the above pilot survey of the MSEs

f) Experience Survey

Many people in the course of their daily routine and varied work in the practical field, acquire experience, and in the process accumulate a rich fund of useful and practical knowledge which can be drawn upon, as and when, the need for the same is felt. So far as the SIUs are concerned, industrial entrepreneurs, officials of District Industries Centre, GIDC and Financing Institutions, Industrial Labour, suppliers, etc. acquire and develop certain insight into the characteristics of the working and impact of industrial units. As a result these persons are capable of visualizing the problems, benefits, prevailing situation, future scope, etc. in the context of the industrial units. It is, hence, decided to conduct an Experience Survey of the above persons.

Noteworthy Financial Aspect of SEs

There is limitation on data collection over financial matters of SEs. However the efforts were made to collect the finance information on the following significant variables and the same is explained.

- (i.) Owner's Contribution
- (ii.) Borrowings
- (iii.) Profits
- (iv.) Capital employed in Infrastructure
- (v.) Overdue towards suppliers
- (vi.) Incurred Cost on Raw material
- (vii.) Financials Performance

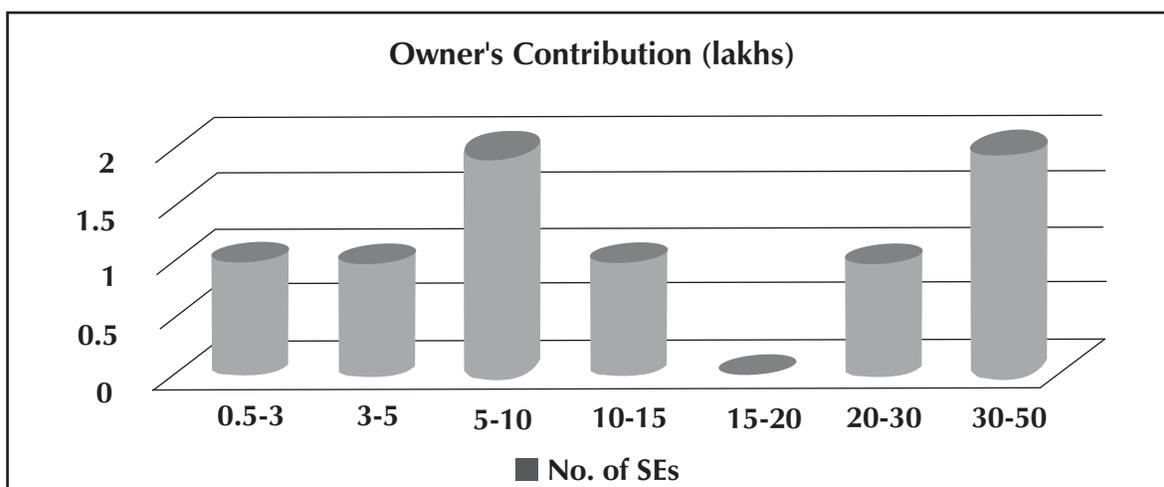
DISCUSSION & ANALYSIS

Noteworthy Financial Aspect Of Small Scale Enterprises (SEs)

(i.) Owner's Contribution

Table No 1: - Owner's Contribution by 8 sampled SEs

Owner's Contribution (Rs in lakhs)	0.5 - 3	3 - 5	5-10	10-15	15- 20	20 - 30	30 - 50
No. of SEs 8	1	1	2	1	0	1	a2



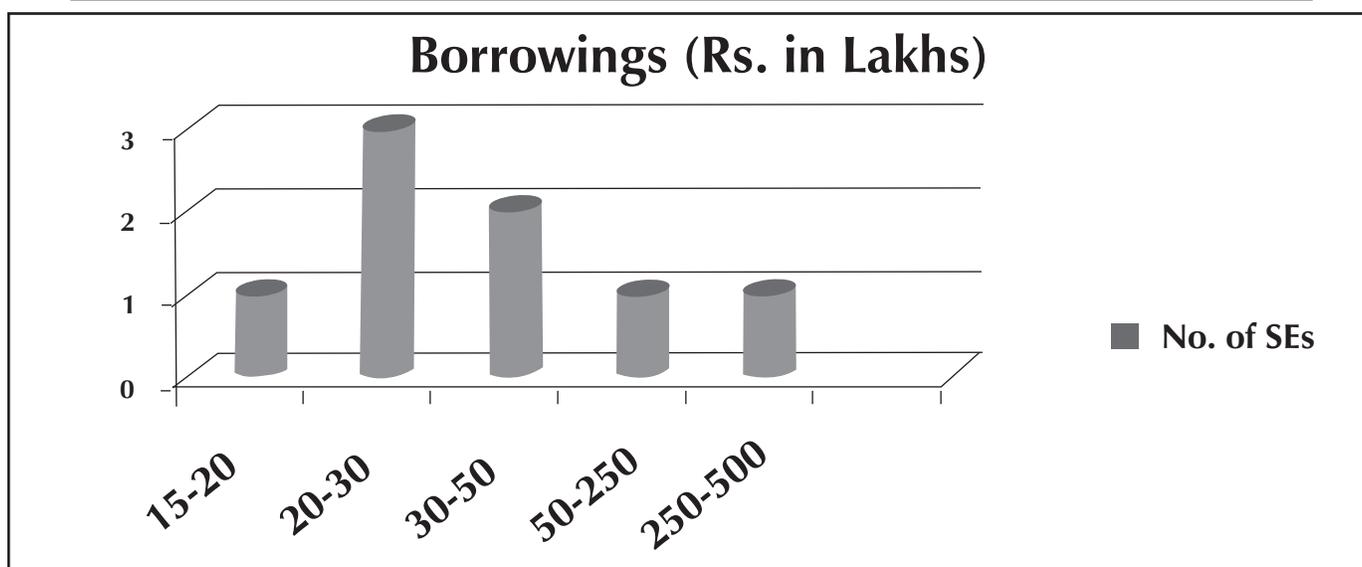
MEAN	17.28125
S.D.	14.67855
CV (%)	84.93919

Out of sample 8 SEs, two SEs have owners' capital contribution amounting Rs. 30-50 Lakhs .The mean of these owners' contribution for 8 sampled SEs is worked out to be Rs. 17.28125 lakhs, while SD is 14.67855 revealing rather differential spread of owners' stake.

(ii.) Borrowings

Table No 2:- Borrowings by 8 sampled SEs

Borrowings (Rs in lakhs)	5-10	10-15	15- 20	20 - 30	30 - 50	50-250
No. of SEs 8	1	1	1	1	1	3



MEAN	69.0625
S.D.	63.33119
CV (%)	91.70127

The above graph shows the borrowings of 6 SEs (Out of 8 SEs) from the range onward Rs. 15 lakhs

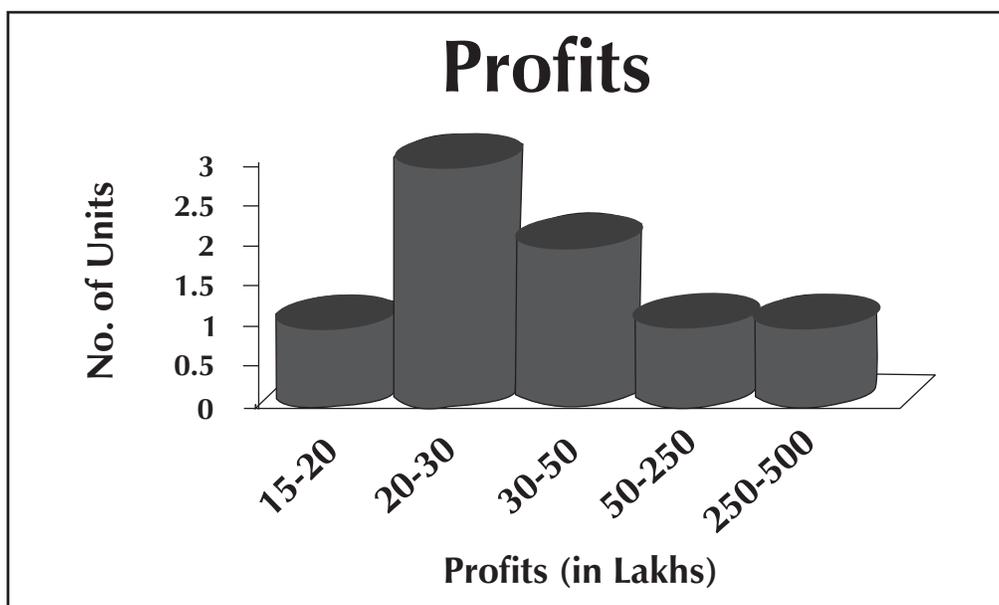
The mean of borrowed amount for 8 sampled SEs is worked out to be Rs. 69.0625lakhs, while SD is 63.33119 revealing thin spread of borrowed amount for the all the sampled MEs .The CV: - is 91.70127 which indicate low level variations in borrowings by MEs to MEs

(iii.) Profits

Table No 3 :-

Profits accrued to 8 Sampled SEs

Profits (Rs in lakhs)	15- 20	20 - 30	30 - 50	50-250	250-500
No. of SEs(8)	1	3	2	1	1



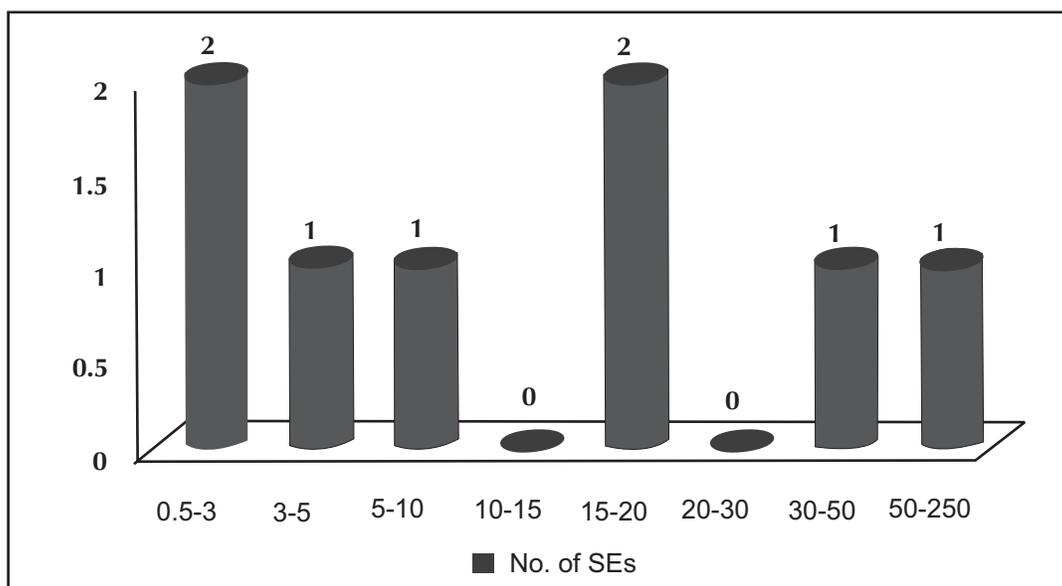
MEAN	87.1875
S.D.	116.0242
CV (%)	133.0744

Av average (Mean) profits accrued to sampled SEs is Rs. 87.1875 lakhs , while SD is 116.0242 which indicate wide variation of scale of profits amongst SEs in sample population

(iv.)Capital employed in Infrastructure

Table No 4: - Capital employed in Infrastructure by 8 sampled SEs

Investment (Rs in lakhs)	0.5 - 3	3 - 5	5-10	10-15	15- 20	20 - 30	30 - 50	50-250
No. of SEs	2	1	1	0	2	0	1	1



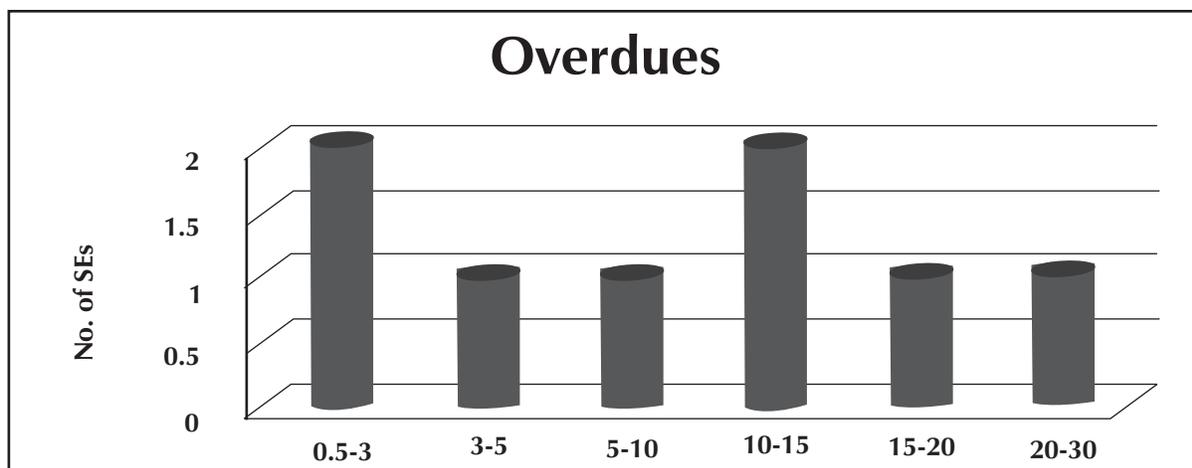
MEAN	30
S.D.	46.892
CV	156

Av average (Mean) investment in Plant by SEs is Rs. 30 lakhs while SD is 46.892 which indicates a wide variation in the scale of investment amongst SEs

(v.)Overdue towards suppliers

Table No 5:- Overdue towards suppliers in 8 sampled SEs

Overdues (Rs in lakhs)	0.5 - 3	3 - 5	5-10	10-15	15- 20	20 - 30
No. of SEs 8	2	1	1	2	1	1



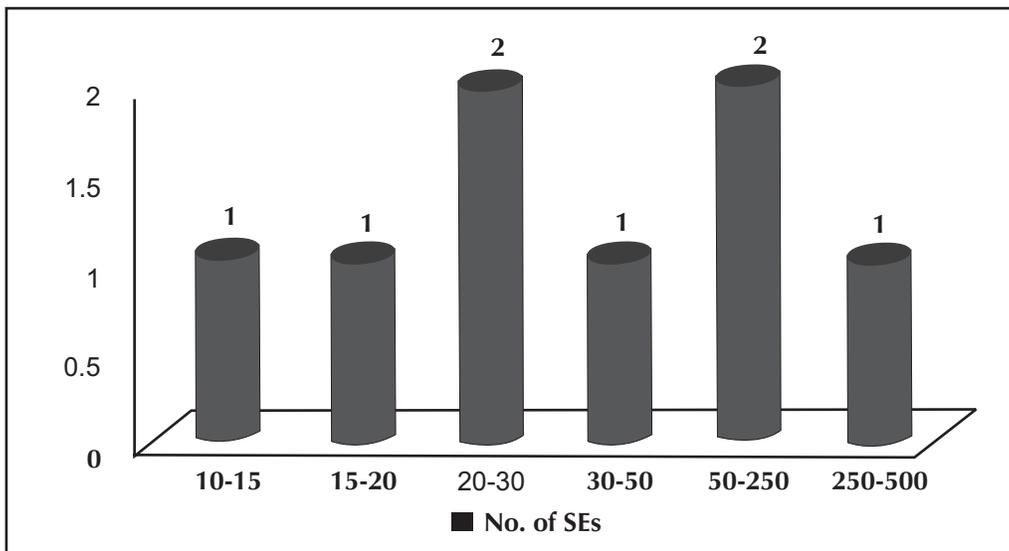
MEAN	10.3125
S.D.	7.675804
CV (%)	74.43204

Av average (Mean) of over dues of SEs is Rs. 10.3125 lakhs while SD is 7.675804 which indicates a moderate variation in the range of over dues amongst SEs in sample.

(vi.)Incurred Cost on Raw material

Table No 6 :- Total annual Incurred Cost on Raw material in 8 sampled SEs

Total Incurred Cost (Rs in lakhs)	10-15	15- 20	20 - 30	30 - 50	50-250	250-500
No. of SEs 8	1	1	2	1	2	1



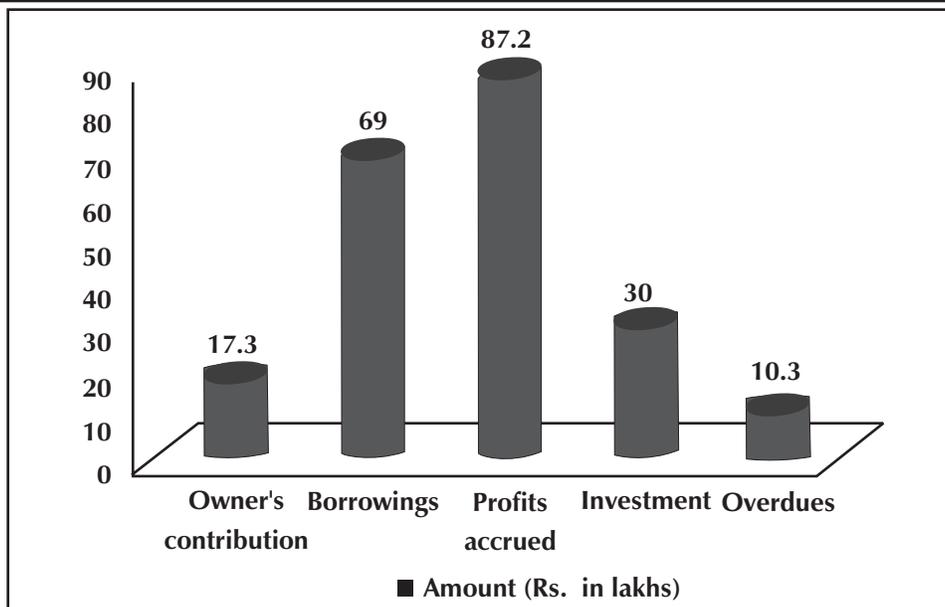
MEAN	99.375
S.D.	117.23
CV (%)	117.96

Av average (Mean) of raw material cost by SEs is Rs. 99.375lakhs while SD is 117.23which indicates moderate variation in the range of same cost amongst SEs in the sample population

(vii.)Financials Performance: - a Comparative Analysis

Table No7 : - Overall Average Performance of 8 sampled SEs:

	Owner's contribution	Borrowings	Profits accrued	Investment in Infrastructure	Over dues
Mean Amount (Rs. in lakhs)	17.3	69	87.2	30	10.3



Out of 5 variables mentioned above the profits accrued indicate wide variations of scale and owners contribution & over dues indicate thin variations of scale.

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A STUDY OF CHALLENGES FACED BY WOMEN ENTREPRENEURS IN SMALL SCALE BUSINESS IN PUNE AREA

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ABSTRACT

Last few years of Indian Economy has seen a sea change in the nature of women entrepreneurship. With the icons like Kiran Shaw Majumdar and Anu Aga, women entrepreneurs have paved way for themselves in the past few years. There is tremendous potential and energy in women who can transform lives through entrepreneurship. Apart from creating employment for self, they also contribute to the Indian economy through their business. Women entrepreneurs are generally seen to start and involve themselves as owners of small businesses. In spite of the barriers in society and culture, women entrepreneurs have proven from time to time that they can bring change in their own lives and also lives of others. However, this doesn't mean that the road is easy and smooth. There are certain issues and challenges that are peculiar to women entrepreneurs. This paper tries to study the issues and challenges faced by small scale women entrepreneurs and also the current trends in businesses run by women.

Key words: women entrepreneurs, entrepreneurship, transformation, SMEs

INTRODUCTION:

Entrepreneurship plays vital role in economy of any country. The country depends on people who can create wealth for themselves, for others and also for the country. The entrepreneurs are the key people in socio- economic aspects of the country. Since Independence, Government of India has been supportive towards emergence and advancement of entrepreneurship in India. The globalization and privatization gave a boost to economy through hundreds of businesses getting started and thus creating wealth through taxes for the government and generating employment to thousands in different sectors.

However, the development of entrepreneurship hasn't seen an equal growth in number of men and women entrepreneurs coming forward to start businesses. There are many factors like socio- cultural background and economic and political reasons that discouraged women to become entrepreneurs. Since the Planning Commission, Central and State Governments realised the need of inclusion of women in the mainstream economy, special provisions were made through various Five Year Plans in India, to encourage and motivate more and more women to become entrepreneurs.

Last few years of Indian Economy has seen a sea change in the nature of women entrepreneurship. With the icons like Kiran Shaw Majumdar and Anu Aga, women entrepreneurs have paved way for themselves in the past few years. There is tremendous potential and energy in women who can transform lives through entrepreneurship. Apart from creating employment for self, they also contribute to the Indian economy through their business. Women entrepreneurs are generally seen to start and involve themselves as owners of small businesses. In spite of the barriers in society and culture, women entrepreneurs have proven from time to time that they can bring change in their own lives and also lives of others. However, this doesn't mean that the road is easy and smooth. There are certain issues and challenges that are peculiar to women entrepreneurs.

WOMEN ENTERPRISE AND WOMEN ENTREPRENEURS:

The National Standing Level Committee on women entrepreneurs (Ministry of Industry) defines women entrepreneurs as those who operate and control an enterprise and whose handling in the enterprise is at least 51%.

Industrial Policy Resolution 1991 defines women enterprise as, "a woman enterprise is an women enterprise as:- a woman enterprise is an enterprise owned and controlled by a woman and having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women."

'Udyog Sadhana' Udyog Sanchalaya Maharashtra State (June 1995) define women enterprise as 'a small scale industrial unit,

industry related to service or business enterprise managed by one or more women entrepreneurs in proprietary concerns or in which she/ they individually or jointly, have share capital of not less than 51% as partners/ shareholders/ directors of private limited company/ member of cooperative society, is defined as a woman enterprise.”

Women entrepreneurs who start businesses on small scale and grow are the focus of this study.

OBJECTIVES:

This brief research was undertaken with following objectives:

- To recognize the motivating factors for women to become entrepreneurs
- To identify the challenges and issues of women entrepreneurs
- To make out the current businesses that are preferred by women entrepreneurs

METHODOLOGY:

This paper is brief research which is based on secondary data collected through books, journals, research papers on the subject and also primary data collected through personal structured interviews of women entrepreneurs.

The sample consists of women entrepreneurs from various businesses like Eateries and catering services, Beauty and cosmetics sales and services, Multi Level Marketing, Craft and Art manufacturing and sales, Boutiques and garments, Education and coaching, Technical manufacturing, Interior designing and landscaping, Day care facilities, Paramedical and parallel medicine and facilities, agro based and food processing, Jewellery designing, Self help groups and other businesses.

The sample size of 40 was selected randomly using convenience sampling. There was no criterion of financial investment/ capital investment as the investment differed due to different nature of businesses. However, minimum investment of Rs. 10 lakh rupees was mentioned to be made by all respondents.

The respondents were interviewed using a structured questionnaire. The responses received were tabulated and analyzed with basic focus on the objectives of the study. The analysis was done using simple statistical tools. The interpretations of the study are presented below.

ANALYSIS AND INTERPRETATIONS:

The women entrepreneurs were asked pre decided questions in the interview. The questions basically focused to find out the motivating factors and issues and challenges.

- The motivating factors for the respondents to start their enterprise are:
 - Financial need and security
 - Need for independence and identity
 - Self engagement
 - Liking for the subject and related educational background
 - Forced entrepreneurship- responsibility of the family
- The characteristics that helped the respondents to run their businesses successfully are:
 - Good communications skills
 - Innovative business ideas
 - Risk taking ability
 - Family background and support
 - Marketing skills,

- Quality of products/services
- Easy availability of raw material,
- Pursuance and will power
- All the respondents said that running an enterprise is very challenging. And Time management, work life balance, male dominated business structure and cut throat competition are the major challenges they face in their entrepreneurial ventures. Also, lack of entrepreneurship development guidance and support was mentioned by 50% respondents as an issue.
- According to the respondents, the entrepreneurship helped them to achieve financial independence, gain self confidence and increased family and social status, along with profits and satisfaction.
- The respondents being in urban areas were asked if Pune city benefits as a location to their businesses to which then enlisted benefits viz., education and employment hub, infrastructural facilities, varied income groups in population, high living standard of people and availability of resources and market.
- Based on the secondary data, few more challenges faced by women entrepreneurs are discussed as under:

CHALLENGES FACED BY WOMEN ENTREPRENEURS:

1. Biggest challenge faced by women generally, is that they are women and considered to be inferior to men due to our male dominated social order. It has taken years for proving themselves equal to men and that is the biggest challenge faced by the women entrepreneurs. This becomes a demotivating factor to many women to start an enterprise and also to keep it running.
2. Due to the changing economy, the business world has become competitive. In such a situation, women also face a tough competition by male competitors in the same business. Women entrepreneurs have to work hard to sustain in overall competition in the market and also sustain in the male competition.
3. Not all women who become entrepreneurs are educated, aware about governmental support and schemes and their own rights. Lack of awareness about their rights and privileges of being women entrepreneurs also is one of the issues. This prohibits them from taking advantage of many benefits of being women entrepreneurs.
4. Due to the nature of Indian culture, women have been always protected by their family. It has taken decades to gain self confidence and breaking the fear and to walk shoulder to shoulder with men. In spite of huge efforts by the government, NGOs and women associations to boost confidence, will power among women, there is still a hesitance in women to start independent enterprises. This is a cultural impact which will prevail despite of efforts.
5. The need for independence is the highest motivating factor for women to become entrepreneurs. However, due to socio- cultural factors, and traditions, women cannot shatter their multi dimensional role of a daughter, a sister, a wife, a mother and an entrepreneur..at the same time. The diversity of roles that women need to perform causes high levels of stress and becomes a critical issue to manage. Work life balance is the biggest challenge that women entrepreneurs face today. Women, whether entrepreneurs or working women, have always found it difficult to manage their work and family obligations.
6. Along with innovation, business ideas, creativity and managerial skills; risk taking is one important characteristics that an entrepreneur must possess. Due to cultural influence, protected upbringing and diversity of roles, women hesitate to take risks as compared to men entrepreneurs. There are many incidences wherein women have discontinued work and entrepreneurship due to family issues and obligations.
7. Family restrictions about high success, comparison with the male members in the family, also pose as challenges.
8. Lesser confidence shown by financiers or investors also is one of the major issues faced by women entrepreneurs. Poor financial support also poses a challenge to become entrepreneurs to women.

9. Lack of proper guidance is also an issue as such guidance facilities are quite easily available in urban areas and hence, many rural women entrepreneurs lose their opportunities.
10. Lack of personality, poor communication skills, poor business and financial knowledge and presentation, also are some areas wherein women entrepreneurs feel tough to compete with men in the business arena.
11. Women entrepreneurs have less mobility than men entrepreneurs. This occurs due to safety issues, family responsibilities and priorities and also due to social taboos. Many women have closed their businesses due to family relocation. Late night working, extensive travelling, etc becomes a challenge for women at times due to safety and family concerns.
12. Technological updated knowledge for software related to marketing statistics, accounting, internet, etc., is a must for entrepreneurs. Lack of technical education and support also proves a big challenge for women entrepreneurs to stay updated in their businesses.

RECENT TRENDS IN WOMEN ENTREPRENEURSHIP:

1. Due to the favourable governmental policies and encouragement, more women are motivated to start their independent enterprises.
2. There is also increase in entrepreneurial development associations who have special guidance for women who want to become entrepreneurs. This will certainly show a creditable increase in the number of women entrepreneurs in coming years.
3. Lack of employment opportunities also motivates women to start up small businesses that can be managed along with their family responsibilities. In a way, this has accelerated the women entrepreneurship.
4. Women generally start up small scale units of business due to factors like poor financial availability, poor risk taking ability, and inability to manage big enterprise due to time availability and family responsibilities.
5. The businesses that are preferred by women entrepreneurs now a days are like:-
 - a. Eateries and catering services
 - b. Beauty and cosmetics products and services
 - c. Multi Level Marketing
 - d. Craft and Art manufacturing and sales
 - e. Boutiques and garments manufacturing and sales
 - f. Education and coaching
 - g. Technical manufacturing
 - h. Interior designing and landscaping
 - i. Day care facilities
 - j. Paramedical and parallel medicine and facilities and services
 - k. Self help groups and others.
 - l. Transport services

CONCLUSION:

Women entrepreneurship has paved a long path for itself in past two decades. Women have almost adopted every business and task that men do. However, when run as a business there are limitations due to our socio – cultural mold. Women are learning to manage their time to avoid work life imbalance and not ignore their family responsibilities. They enjoy the independence that the entrepreneurship gives them financially, personally. They also increase the status of their family in society as their efforts are

appreciated by society and also add value to quality of life. The challenges as to competition, time management they try to overcome somehow by consultation with friends and self effort. This highlights the need for more entrepreneurial development guidance and counseling from governmental or non governmental organizations.

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A STUDY OF CHALLENGES OF CROSS-CULTURAL ISSUES IN SMEs

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ABSTRACT

Since globalization, cross-cultural issues have gained a lot of importance in selection and identification of right employees for global assignments. It is very important to find out what are the essentials of these modern organizations especially in the era of Mergers, takeovers and acquisitions. The study aims at finding out what type of personality traits will be more flexible and accommodative to suit the modern Global Organizations.

Global organizations operate like a global city where employees are frequently mobile and need to fit themselves in various cultures. While working in different environments individuals need an adaptable attitude and approach to face and get along with all type of working groups.

International operations are increasingly a prerequisite for survival, competitiveness and growth of entrepreneurial ventures. In Europe, where small and medium-sized enterprises and entrepreneurs play a significant role in the economy, they operate in a complex environment affected by diverse and intense pressure of national cultures. Responses of entrepreneurs in meeting these challenges can be supported by developing a deeper theoretical understanding of variables pertinent to international entrepreneurship. Educational institutions to note these requirements and train, develop and mould these students so that they are more optimistic and opportunistic in their career path and progress.

Key Words: Acquisitions, Cross-Cultural Issues, Globalization, HR policy, Mergers, Takeovers.

INTRODUCTION

In today's world of business, "globalization" has become both a reality and a necessity. Geographical boundaries are diminishing as goods and services created in one part of the world are increasingly consumed in another, very different part of the world. Technology, for example, has reduced the barriers that distance and language once created. For some, this is a threat; for others, an opportunity; for all, a reality. For organizations competing globally, many unique human resource challenges must be confronted. When organizations operate in different countries, people with different cultures, different backgrounds and different work ethos come together under one roof bringing in environment which has its own benefits and challenges. Few believe that when people join a new organization they tend to adjust their personality towards the culture of the organization, other think, it's their personality which determine the culture of the organization. For those it's the personality which they are concerned most while selecting the employees and their belief that the culture which they have been brought into which is the deciding factor in making of the personality.

OBJECTIVES:

- To analyse the challenges of cross cultural issues in SMEs.
- To evaluate importance of culture in SMEs.
- To find the contribution of educational institution in shaping cultural factors.

CULTURE AND PERSONALITY: AN INDIVISIBLE LINK

The culture and personality movement was at the core of anthropology in the first half of the 20th century. Some scholars trace the history of culture and personality studies to 1920s but the most perceptible beginning was noticed in the writings of Sigmund Freud (1856-1939). He proposed what is known as 'critical-periods hypothesis' according to which human infants went through a time or stage in which they learnt what they exhibited later in adulthood. This 'early learning – Later behaviour' hypothesis stipulated that adult indulgence or permissiveness in a given area of infant learning – and he believed that there were five such areas, viz., oral learning, anal learning, sexual learning, dependency learning, and aggression learning - would heighten the capacity of that area to result in satisfaction in later life and conversely, early life restrictions or frustration would result in conflict, guilt, shame, inability in adult life.

Link of Culture and Personality:

Culture:

The conceptualization of culture is by no means a simple matter. One possible way to think about culture is that "culture is to society what memory is to individuals" (Kluckhohn 1954). It includes what has worked in the experience of a society, so that it was worth transmitting to future generations. Barkow et al. (1992) distinguished three kinds of culture: meta-culture, evoked culture, and epidemiological culture. The biology that has been common to all humans as a species distinguishable from other species, results in a "meta-culture" that corresponds to panhuman mental contents and organization. Biology in different ecologies results in "evoked culture" (e.g., hot climate leads to light clothing), which reflects domain-specific mechanisms that are triggered by local circumstances, and leads to within-group similarities and between-groups differences. What Sperber describes, Barkow et al. call "epidemiological culture."

Loosely defined, culture refers to the shared values, beliefs and norms of a specific group of people. Culture, therefore, influences the manner we learn, live and behave. Because of this, many theorists believe that culture is an important shaper of our personality. One of the general assumptions asserting the effect of culture to personality is that people who are born and bred in the same culture share common personality traits.

Personality

Funder (1997) defined personality as "an individual's characteristic pattern of thought, emotion, and behaviour, together with the psychological mechanisms—hidden or not—behind those patterns". Characteristic sampling of the information in the environment, which corresponds to the sampling that occurs in different cultures, can be one of the bases of individual differences in personality. Personality may also be conceptualized as a configuration of cognitions, emotions and habits activated when situations stimulate their expression. Generally, they determine the individual's unique adjustment to the world.

Cross Cultural Psychology and Personality:

Cross-cultural psychology as a discipline examines the way that human behaviour is different and/or similar across different cultures. One important and widely studied area in this subfield of psychology is personality, particularly the study of Big Five. These traits are Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. The Big Five model of personality (also known as the Five Factor Model) has become the most extensively studied model of personality and has broad support, starting in the United States and later in many different cultures. However, there is also some evidence which suggests that the Big Five traits may not be sufficient to completely explain personality in other cultures. We only will describe, briefly, those traits that are used in linking personality and organization culture.

Extraversion

- Friendliness: The ability to quickly establish relationships with other people.
- Gregariousness: The level of social engagement. High scorers enjoy the company of others and tend to be comfortable in groups. Low scorers have a greater need for privacy and tend to avoid large groups of people.
- Activity Level: Active individuals get involved in many activities, leading fast-paced lives. People with a low activity level enjoy a more leisurely, slower-paced life.

- **Agreeableness**
 - Trust – the capacity to rely on someone else's integrity, ability or character.
 - Altruism – the need to help others, viewed as a form of self-fulfilment.
 - Cooperation – the ability to lower the priority of personal needs in order to get along with others.
- **Conscientiousness**
 - Self-Efficacy – the confidence in one's ability to accomplish goals.
 - Achievement – Striving. High scorers have a strong achievement drive and wish to be perceived as successful. Low scorers don't value social recognition as much and are satisfied performing at a level with which they are comfortable.
- **Cautiousness** – the disposition to analyze all possibilities before taking decision or acting. Low scorers often do or say what comes first to their mind.
- **Neuroticism**
 - **Self-Consciousness** – the degree to which an individual is sensitive to what others think about him or her. High scorers indicate a concern about being criticized or rejected by others whereas low scorers are less concerned about judgment from others.
- **Openness to Experience**
 - **Adventurousness** – the degree to which one looks for new experiences. High scorers are not comfortable with routine, while low scorers tend to feel uncomfortable with change, preferring familiar routines.

CROSS CULTURAL ISSUES IN SMES:

When employees mobilize themselves for the job, they have to face many cultural challenges in terms of 3 dimensions they are – **a) Country specific challenges b) Industry specific challenges c) Firm specific challenges.**

a) Country Specific Challenges: These include all of the external environmental factors typically identified as impacting business due to operating within a country. Country specific challenges are generally those that are uncontrollable, external factors that impact the firm such as the economic, legal and regulatory, and social-cultural forces. Challenges unique to promoting the growth of information technology include governmental support of the required telecommunication and electronic infrastructure. A digital divide between developed and developing nations is expected due to great differences between many areas besides computer readiness, these include health, education, purchasing power, and other economic indicators (Gupta et al., 2004b). There are many factors that impact India's success in the global economy. There is an obvious need to improve the literacy rate. It is reported that 42 percent of children drop out before completing primary education and 43.5 percent of children between the ages of five and nine are not in school at all (Rastogi, 2005b). In a ranking by the Economist Intelligence Unit (2004), India was placed 49 out of 65 countries evaluated in terms of e-readiness. According to Nielson/NetRatings (2003), India is responsible for the lowest growth rates within the Asian region surveyed. They were the only country with single digit growth rates. The primary weakness is the slow development of the telecommunications sector (Deshpande, 2006). Despite these limitations, India is a major exporter of software and information technology support goods and services, responsible for 78 percent of revenue generated (Deshpande, 2006). The unemployment rate is very high at 36 percent. High taxes and low PPP also negatively impact economic growth. The one area that stands out as a major impediment to innovation, a prerequisite to improved economic standing and competitive advantage, is the very low percentage allocated to research and development (Sikka, 1999). A country's culture has long been recognized as a key environmental factor explaining systematic differences in adopting products and services. Language, education, and technical infrastructure are the three major reasons cited for a country or region lagging behind in the growth of e-business (Sprano and Zakak, 2000). India has several advantages with regard to language and education at the upper class level. Generally, due to India's history, the educated level of the population is comfortable using the English language

(Siegel, 2006). The major barrier, blamed for India's lack of economic growth, and subsequent low entrepreneurial activity, is its culture, specifically the system of religious beliefs, caste system and joint family system (Manimala et al., 2001). Sociologists have reported that even though the goals of Indians living in the poorer rural areas are high, the political, social and economic environments act as a barrier that discourages entrepreneurial activity (Manimala et al., 2001). SMEs in India

b) Industry specific challenges: Industry specific factors focus on the areas of business that are attributable to the business environment in which the firm operates. In India, many of the industry specific factors are significantly impacted by the government. India earned its independence in 1947, resulting in an economic and political philosophy focused on fostering self-reliance and import substitution (Shridhar, 2006). The resulting import barriers created a business environment where SMEs experienced very little competition from firms outside of the country, because the domestic market was large and there were virtually no outside competitors. SMEs grew and flourished (Shridhar, 2006). In 1991, economic liberalization and structural reforms enacted due to India's desire for membership in the WTO, opened previously closed markets to foreign competition (Sheth, 2004). India's SMEs were no longer protected and began to feel pressure from outside competition. The increase in competitive intensity due to reduction in trade barriers is a driving force for Indian SMEs as they need to improve efficiencies and innovativeness. India currently leads globally as the source of low-cost, efficient electronic commerce services. The Indian IT sector has proved to be the country's fastest growing segment, even in difficult economic times – in the globally challenging economic milieu of 2001-2003. The software and services industry, a significant component of India's IT sector, demonstrated great momentum, higher than that of other industries in the country. India cannot build its true strength in the IT sector without servicing its own domestic needs. By taking the challenges and building the community of entrepreneurs, the country can boost its efficiency and competitiveness globally. If one looks at the information technology industry in India, outsourcing software and IT services from the USA and other developed economies have emerged as one of the means to reduce the cost of IT related services. For SMEs in India e-commerce would give opportunity to small and medium enterprises to project their capability globally and thus participate innovatively and proactively in such business ventures (Kuthiala, 2003).

C) Firm Specific Challenges: Firm specific factors include capital, training, and research and development accessibility. SMEs, due to their size limitations, often have limited financial capital and a lack of necessary human resources (Buckley, 1989). SMEs in India face problems in obtaining the financial capital necessary to become competitive and achieve economic growth (Gupta et al., 2005). Obtaining loans is a challenge because bankers perceive lending to SMEs to be risky due to poor repayment records and low market credibility (Gupta et al., 2005). To help overcome this problem, the World Bank, approved a \$120 million loan to create the Small and Medium Enterprise Financing and Development Project, whose primary goal is to improve SMEs access to financing (Gupta et al., 2005). Firm specific factors also include the structure and culture of the organization. This is evident in terms of entrepreneurial orientation and global mindset. Organizational sociologists report that the organization's performance is dependent on the sociological views of its employees and management (Arora et al., 2004). Ireland et al. (2003) describe an entrepreneurial mindset as a perspective that is focused on growth through the application of flexibility, creativity, continuous innovation, and renewal. According to Gupta and Govindarajan (2002), a global mindset is one in which organizations and their employees observe and make sense of their surroundings by processing information through their own unique cognitive filters. With regard to SMEs the corporate culture is particularly important because the perception of key managers, either owner or general manager, have a stronger influence on strategy when dealing with uncertainty in the business environment (Weaver et al., 2002). Therefore, perceptions and reactions are biased based on past experiences. These attributes become more critical as the need to expand internationally increases.

ROLE OF EDUCATIONAL INSTITUTES IN CULTURE ORIENTED PERSONALITY:

The role of educational institutes becomes very crucial to prepare its students to mould them to face the modern challenges of job markets. SMEs are pivotal part of growing economies but global business challenges are very demanding compare to the size of the turnover of SMEs. Many Indian SMEs expanded their business globally and need the highly sophisticated manpower. Even in SMEs the selection procedure passes through long scanning process before selecting the candidate. The responsibility of these professional institutes becomes suddenly crucial in shaping the personality of students who are potential job seekers.

They have been observed everything, from how close someone stands to you to their hand gestures, is the result of cultural training and upbringing. These behaviours are hard to change and yet should not influence a decision about a candidate's skills and abilities.

There is a need to develop the students to become a more culturally sensitive, and therefore more skilled recruiters are needed. Multicultural recruiting will be more and more important over the next decades as organizations become more global in their recruiting practices.

There are some angles required to be developed by educational institute to imbibe this cultural values in their students to make them culturally strong.

- **Develop Cultural Competency** – Develop a cultural competency. Build up your understanding of different cultural norms and gain skill in dealing with people from a wide variety of cultures and backgrounds. Improve your readings about various cultures around the world. Cultural competency is not about learning what to do and not do in a particular country or in the organization. Rather, develop an attitude of a framework of cultural knowledge that makes it easier to understand and respond to specific behaviours.
- **Expect to be surprised** - When interviewing candidates from other cultures, be prepared for different behaviours and try not to judge based on those behaviours or actions. Practise students on developing on skills and make certain that they should understand that they should be focused on skills and competence.
- **Separate culture from skill** – Institute ensures to teach students to understand difference between culture & skill. Being able to separate culture from skill, and knowing how to steer a conversation or interview to the areas important for students.

It is often said; that as the world shrinks we all become more alike. What we see in modern employment market is that as we experience more cultures, we become more aware of the many small but enriching differences we bring to our work.

FINDINGS & OBSERVATIONS:

Overall study expresses the contribution of cultural issues in shaping and moulding the individual personality and its impact on individual personality. The organizations select the employees from all over the world and bonding them together with strong thread is a challenge for the organizations. Today many Large and Small Indigenous organizations use the personality tests tools to evaluate the behaviour and attitude of candidates before selecting them for the job. They measure how much a candidate is comfortable as well as suitable to fit in their organizational culture. This helps the organization to build strong value base in the organization. The role of Educational institute plays vital role. They can inculcate the adaptive attitude in students to adjust and mould themselves in various cultures by keeping flexibility in their approach, take challenges etc.

CONCLUSION:

One can not ignore the increasing importance of SMEs in GDP contribution. These small organizations sector is become very important element of world economic functioning. Many large organizations are dependent on them for their production. To meet the new global need even these organization can not remain complacent that low competent employees also have better prospects for longer time. They also need sound and talented manpower to maintain the quality required by the large firms functioning globally. The major challenge of SMEs is to handle the changing world and the people who are seeking job in various organizations. The SMEs believe on multitasking approach than stereotype functioning. The small functioning boundaries do not allow these organizations to entertain the tantrum of cultural arrogance in its basic. This segment provides large employment opportunities to the young generation. It is necessary for SMEs to create the professional environment to attract and retain good talent. SMEs operations are not limited to only within country but it is boundary less in modern era.

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A STUDY OF CONTRIBUTION OF SME'S AND CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT :

In this paper an attempt has been made to discuss the role of Small and Medium scale industries towards Corporate Social Responsibility (CSR) in India. It is evident that most of the forward looking companies in India have strongly been adopting CSR in their corporate policy to accomplish competitive advantage, profitability and performance in the light of liberalized world. In addition, it provides valuable information to the companies of India and other primary stakeholders about the prospects of development, reputation.

In India, the government has been providing due emphasis on the growth of the CSR as a vehicle for transformation of the agrarian economy to the path of industrialization. The second part of the paper throws light on the various CSR practices adopted by small and medium enterprises sector in India. The SMEs sector has often been termed as the 'engine of growth' for developing economies. The Paper is based on Secondary data and tries to analyse contribution of SME's in CSR while achieving the goal of growth and development.

Key Words: Small and Medium Enterprises (SMEs), Corporate Social Responsibility (CSR)

INTRODUCTION

Any business organization's main motto is to earn profit. It promotes entrepreneurship, provides employment, brings innovations, makes use of ICT, pay taxes generate revenue to for the government. Till 1960, profit maximization was the only objective of the business organizations. After the negligence of companies like Union Carbide, Enron, Aurthor Anderson, however, especially in 1970s there was a serious question on the social responsibility of the business organizations. Exploitations of natural resources, increasing global warming, unscrupulous use of plastic and synthetic materials, improper management of waste, employment of child labour, discrimination between employees, sexual harassment of female employees and such other points need a serious discussion. Does a concern towards these factors mean the corporate social responsibility? Is it limited to labour welfare, working hours of employees or extends to much more things? Is it limited to large scale organizations alone or extends to the small and medium scale enterprises? The paper tries to study the meaning of corporate social responsibility in respect of small and medium scale enterprises.

OBJECTIVES:

1. To understand the meaning of CSR with reference to SMEs.
2. To know the practices adopted by the SMEs.
3. To find out the awareness of the SMEs about CSR

RESEARCH METHODOLOGY:

This study is based on Secondary data. It includes reports, research journals, magazines, newspapers and websites. The secondary data has been collected through these sources for the analysis.

Key terms:

Micro, Small and Medium Enterprises (MSMEs):

The micro, small and medium sector is one of the most important constituent of the Indian Economy. The following table shows the specifications of micro, small and medium scale industries.

Manufacturing Enterprises - Investment in Plant & Machinery	
Description	INR
Micro Enterprises	Up to Rs. 25 Lakhs
Small Enterprises	above Rs. 25 Lakhs & up to Rs. 5 Crores
Medium Enterprises	above Rs. 5 Crores & up to Rs. 10 Crores

Source: (4th All India Census Survey of Small and Medium Scale Enterprises conducted in 2006-2007)

Service Enterprises - Investment in equipments	
Description	INR
Micro Enterprises	Up to Rs. 10 Lakhs
Small Enterprises	above Rs. 10 Lakhs & up to Rs. 2 Crores
Medium Enterprises	above Rs. 2 Crores & up to Rs. 5 Crores

(Source: http://www.sme.gov.in/English_publications/Issue2_english.pdf)

After passing the MSMED Act, 2006 the scope for SMEs is widened. The investment limits for defining small enterprises has been raised and thus it encompasses the medium scale enterprises and service sector within the defined sector. (4th All India Census Survey of Small and Medium Scale Enterprises conducted in 2006-2007)

ROLE OF SMES IN ECONOMIC DEVELOPMENT:

SME sector of India is considered as the backbone of economy.

Activities of SMEs	Every year Contribution in Economy
Industrial output	45%
India's exports	40%
Employment	60 million people
Creation of jobs	1.3 million
Growth rate	10%

These SMEs tend to use more labour intensive production processes as compared to large enterprises. They boost employment and lead to more equitable distribution of income. These SMEs nurture entrepreneurship. They tend to provide simple, value adding processing activities to semi skilled and unskilled labour in agriculturally based economies. The following table reflects the SMEs, type of Organization and related data.

Table 1: SMEs, type of Organization and related data (4th census of SMEs 2006-07)

Type of Organization	No. of SMEs in thousands	Employment in thousands	Original value of plant and machinery in Thousand crore Rs.
Proprietary and HUF	18,706.71	37,782.13	84.31
Partnership firm	264.99	883.79	3.60
Private Ltd. Co.	6.16	78.5	1.66
Co-operative soc.	22.91	94.68	0.34

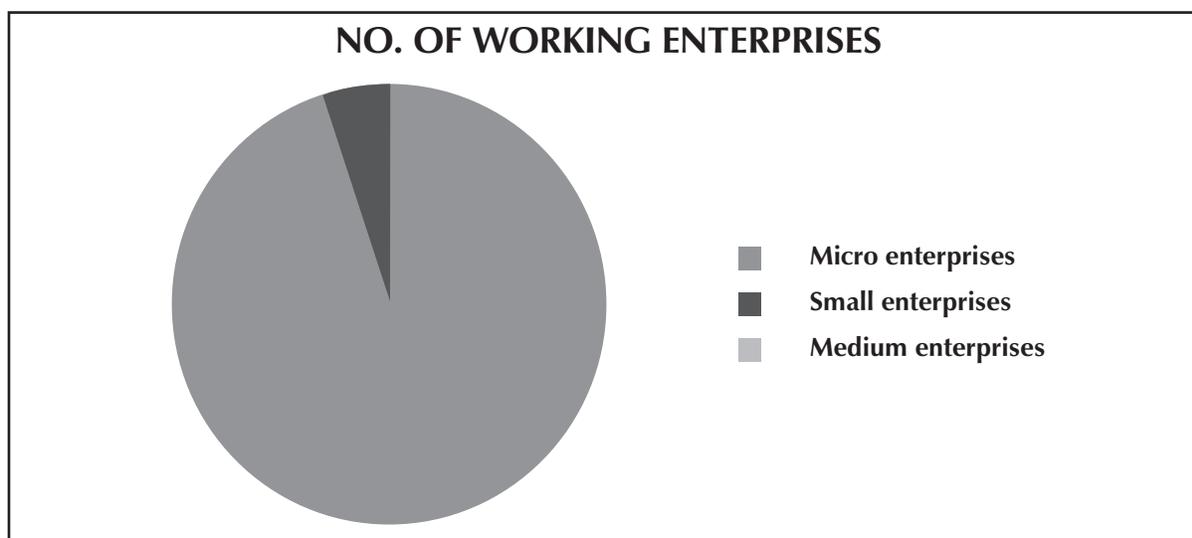
From the above table it is quite clear that the majority of SMEs are owner-managed firms where ownership and decision-making and managerial control rest with the owner-manager whose personal style of management is primarily an adaptive process concerned with manipulating a limited amount of resources to gain maximum immediate financial gain and ensure economic survival at least in the short-term.

PERFORMANCE OF SMALL SCALE SECTOR IN INDIA:

As per the Fourth All India Census of Small Scale industries conducted in 2006-07, the SME's have increased from about 80,000 units in the 1940's to about 15.64 million units.

Table 2: Percentage of no. of enterprises (4th census of SMEs 2006-07)

Type of Enterprises	% of Working Enterprises
Micro Enterprises	94.94%
Small Enterprises	4.89%
Medium Enterprises	0.17%



Of the total working enterprises, proportion of micro, small and medium scale enterprises were 94.94%, 4.89% and 0.17% respectively.

Table 3: Percentage of types of SMEs (4th census of SMEs 2006-07)

Type of Enterprises	No. of Working enterprises (lakhs)	% of Working Enterprises
Manufacturing enterprises	10.49	67.10
Maintenance enterprises	2.52	6.13
Service enterprises	2.62	16.78

Data also reveals that 10.49 lakh units (67.10%) were manufacturing enterprises, 2.52 lakh units (16.13%) were repairing and maintenance enterprises and 2.62 lakh units (16.78%) were services enterprises.

15.14 lakh (96.18%) units are found to be working perennially whereas share of enterprises running seasonal and casual were 0.46 lakh (2.97%) and 0.03 lakh (0.22%) respectively.

In terms of number of working units, ten states, viz. Tamil Nadu (14.95%), Gujarat (14.70%), U.P. (12.00%), Kerala (9.60%), Karnataka (8.71%), M.P. (6.84%), Maharashtra (5.59%), Rajasthan (3.51%), Bihar (3.20%) and Punjab (3.08%) had a share of 82.13%.

Table 4: Employment in SMEs (4th census of SMEs 2006-07)

Particulars	Third Census	Fourth Census
Per Unit Employment	4.48 persons	5.95 persons
Employment of fixed investment per Rs. One lakh	0.67 persons	0.21 persons

- Per unit employment has gone up from 4.48 persons from 3rd census to 5.95 persons. However the employment per Rs. One lakh in fixed investment has gone down to 0.21 persons from 0.67 persons in 3rd census.
- Data reveals that 67.07% SMEs were using electricity as the main source of power whereas 24.25% SMEs were not using any source of fuel. The share of using oil(petrol & diesel), LPG AND CNG resources were 3.40%, 1.59% and 0.42% respectively. Maharashtra is most efficient in using non-conventional energy resources (0.23%).

Table 5: Performance of SMS (RBI report on trends in SME performance)

Description	2002 - 2003	2006 - 2007
No. of Units in lakhs	109.49	128.44
Employment(in lakhs of persons)	260.21	312.52
Fixed Investment (in Rs. crores)	1,62,317	2,13,219
Production at constant prices(1993-94) in Rs. crores	3,06,771	4,71,663
Exports from SMEs (Rs. Crores)	86,013	1,77,600
Growth rate of MSE sector (%)	8.68	12.60
Percentage of contribution to GDP(at 1999-200)	5.91	5.94

The number of units in 2002-03 was 109.49 lakhs which increased to 128.44 lakhs by 2006 -07. There was commendable increase in employment, fixed investment, production, growth

rate and percentage contribution to GDP.

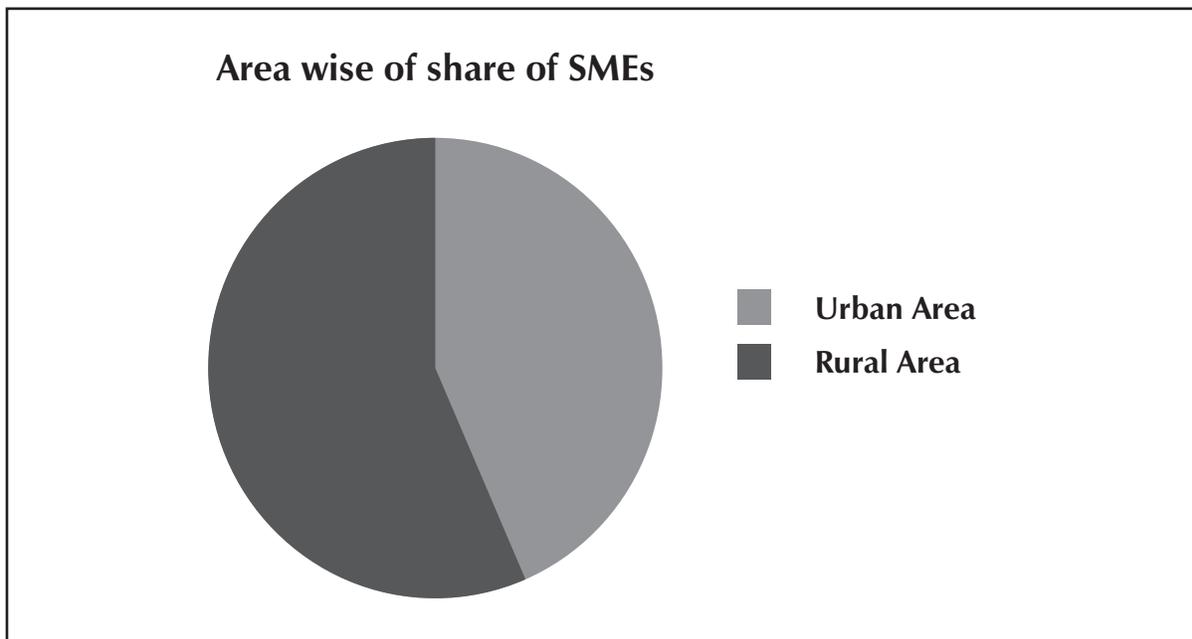
Growth Rates in percentage from 2003 - 2007

Description	2006 - 2007
No. of Units in lakhs	17.30
Employment (in lakhs of persons)	20.10
Fixed Investment (in Rs. crores)	31.36
Production at constant prices (1993-94) in Rs. crores	53.75
Exports from SMEs (Rs. Crores)	106.48
Growth rate of MSE sector (%)	45.16

Table 6: Area wise share of MSMES :

Urban Area	44.66%
Rural Area	55.34%

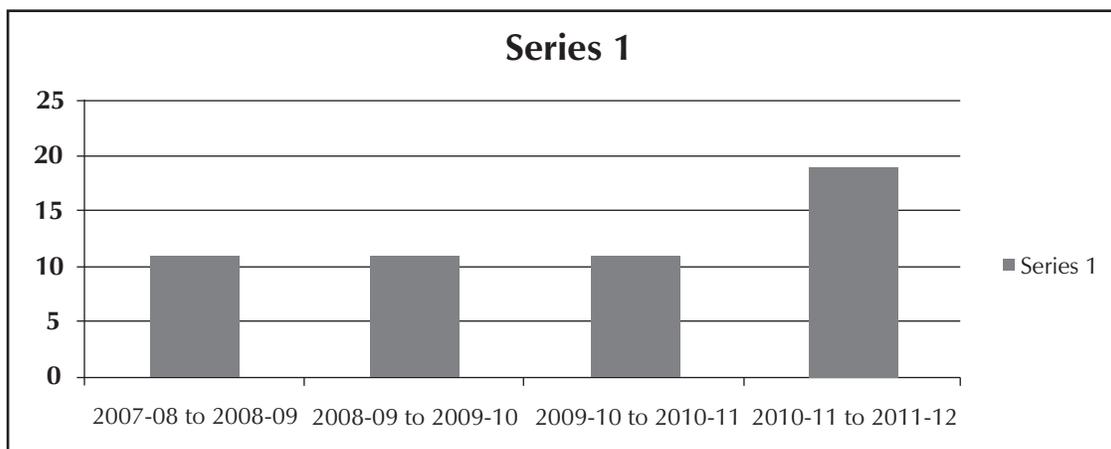
Source : Annual report of SMEs, published by govt. of Maharashtra.



MSMEs sector shows a growth rate of more than 10% every year till 2010-11.(projected figures) In the year 2011-12 growth was 19% which is approximately twice of the growth rate recorded for previous years.

Table showing all India Growth Rate in percentage:

Year	Growth rate of SMEs in %
2007-08 to 2008-09	10.76
2008-09 to 2009-10	10.78
2009-10 to 2010-11	10.93
2010-11 to 2011-12	19.06



From the above discussion it is quite clear how important is the SMEs sector from the point of view of economic development of India. The sector seems to be growing constantly.

CORPORATE SOCIAL RESPONSIBILITY:

Corporate social responsibility (CSR) can be described as the continuous commitment by corporations towards the economic and social development of communities in which they operate.

Explanation:

It is the business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society. It is expected that the business are operating within the limit of law as to pursues the economic interests. The term social responsibility can be better understood if it is compared with 'social obligation'. Social obligation is the foundation of a business's social involvement. These are the minimum social and legal requirements that a law has to meet. Social responsibility adds an ethical imperative to do those things that make society better and not to do those that could make it worse. Corporate India has to see whether it is doing enough for its increasing population.

Role of CSR:

- Boosting brand image and reputation.
- Increased sales and customer loyalty.
- Reduction in operation costs.
- Higher productivity and quality.
- Attract and retain employees.

Arguments for Corporate Social Responsibility:

- Public expectations have increased dramatically since 1960.
- Long run profits are the normal result of better community relations and improved business image.
- Firms seek to enhance their public image to gain more customers and better public image.
- By becoming socially responsible the business can expect less government regulation.
- Social responsibility will improve the net worth of the business and the price of the business's stock in the market in the long run. It certainly results in a long run interest and bonding of the stakeholders.
- Business has the financial resources, technical experts and managerial talent to provide support to public and charitable projects that need assistance.
- Social problems, if ignored, may become serious. Business should act on them before they become costly to correct and take management's time and energy away from accomplishing its goal of producing goods and services.

CSR PRACTICES ADOPTED BY SMES

- SMEs are influenced by the general value systems which dominate social networks in the value chain in which they operate comprising of the suppliers, employees, the customers and so on.
- SMEs do not have a formally written code of conduct as like the large enterprises. In fact there is no term coined in the books of SMEs like CSR. It may be their business relations maintained with their stake holders which is the outcome of their trust and confidence.
- The SMEs are aware that their firm's economic viability essentially depends on strong customer and supplier relationships based on loyalty, openness, honesty and fairness in contracts, payments and marketing information.
- In developing CSR the SMEs seem to undertake activities such as

- employee health
 - safety programs
 - community involvement in the form of charitable donations
 - sponsorship for different events.
- In India 'Corporate Philanthropy' widely prevails in the SME sector. SMEs significantly contribute to the health, education, religious institutions and temples.
 - Most SME owners contribute, to a large extent, to the work of the Government or NGOs in the respective towns, cities or villages.
 - Sometimes philanthropy and CSR these two words are used interchangeably, however it is not the same. A study reveals that most of the owners of SMEs are of the opinion that social responsibility is over by following the specified government's norms. (research by NGO business community undertaken at Pune industrial belt.)

Lack of awareness about CSR

The owners of the SMEs direct the working of the SMEs. In fact there are hardly any clearly defined CSR practices or ethical codes in SMEs. Many times the heads of the SMEs happen to be the members of Rotary club or Lions Club. So, obviously they involve themselves in various activities organized by these social clubs viz. free health check up camps, vaccination camps, polio extinction program, establishment of educational trusts, donations to NGOs, etc. The owners of SMEs build their social image by involvement in such activities and thus try to contribute towards social causes. This is how they try to build the goodwill and reputation for their firm. There is a pressing need to develop a sense of awareness among the SMEs regarding CSR and its benefits to the organization. (Tarun Kumar 2004)

There seems to be pressing need for academic research in this field.

PROBLEMS WITH SMES WHILE FOLLOWING SOCIAL RESPONSIBILITY:

Due to globalization the SMEs have been facing a cut throat competition with the large scale business organizations in relation to getting fresh orders, sustaining the existing clients, managing financial problems, labour turnover etc. Sometimes it is observed that the size of the SME is too small to meet both hands meet and obviously the profitability constraints are there especially in case of micro enterprises. To sustain recession these problems become more severe. There is no specific code of conduct laid down by the government as to the social responsibility of SMEs. So, SMEs try to overlook the social responsibility.

SUGGESTIONS:

- Awareness must be created among SMEs regarding social responsibility of business.
- Government should give subsidies or tax concessions to SMEs undertaking measures for social responsibility.
- Awards should be given for those SMEs contributing towards social responsibility.
- Enterprises supporting eco friendly products or services should be given special mention.
- SMEs involved in controlling social evils like pollution, corruption should be awarded.
- Enterprises should be educated in managing wastes and recycling products wherever possible.
- Owners of micro enterprises can provide education to their children without gender discrimination to create better citizens in the days to come.
- Male owners of micro enterprises should keep themselves away from alcohol.
- SMEs can strictly make use of bio degradable products.

EXAMPLE OF CSR AWARD AND SMES:

1. Indus Health Plus :

ASSOCHAM honoured Indus Health Plus with CSR Excellence Awards in SME and other category in recognition for the outstanding CSR activities undertaken by the company. Indus Health Plus bagged this award as its business revolves around CSR, sustainable development and corporate citizenship. This is achieved through special discount coupons for senior citizens on preventive healthcare check-ups. Indus also conducts number of seminars and workshops pan India to generate awareness, through delivery channels. Special citizen camps, police camps, blood donation camps, society checkups are part of CSR activity by Indus.

2. Elin Appliances Pvt. Ltd.

CONCLUSION:

Corporate social responsibility is the term coined for the large scale organizations. Awareness of CSR is today's success mantra. However it should not be restricted to the giant business houses but should be extended to SMEs as well, as SMEs contribute a lot to the economic development of the developing economies. The word corporate seems to be inappropriate for SMEs. A better word may be 'Social responsibility of SMEs'. By whatever name called, SMEs should undertake social responsibility. From the above discussion it is clear that the SMEs are more customer centric. To sustain competition it is quite obvious for the SMEs to keep their customers intact by offering them best quality products and services. Customers are the core part of the society. So to attract the potential customers the SMEs have to nurture the social responsibility by undertaking various events such as adult education, banning child labour, employing differently able people, donating widely to NGOs etc. Those SMEs will last long those voluntarily undertake social responsibility instead of waiting for law to make it as an obligation.

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A STUDY OF CROWD FUNDING - INNOVATIVE ALTERNATIVE TO TRADITIONAL INVESTMENTS IN INDIA

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ABSTRACT:

The concept of 'crowd funding' is catching up fast which is really not new in India. However, the concept of 'online crowd funding' is new to the country. It is a substitute available to the businessmen's, entrepreneurs, to raise funds for their business. The purpose of this paper is to analyze the emerging crowd-funding phenomenon, meaning of crowd funding, models of crowd funding and Indian scenario and challenges in India. India may soon bring in the requisite laws to support this in a big way pushing SEBI to set up a regulatory framework. An attempt is made in this paper mentioning that any crowd funding involving sale of securities can be either regulated under SEBI's existing norms for Collective Investment Schemes or Alternative Investment funds.

Keywords: Crowd Funding, Equity Crowd Funding, Grameen Bank, Milaap, Kiva, Micro Finance.

INTRODUCTION:

Every businessman, owner, entrepreneur requires funds or finance at the start of the business, expansion of business as well as to meet the day to day expenses of the business. He has to invest his own money, personal belongings and private property by way capital. He can raise funds or finance for his business by adopting traditional ways i. e. issue of shares, debentures, accepting deposits from the public and also borrowing loans from financial institutions, relatives and friends. However in the era of LPG the owners of small businesses and startups can avail funds and finance through social media. They can expand their business too by way of Crowd funding. Crowd funding, a popular concept started in the US and the UK. It is an emerging way of raising capital, through the use of social networking sites. Now the best option to raise funds you are required to do is create an online profile and give the details of your project and fund-raising goals and share the same with public at large, including your peers, relatives, friends of friends, and so forth. The idea of crowd funding is really not new in India. Temples and mosques, for example, are built overnight using a large number of donations. Massive festivals are put together in a matter of days with donations from thousands of devotees. However, the concept of online crowd funding is new to the country.

It is worth to note here that the term Crowd funding is not new to Indians. India has seen a massive crowd funding success story many years before the term was introduced. The story belongs to Dhirubhai Ambani the founder of the Reliance Industries. Crowd funding has been done by the community people from the Gujarat State as well as from entire India for his small yet growing textile business. In the era of globalization, India with its huge market and human capital has become a popular destination for overseas business and other investments that have identified opportunities. We find that Indian crowd funding has been restricted to micro financing category projects. The new companies act, which mandates all companies to spend 2% of their profits on corporate social responsibility, will also help them crowd funding gain traction.

OBJECTIVES:

The objectives of the study are given below:

1. To know the meaning of Crowd funding, online crowd funding and different models of crowd funding.
2. To understand the history of Crowd funding.
3. To observe Crowd funding scenario in India.
4. To analyze the challenges in India.
5. To observe the key points of JOBS Act.

RESEARCH METHODOLOGY:

For the purpose of this research paper mainly secondary data has been used. The required data was collected from the websites, various journals and newspaper articles have been reviewed while writing this paper. On the basis of published data in magazines, books and information available through websites, an attempt has been made to know about Crowd funding.

DATA ANALYSIS:

Meaning of Crowd Funding:

In simple word, crowd means general public or people. Crowd funding is a way of raising finance by asking a large number of people for a small amount of money. Traditionally, financing a business, project or venture involved asking a few people for large sums of money. The traditional idea of raising funds is now changed and shifted towards Crowd funding, using the internet to talk to thousands – if not millions – of potential funders. Typically, those seeking funds will set up a profile of their project on a website such as those run by our members. They can then use social media, alongside traditional networks of friends, family and work acquaintances, to raise money. Crowd funding is a method of financing that allows individuals to utilize their personal networks to collect funds for their cause or business.

Crowd funding campaigns can be used to fund non-profit creative projects as well as for-profit businesses. Crowd funding is a vast industry and we find more than 500 crowd funding platforms are in existence. Crowd funding is the process of financing a project with a request by entrepreneurs and receiving small amount of contribution from many parties in exchange for a form of value to those parties. Crowd funding connects investors with small business startups and projects through an online transaction portal that removes barriers to entry.

Online Crowd Funding:

Crowd funding is an emerging and innovative online platform that provides small businesses and startups with opportunities to increase their social media presence, investment base, and funding prospects. Crowd funding, a popular concept started in the US and the UK. It is an emerging way of raising capital, through the use of internet or social networking sites such as Facebook or LinkedIn or Twitter or even some dedicated websites. Now the best option to raise funds you are required to do is create an online profile and give the details of your project and fund-raising goals, objects and share the same with public at large, including your peers, relatives, friends of friends, and so forth. The first online crowd funded project is thought to have occurred in 1997.

Different types of crowd funding: donation, debt and equity.

Model I - Reward/Donation Model:

This is the traditional and most common type of raising funds. Generally people invest simply because they believe in the cause. In Rewards-based crowd funding rewards are offered by way of acknowledgements on an album cover, tickets to an event, regular news updates, free gifts and so on. Returns are considered intangible. It includes setting various levels of rewards. Donors have a social or personal motivation for putting their money in and expect nothing back, except perhaps to feel good about helping the project.

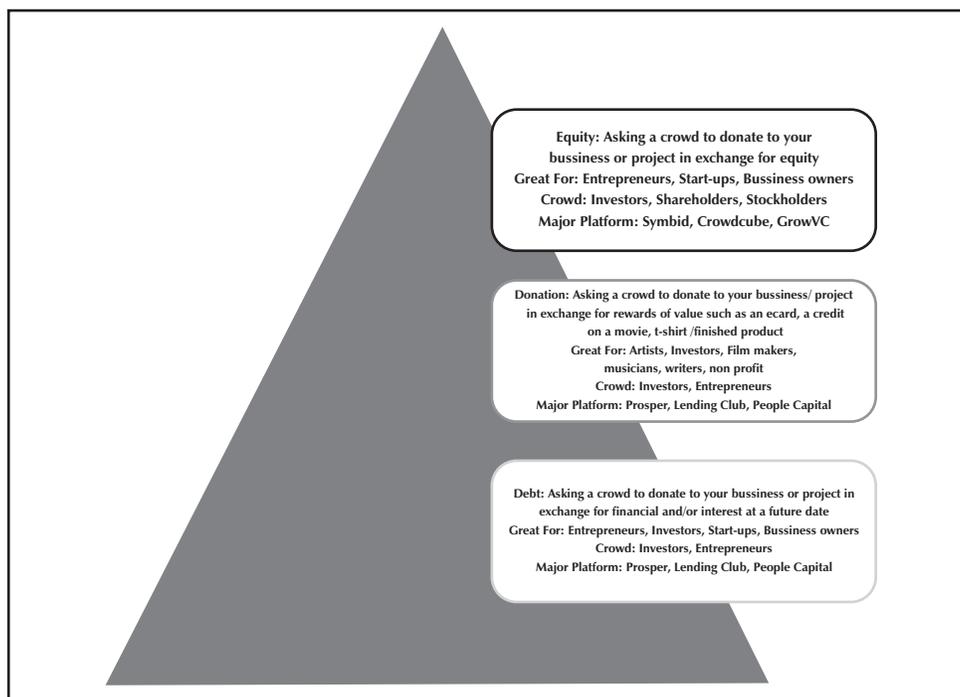
Donation crowd funding is exactly what it sounds like - the campaigns amass donations without being required to provide anything of value in return. This type of campaign serves social causes and charities best. In this model, individuals make a financial contribution to a project without any expectations of financial benefits. Sites like Ketto do this kind of crowd sourcing in India.

Model II – Debt/ Lending Model:

In this type of model investors lend the money with the intension of earning interest or without interest. In this, the investor will loan money to the project with the expectation of being repaid under the terms and conditions agreed. Investors receive their money back with interest. Lending based crowd funding allows entrepreneurs to raise funds in the form of loans that they will pay back to the lenders over a pre-determined timeline with a set interest rate. Also called peer-to-peer (p2p) lending, it allows for the lending of money while bypassing traditional banks. Returns are financial, but investors also have the benefit of having contributed to the success of an idea they believe in. In the case of microfinance, where very small sums of money are lent to the very poor, most often in developing countries, no interest is paid on the loan and the lender is rewarded by doing social good. Microfinance platform Milaap is an example of such crowd sourcing in India.

Model III – Equity/ Investment Model:

In this model the investor receives an equity stake in the project. People invest in an opportunity in exchange for equity. Money is exchanged for shares, or a small stake in the business, project or venture. As with other types of shares, apart from community shares, if it is successful the value goes up. If not, the value goes down. Equity crowd funding is on the rise after the signing of the Jumpstart Our Business Startups (JOBS) Act in April of 2012. Equity crowd funding is the exchange of actual shares in a private company for capital. In this form of crowd funding, entrepreneurs can set investor caps, minimum pledge amounts, etc. as well as approve or deny investors who wish to view their business documents.



Crowd Funding History:

Dr. Mohammad Yunus is the pioneer of modern microfinance. In 1976, Yunus launched a research project in Bangladesh to give banking opportunities to low-income people, eliminate the exploitation of the poor and create opportunities for self-employment. After this successful loan, Yunus was able to secure a loan from the government to lend small amounts to the poor. Due to success it was transformed into Grameen Bank. The bank now has more than 8 million borrowers, with 97% of the money going to women-operated businesses. Yunus and Grameen Bank were awarded the Nobel Peace Prize in 2006 for their efforts in economic and social development.

In 2005, Kiva.org became the first micro lending website. It gave individuals the ability to lend small amounts of money to entrepreneurs in poor, rural areas across the globe. The lenders are given pictures and a profile for each loan. Kiva has field partners in various world regions that help document the stories and distribute the loans to each individual. This unique documentation of business owners gives a lender the ability to identify with the borrower and communicates a sense of personalization that his money is going toward something impactful.

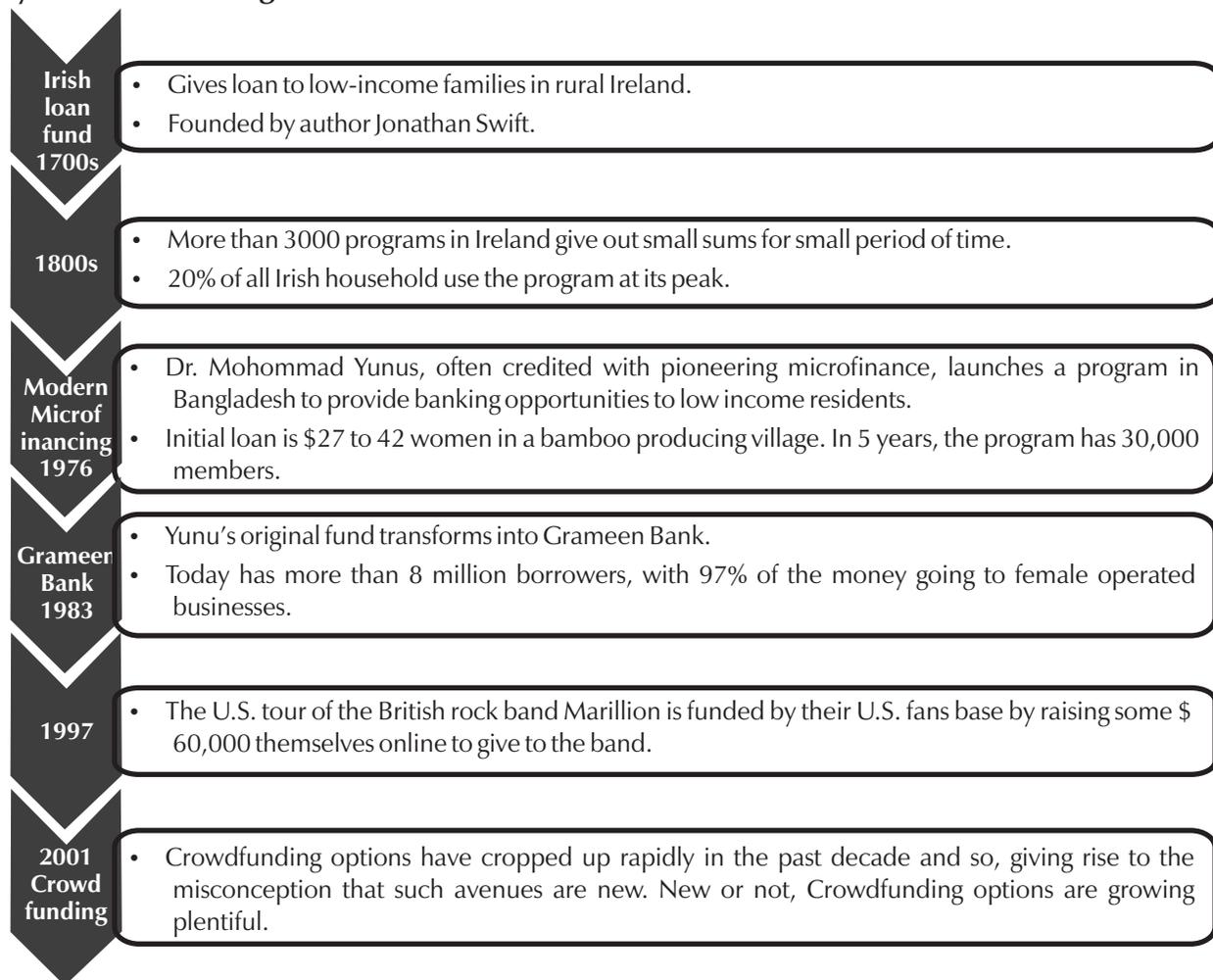
In 2006, Prosper.com launched the first peer-to-peer (p2p) lending site in the U.S. The concept was based on Yunus's microfinance vision and Kiva's micro lending model. On the website, individuals submit requests for funding, which include a story, a picture and their credit risk. You might find people, who are trying to refinance debt, fund a vacation or start a business.

In 2007, LendingClub.com launched the second peer-to-peer lending site in the U.S. Its object was to create substitute to banks. Lending Club has surpassed Prosper in loan funding.

In 2009, Kick starter launched as a new way to fund creativity. The company also helped bring a new term to the forefront: “crowd funding,” which allows a large group of people to pool their money to help fund an idea. Projects range from documentaries to iPod wristwatches.

Finally, in 2012 the first business funding platform was set up in line with the JOBS guidelines, Fundable. Fundable paved the way for a new era in entrepreneurship and business growth. This was the first online platform that protected both the investor and the business.

History of crowd funding



INDIAN SCENARIO:

National Crowd funding Association (NCFA) of India is an organization to promote crowd funding in India. NCFA provides its members with opportunities to shape the industry, learn the details of the marketplace, and stay informed and ahead in this dynamic industry. The mission of NCFA is to support, educate, and establish the Indian crowd funding market. NCFA India holds an independent position with membership open to the general public including interested parties such as entrepreneurs, investors, lawyers, technologists, financial advisors, regulators, educators, students, media professionals, and those who serve the industry, whether donation-based or equity-based. In the next six months or so, many crowd funding platforms are expected to be in India. Worldwide, nearly a thousand such platforms will be launched. Recently, platforms such as Wish berry and Ignite Intent have been launched in the country. Most of them are in the rewards and donation space, as there aren't too many regulatory issues around this model.

There have been attempts at crowd funding for events like the Goa Project and campaigns like Teach for India. Crowd funding is slowly becoming an alternative funding channel for the film industry. Film Director Pawan Kumar from Karnataka recently raised

Rs 51 lakh using Facebook and other platforms. A low trust level of doing things online is also a challenge. India's e-commerce space needs to really mature before anything substantial can happen in this space. People need to be spending more and more online for them to even start thinking about backing projects online.

CHALLENGES IN INDIA

1. Crowd funding is not new in India. Indians are always ready to donate money to the charitable organizations. Due to this places of worship are built overnight using a large number of donations. However, the concept of online crowd funding is new to the country.
2. This is the new concept to Indian investors. Indian investors are more conservative and not friendly. People will take some more time to accept this concept.
3. A low trust level of doing the things online is also a challenge. India's ecommerce space needs to really mature before anything substantial can happen in this space. People need to be spending more and more online for them to even start thinking about backing online projects online.
4. As long as the crowd funding platforms are not making any financial promises to the contributors, they should be theoretically safe to operate. However to build a credible case for the industry to grow in India, it would do help if these platforms proactively approach the regulators and work with them to processes so as to build long-term credibility and transparency.
5. Ecommerce in India only got a boost when they initiated the concept of cash on delivery. Similarly, crowd funding will have to look at building an offline base to finally induce mass awareness and encouraging larger participation.
6. In foreign countries, if you are funding a company through a crowd funding platform – you can hope to get some shares in the company and profit from the success of the company. However, this is not possible in India.
7. Here, capital markets law and regulators such as SEBI doesn't allow raising money from the public in this way with a promise of return on investment of any nature - unless someone can go through the complicated and costly procedure of listing on a stock exchange.
8. SEBI has hence tightened the screws of the system, and it is practically impossible for a startup to raise money from the public – until it becomes profitable and reaches a big scale. Crowd funding is not legally recognized capital market transaction - and the investors cannot get shares in the company they are funding. No separate law has been made to allow this to support startup companies.
9. What can be offered to the crowd funders as incentive is debatable question Entrepreneurs looking for crowd funding, hence, tread a thin line with respect to offering any incentives.
10. At the time of raising funds promises are given to the donors. It is moral responsibility of entrepreneurs to keep and fulfill promises. The funding platforms could act as a watchdog to a certain extent.
11. Donors can ask about the utilization of funds. Hence it is necessary to maintain standard accounting system and audit should be done. In this connection transparency should be kept. The future of crowd funding, even in its charity and donation avatar, pretty much depends on this. Otherwise some crowd funded entrepreneurs may end up spending their funds on the much needed vacation.
12. Crowd funding give rise to issues pertaining to securities regulation, especially if monies are raised against issuance of securities that provide investors with some interest in the issuing company.

LEGAL ISSUES:

There are legal issues around crowd funding in India. Donation-based crowd funding is the most pragmatic approach as of now. Lending-based microfinance platforms like KIVA need approvals from the central bank. The Reserve Bank of India in 2011 approved Milaap, a non-profit microfinance institution to crowd fund from the overseas. In India, the concept is catching up fast and is posing a danger at the same time. Many money laundering schemes might run in the name of crowd funding via social

media, pushing SEBI to set up a regulatory framework if it is found that such platforms involve large amounts of money or issuance of securities. A discussion is on to find a separate agency for such activities following a talk with various stakeholders like RBI, Finance Ministry and Corporate Affairs Ministry. SEBI stated that apart from setting up new rules after discussions with the stakeholders, any crowd funding involving sale of securities can be either regulated under SEBI's existing norms for Collective Investment Schemes or Alternative Investment funds. Equity based online crowd funding is not legal in India yet.

JUMPSTART OUR BUSINESS STARTUPS ACT (JOBS) ACT:

Equity-based online crowd funding was made legal in the US after passing the Jumpstart Our Business Startups Act (JOBS) act. Some of the key points of this Act are:

- The JOBS Act has put much restriction on the amount that can be borrowed via crowd funding.
- The Act has put an audit compulsion by certified public accountant in some cases of crowd funding. Disclosures need to be made by the company raising funds and utilizing it.
- The company needs to explain everything about its project for which it is raising funds. The fund utilization plan needs to be disclosed.

START51:

Start51.com offer new creative fund platform to transform unique ideas into reality. People from different domains like film making, music, designing and many other can register in start51.com and can start a project. Every project will be created independently with targeted amount be raised. Having complete control over the project, creator needs to set a funding goal and deadline for the venture. For every interesting and valuable project, contributors fund a particular amount to make it real. All the funding activities are followed by all-or-nothing policy.

CONCLUSION:

There is no doubt that crowd funding is rapidly being looked upon as a serious way of raising funds for startups and new businesses. The US and European authorities have started implementing new laws for this to function. India yet will have to change the rules and regulations in the present laws. SEBI with the consent of Central Govt. has to modify its present system. If India brings in requisite laws to support, crowd funding system can really play the role of catalyst in bringing the startup ideas into reality.

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A STUDY OF ROLE OF TRADE UNION IN THE ORGANIZATION - A UNISON CASE STUDY

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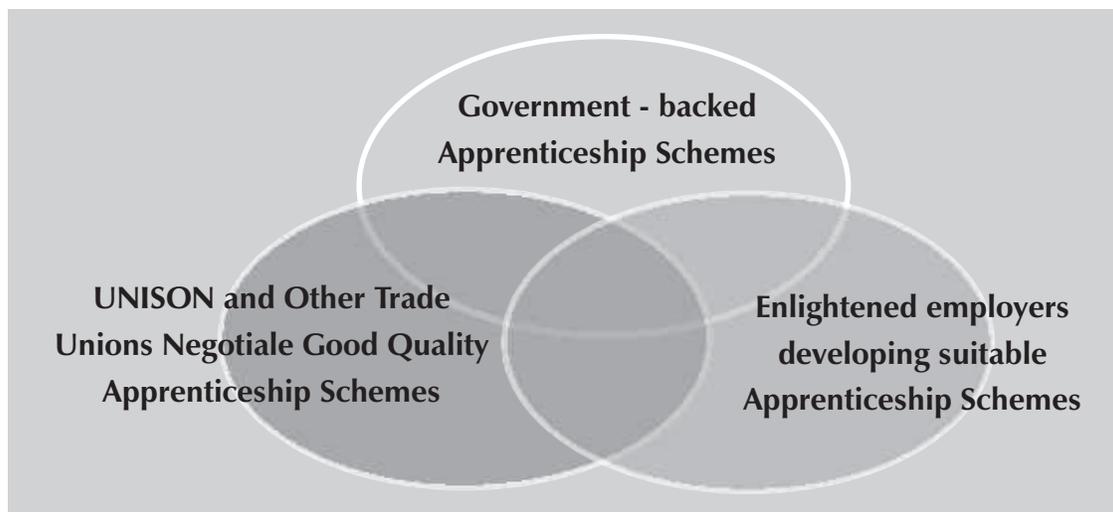
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ABSTRACT

Trade unions play a key role in protecting the interests of their members. This includes making sure good quality training opportunities are provided for their members. Training enables workers to gain qualifications and progress within their careers. is Britain's and Europe's largest public sector trade union. It has more than 1.3 million members with over 75,000 members under the age of 27. UNISON members work in a range of sectors including local government, health, police and education. UNISON is involved with issues such as: Raising its members' pay, achieving safe, secure working conditions, protecting job security, influencing decisions in the workplace. UNISON has also been closely involved in the introduction of apprenticeship schemes within the public sector. An apprenticeship is a nationally recognized training programme combining real work with learning and training. The training takes place both on-the-job and off-the-job. On-the-job training takes place at work. Off-the-job training takes place away from the workplace, e.g. at college.

INTRODUCTION: DEVELOPING APPRENTICESHIPS

At one time craft and technical apprenticeships, such as joinery, were common in public authorities. These have significantly reduced over the last 20 years. As a result, many public service employers are now faced with an ageing workforce, skill shortages and difficulty in attracting younger workers with relevant practical skills. In response to this situation, many of these employers are now developing their own apprenticeship schemes.



The UK government wants to have a major increase in the number of public sector apprenticeship schemes for young people. It needs to ensure that there are enough places available for every suitably qualified young person by the time the education and training participation age is raised in England in 2013. It plans to create at least 21,000 new apprentice places in the NHS, education and local government.

To support this plan, from November 2009, apprenticeship programmes are now covered by Act of Parliament. In 2009, 250,000 apprenticeships started. High quality training through apprenticeships gives young people the confidence and skill to take on important work roles. This not only benefits the businesses they work in but also allows the UK economy to grow.

This case study shows how UNISON is working with employers to support and develop high quality apprenticeship schemes for young people in line with government policy. One scheme with North Yorkshire County Council demonstrates UNISON's role in supporting its development and highlights what a young person should expect from an apprenticeship placement.

REPRESENTATION AT WORK

Trade unions represent their members at work. They can help to increase wages, agree working hours and improve working conditions. They do this by negotiating with employers on behalf of their members. This is called collective bargaining and it gives trade unions greater power than one individual worker would have during negotiations.

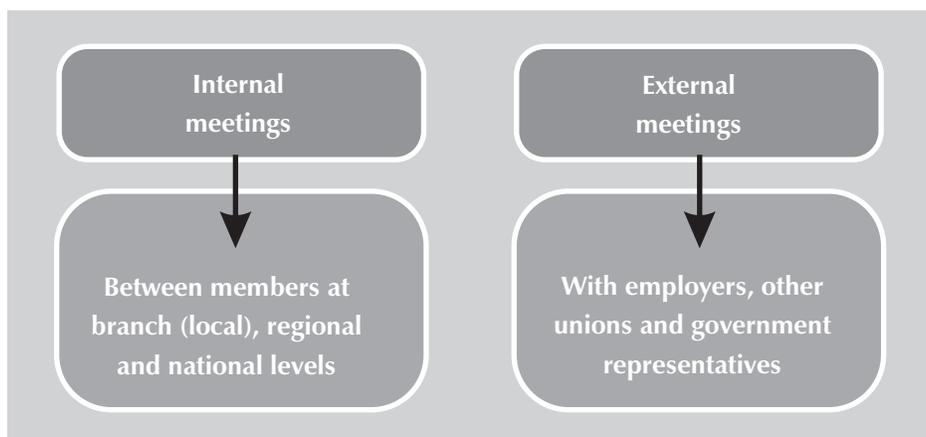
Sometimes trade unions encourage workers to take industrial action to help them meet their goals. Strikes and overtime bans are examples of industrial action. However, most disputes are settled before this takes place. The number of days lost through strike action has significantly decreased in the past two decades. Unions now work more closely with employers in partnerships which benefit the employer and employee and help contribute towards a more competitive economy.

BENEFITS OF UNION MEMBERSHIP

Membership of a trade union can also provide other benefits. Members may receive:

- legal advice and services to help with any problems at work
- special offers and discounts on things like car insurance
- personal development opportunities to gain basic skills or professional qualifications.

Trade union membership is particularly important for young workers. These employees are the most likely to receive low wages. They may also lack the confidence to query whether their working conditions are suitable.



By joining a trade union a young worker becomes part of a group of fellow workers with a shared interest. The union appoints representatives who hold regular meetings within the union and externally.

UNISON is involved at local and national levels in industrial relations and collective bargaining. It is able to make sure that apprentices are:

- provided with good quality training schemes in public services
- covered by minimum wage legislation to receive decent wages
- not discriminated against for any reason.

UNISON has a commitment to involving young members in running the union. Its members act together to sort out work problems. Being a member of UNISON gives access to free legal advice, a telephone support service (UNISON direct) and a host of other benefits such as discounted mortgages, insurance and holidays.

EXTERNAL FACTORS SUPPORTING APPRENTICESHIPS

Demographic change

The demographic profile of the UK workforce is changing. Large numbers of people now fit into what is described as the Baby Boom generation. This consists of people born in the years that followed the Second World War. These people are now in their fifties and sixties and retiring from the national workforce in large numbers.

The British economy needs more young skilled workers who have been adequately trained to carry out important job roles. This is particularly true in the public sector. For example, within the next ten years, over one third of existing local government employees will have retired. Employers therefore need to provide opportunities for young people to climb the qualifications and skills ladder. An apprenticeship is an ideal start for many young people.

Generating skills

UNISON supports apprenticeship schemes because they have multiple benefits. They:

- offer opportunities to young people and bring new people into industry
- provide a progression ladder to higher level skills and qualifications
- create a positive learning atmosphere within an organization.

Union support can help to ensure that apprentices are paid a fair wage and that the scheme is well structured and beneficial to them. UNISON does not have authority to approve or set up these apprenticeship schemes.

However, by developing positive working partnerships with employers, it is able to influence them in various ways. For example, UNISON:

- identifies and promotes existing schemes which show best practice. It consults UNISON members on the effect of apprenticeship schemes and feeds the reports back to employers
- provides a negotiation guide for use with employers looking to introduce a scheme
- has been active in seeking to persuade the Low Pay Commission to set fair and appropriate pay levels for apprentices. Apprentices are all now covered by minimum wage laws.

Scheme benefits also include apprentices having the same entitlement to holidays or sick leave as other colleagues. In the North Yorkshire County Council scheme, young apprentices also get help with travel costs. Apprentices at a new scheme at Kings College Hospital in London are paid the going NHS pay rates and have full conditions of service.

Negotiation

A key role of trade unions is to negotiate with employers on a wide range of work issues. These range from higher pay, better canteen facilities or more onsite childcare provision to time off work for family occasions.

UNISON representatives seek to ensure the maximum number apprenticeship places within individual workplaces. UNISON's bargaining agenda also includes key training issues of young people. This includes:

- ensuring apprentices have access to high quality training
- making sure that apprenticeships do not become substitutes for existing jobs.

North Yorkshire County Council scheme

2006/7	Started small with 70 new apprentices A senior Young Person's Development Advisor was appointed
2007/8	120 new apprentices
2008/9	108 new apprentices

UNISON worked with North Yorkshire County Council and the Learning and Skills Council to develop a strong apprenticeship scheme:

100% of the apprentices achieved NVQ level 1 qualifications (the equivalent of GCSE grades D-G) during their apprenticeships. Over half have now met the standard required for level 3 (the equivalent of A-levels).

Each trainee on the scheme was matched with a mentor, i.e. a more experienced person to guide them. Once in post each apprentice was issued with a contract setting out their terms of employment. Importantly, the terms are the same as for any full time employee with the County Council. This includes annual leave and access to the pension scheme. The salary scale builds up from £95 per week at outset to £205 per week by the end of the first year. The apprentice is also entitled to an allowance if they travel more than a certain distance to the workplace.

Each apprentice is employed for a probationary period of 12 months. A review takes place at the end of 3, 6, 9 and 12 months. The review provides the chance to assess performance and set targets. At the end of the programme the apprentice and the employer sit down together to decide whether a permanent position can be provided. These terms were agreed between UNISON and the County Council and ensure that the young workers get fair rewards and conditions.

NVQ QUALIFICATIONS

North Yorkshire County Council trainees study for an NVQ which is relevant to their job role. For example, this may be in Customer Service or for an Apprentice Administration Assistant, in Business Administration. Each week the apprentice is entitled to spend 1-2 hours on building up his or her NVQ portfolio as part of the course requirements. During the first six weeks of the work placement the apprentice meets with the training provider responsible for helping them to achieve the NVQ certificate.

The scheme agreed between UNISON and North Yorkshire County Council provides a first class model of how unions and employers can work together to create entry to work for young people.

BENEFITS TO MEMBERS

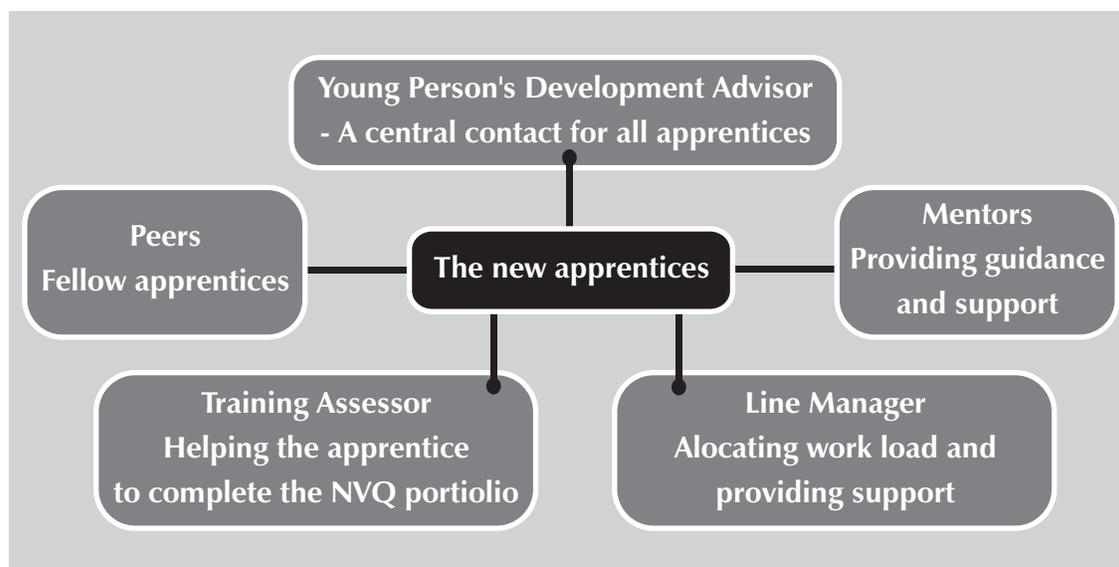
An apprenticeship provides a young person with the skills and support for them to take the first steps in building a career.

It is particularly important that young apprentices are provided with the right sort of support and protection. Unions like UNISON are important because they make sure that the schemes are relevant to the needs of the trainee as well as the employer.

UNISON is able to collect first-hand information from members and apprentice members. Through negotiation, UNISON branches make sure that the following conditions are in place to create an apprenticeship with achievable goals:

- Clear arrangements with one or more colleges that offer the required apprenticeship qualification.
- Programmes for recruiting candidates as widely as possible. This often involves providing pre-apprenticeship work placements.

- Structured procedures for recruitment, selection and placement of apprentices in appropriate posts, making sure that the process fits with equality guidelines.
- Well-organised supervision of apprentices and checks on their progress. Each trainee should have a mentor and a line manager who track their progress, oversee their work, and help them learn. Staff who take on this role are entitled to extra training, pay and time off in recognition of their additional responsibilities.
- Provision for apprentices to have study time, either at college or away from work to complete their NVQ work. This feedback provides a base on which to negotiate appropriate terms and conditions of apprenticeship schemes. New apprentices can get support from different sources.



Being accepted on to an apprenticeship scheme therefore provides new employees with a first class entry route into the world of work. UNISON works to ensure that such schemes:

- support the career needs of the individual employee
- provide them with a fair wage while training
- do not replace existing jobs
- launch them on a career path
- provide detailed coverage of employment rights.

UNISON actively encourages apprentices to seek further help. To support apprentices in the workplace, UNISON has provided a special membership fee of only £10 a year.

CONCLUSION

Public Sector employers like North Yorkshire County Council are facing a skills gap resulting from the retirement of older workers. To fill this gap, UNISON is supporting the development of apprenticeship schemes for young people. These provide a working base for them to acquire new skills and qualifications.

UNISON aims to ensure apprentices are protected from being used as cheap labour. It also aims to give young people a secure footing on the career ladder. UNISON is the main union representing employees in local government and other occupations. It is influencing employers to develop relevant apprenticeship schemes.

By sharing knowledge and actively working with employers at a policy level, its activities support young workers and play a lead role in making sure that the apprenticeship scheme meets the needs both of young people and of employers.

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ANALYSIS OF EXPORT ASSISTANT AND PROMOTION IN INDIA

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ABSTRACT

Present study aims to describe and analyze the measure introduced by government of India to accelerate the Economy's performance in External sector of the Economy. Government of India have provided various incentives for export promotion. Export promotion policy include (i) policies for increasing investment and production in export sector (ii) price support measures for rendering exports more competitive, and (iii) measures for strengthening marketing effort by the export sector. There has been relaxations in industrial licensing policy MRTP, foreign exchange regulation, foreign collaboration to increase the flow of production and investment resources into the export sector. Apart from the provisions made for liberal import of capital goods, Export Processing Zones, Export-Oriented Units have been given completely licence-Fee and duty-free import facilities for all production inputs. Duty Tee licence schemes have been granted' to the registered exporters for supplies of adequate quantities of material inputs required for export. Export House, Trading House, Star Trading House and Super Star Trading House have been given special facilities to promote the export business. In order to make India's export competitive, price viable support incentives have been given to the exporters

INTRODUCTION

Government of India, like in almost all other nations, has been endeavouring to develop exports. Export development is important to the firm and to the economy as a whole. Government measures aim, normally, at an overall improvement of the export performance of the nation for the general benefit of the economy. Such measures help exporting firms in several ways. Export Promotion strategy promotes only the industries that have potential for developing and competing with foreign rivals. Since the goal is to trade abroad, there becomes competition, which in turn remedies the returns to scale. The main goal of the export promotion is to prepare the "potential" industries for competition with the foreign rivals. So the industries at their childhood must be protected for a while.

Exporters, facing the increasing competition, have to improve their technologies, their quality continuously in order to compete with their rivals. They have to make research and development studies. Comparative advantage theory implies that a country must specialize in the production that uses the mostly possessed factors of production. By this way the structure of the overall industry is in harmony with the country structure. If the country has advantage in human capital then the EP strategy may be a remedy to the unemployment problem. The indirect effect of the EP strategy appears in the export values of the countries. The increase in exports raises the foreign exchange inflow. However, there may be an increase in import expenditures due to the increasing income of the country, which in turn worsens the country's trade balance.

The Export-Import policy 1992-97 brought about many fundamental changes -in India's external trade policy. It gradually laid the foundation of globalisation 'of Indian economy by initiating liberalization and making Indian industries to face competition from foreign MNCs. Until 1992,

Indian markets were highly protected and the Indian government used to give many incentives to the Indian exporters. But Many of these incentives were' withdrawn by the 1992-97 and

MEANING AND DEFINITION OF MARKET ASSISTANT EXPORT PROMOTION

Incentive programs designed to attract more firms into exporting by offering help in product and market identification and development, pre-shipment and post-shipment financing, training, payment guaranty schemes, trade fairs, trade visits, foreign representation etc.

Export promotion has been defined as "those public policy measures which actually or potentially enhance exporting activity at the company, industry, or national level". Although many forces determine the international flow of goods and services, export

promotion is one of the principal opportunities that governments have to influence the volume and types of goods and services exported from their areas of jurisdiction.

OBJECTIVES

1. To explain the importance of export assistance in India.
2. To describe various assistances provided for the expansion of production base for export and to explain the fiscal and financial assistances provided to the exporters.
3. To analyse the measures taken by the Government of India to strengthen the export marketing -effort.

RESEARCH METHODOLOGY

This research is a descriptive study in nature. The secondary data was collected from various journals, magazines, and websites particularly from the Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Indiastat etc.

IMPORTANCE OF EXPORT ASSISTANCE

Export promotion was accorded a very low priority during the initial programme of economic development in India. During the 1950s and almost up to mid 1960 export-promotion was not at all considered as an essential element in India's economic development process. Easy and adequate availability of external assistance from World Bank and other international agencies as well as developed countries has provided India with more than adequate amount of foreign exchange for financing development as well as essential imports. Hence, the urgency of earning foreign exchange through expanding exports was not there. In addition, because of the large size of the domestic market in India, 'import substitution' rather than the 'export promotion' was considered as a more useful strategy for India's economic development process. Similarly during the period of the First Three Five year plans over 1950-51 to 1965-66 Indian economy was in a formative stage. Consequently India's capacity to export manufactures or industrial products was extremely limited. Hence, on this account as well, India could not look at international markets especially because of her extremely limited capacity to offer supplies of- industrial products.

However after 1965-66, the aid flows to India were substantially reduced. Consequently, for the first time India was made to depend significantly on her exports for acquiring foreign exchange to meet her needs of essential imports. Moreover, by the second-half of 1960s, a number of industries especially in the engineering, chemicals, leather, marine and other sectors have reached a stage from where they were looking for an opening in international market. Government of India had therefore, considered it as appropriate to lay emphasis on the need for export promotion so as to enable the country to meet the need of imports. Fortunately, it received an encouraging response from the industrial sector which was also looking for international markets. Over the last couple of decades export promotion has assumed critical importance in Indian economy. Export growth has become the main determinant of economic growth in India. The process of globalization and liberalization has further enhanced the need of strengthening the support of export-import trade business of the country. Moreover, with the increasing burden of debt-servicing on the one hand and the situation of aidfatigue on the other, exports have now emerged as the only viable source of meeting the foreign exchange needs of Indian economy. Hence, the feasibility of financing almost entirely depends upon the growth in Indian export. It may, therefore, be stated that the future economic growth in India is inseparably linked with growth in Indian exports. Hence, export promotion is being an overriding consideration in policy formulation. Export promotion policy in India has three main segments. They are as follows: a) Policies for increasing Investment and production in export sector. b) Price-support measures for rendering exports more competitive c) Measures for strengthening marketing effort by the export sector.

EXPORT PROMOTION MEASURE IN INDIA

The assistance extended to the Indian exporters are asunder

Import Facilities for Exporters

a) Duty Free Replenishment Certificate (DFRC) :- DFRC is issued to a merchant exporter or manufacturer exporter for the duty free import of inputs such as raw materials, components, intermediates, consumables, spare parts, including packing materials to be used for export production. Such licence is given subject of the fulfilment of time bound export obligation.

(b) Duty Entitlement Passbook Scheme (DEPB) :- Under the DEPB scheme, an exporter may apply for credit as a specified percentage of FOB value of exports, made in freely convertible currency. The credit shall be available against such export products and at such rates as may be specified by the Director General of Foreign Trade (DGFT) by way of public notice issued in this behalf, for import of raw materials, intermediates, components, parts, packaging materials, etc.

(c) Export Promotion Capital Goods Scheme (EPCG) :- EPCG scheme was introduced by the EXIM policy of 1992-97 in order to enable manufacturer exporter to import machinery and other capital goods for export production at concessional or no customs duties at all. This facility is subject to export obligation, i.e., the exporter is required to guarantee exports of certain minimum value, which is in multiple of 1.1e value of capital goods imported.

Duty Exemption Schemes

(a) Duty Drawback (DBK):- The Duty Drawback Scheme is administered by the Directorate of Drawback, Ministry of Finance. Under this scheme, an exporter is entitled to claim :- .

- Customs duty paid on the import of raw materials, components and consumables.
- Central excise duty paid on indigenous raw materials, components and
- Consumables utilized in the manufacture of goods meant for export.

(b) Excise Duty Refund :- Excise duty is a tax imposed by the central government on goods manufactured in India. This duty is collected at source, i.e., before removal of goods from the factory premises. Export goods are totally exempted from central excise duty. However, necessary clearance has to be obtained in one of the following ways.

- Export under rebate.
- Export under bond:

(c) Octroi Exemption :- Octroi is a duty paid on manufactured goods, when they enter the municipal limits of a city or a town. However, export goods are exempted from octroi.

Fiscal Incentives

Exemption from Income Tax :- In order to enable exporters to plough back their earnings and promote exports, the Government of India has given tax exemption to exporters on export earnings under section 80 HHC provision of the Income Tax Act. For example, for the A.Y. 2002-03, 60% of the export income is exempted from tax. At the same time, a ten year tax holiday is provided to 100% EOUs and units in EPZs. Sales Tax Exemption :- Sales tax is a tax imposed by the State government on goods sold in or outside India. However, exportable goods are exempted from sales tax, provided the exporter or his firm is registered with the Sales Tax Authorities. This exemption is given on the following categories of goods :-

- Goods exported. .
- Goods purchased from the local market from export purpose.

Marketing Assistance

(a) Market Development Assistance (MDA) :- The government of India has set up a separate fund under the head Marketing Development Assistance (MDA) for developing marketing abilities of Indian exporters. It is granted by the Ministry of Commerce for export market development and research abroad. The amount granted

under MDA varies from 25% to 60% of the actual expenditure incurred. .

(b) Market Access Initiative (MAI) :- Under this scheme, financial assistance is available to the export promotion councils, C industry and trade associations and other eligible entities on the basis of the competitive merits of proposals received in this regard for undertaking marketing studies, setting up of common showrooms, warehousing facility, participation in sales promotion campaigns, publicity campaigns, international trade fairs, seminars, buyers-sellers meet, etc.

Supply of Raw Materials

(a) Industrial Raw Material Assistance Centres (IRMAC) Scheme :- IRMAC is established by the government of India as a subsidiary of STC. Such centres import raw materials in bulk and supply them to the registered exporters against a valid import licence. This enables exporters to get timely supply of raw materials at reasonable prices, IRMAC has been further simplified by removing the actual user clause.

(b) Back-to-Back Inland Letter of Credit :- The facility of Back-to-Back Inland letter of credit was announced by the EXIM policy 1992-97 and came into effect from 1st April 1995. Back-to-back L/C is one, which can be opened in favour of local suppliers of raw materials or goods so as to enable exporters to get raw materials or goods for export on credit basis. It is a kind of pre-shipment finance procured by the exporter for the processing of export order

Institutional Measures

(a) Institutional Measures :- The Government of India (GOI) has established a number of organisations to promote and expand export trade. These organisations are

- Indian Institute of Foreign Trade (IIFT) to provide training facilities.
- Indian Institute of Packaging (IIP) to upgrade, packaging standards.
- Export Promotion Councils (EPCs) to undertake export promotion activities.
- Export Inspection Council (EIC) to upgrade quality standards.
- Export Credit Guarantee Corporation (ECGC) to protect exporters against payment risks.

Indian Council of Arbitration (ICA) to settle and solve disputes between importers and exporters. Apart from the above institutions, there are a number of other organisations such as Federation of Indian Export Organisation (FIEO), EXIM Bank, etc.

EXPANSION OF PRODUCTION BASE FOR EXPORTS

The first prerequisite of export promotion policy is to ensure larger exportable surpluses. In other words, if a country wants to export more, it must have more to export. It will have more to export only if more and more is produced for export. Hence, it calls for increasing flow of production and investment resources into the export sector. Relaxation in Industrial Licensing Policy/MRTP/FERA/ Foreign Collaborations With a view to facilitate relatively easier creation/expansion of production capacities for increasing export potential of Indian economic, necessary relaxations have been provided for in the policies for industrial licensing, MRTP (Monopolies and Restrictive Trade practices Act) and Foreign Exchange Regulations,

etc. The Foreign Exchange Regulation Act has been liberalised and Foreign Exchange Management (FEMA) Act, 1999 has been operationalised. The rupee has been made fully convertible for all approved external transactions. As a result, exporters of goods and services and those who are in receipt of remittances are able to sell their foreign exchange at market determined rates. The importers and foreign travellers are also able to buy foreign exchange at market determined rates. Exporters have also been allowed to maintain foreign currency accounts. There is general liberalisation of remittance of foreign exchange for visits abroad, agency commission; export claims,

reduction in export value, reimbursement of expenses incurred on dishonoured export bills, consular fees, etc. Consequently, creation of additions of production capacities for export is liberally allowed, both in the large-scale as well as small-scale sectors. Foreign collaboration and foreign capital investment is also liberally permitted for the export sector. 100% foreign equity has been permitted to the units in EPZ/EOU/EHTP/STP. All these policy measures are envisaged to go long way in facilitating easy expansion as well as technological up gradation of export base in India through attracting larger flows of investment and other resources.

Liberal Import of Capital Goods

Import policy of India has made specially liberal provisions for easy import of capital goods of all types. Accordingly, imports of machinery and equipment are allowed without import licence. In addition special provisions have been made for import of capital-goods at a concessional rate of import duty. Export Promotion Capital Goods (EPCG) Scheme has been introduced for liberal import of capital goods. Export Promotion Capital Goods Scheme: New Capital goods including computer software

systems may be imported under the Export Promotion Capital Goods (EPCG) scheme. Under this provision, capital goods including jigs, fixtures, dies, moulds and spares upto 20% of the CIF value of the capital goods may be imported at 5% customs duty: This import is subject to an export obligation equivalent to 5 times CIF value of capital goods on FOB basis or 4 times the CIF value of capital goods on NFE basis to be filled over a period of 8 years. This period is reckoned from the date of issuance of licence. Import of capital goods shall be, subject to Actual User

condition till the export obligation is completed. Export Processing Zones (EPZ), Export-Oriented Units (EOU), Special Economic Zones (SEZs), Electronic Hardware Technology Parks (EHTP) and Software Technology Park Units (STP) Units undertaking to export their production 'of goods may be set up under Export Processing Zones (EPZ) scheme, Export Oriented Units (EOU) scheme, Special Economic Zones (SEZs) scheme, Electronic Hardware Technology park (EHTP) scheme or Software Technology Park (STP) scheme. Such units may be engaged in manufacture, services, trading, development of software, agriculture including agro-processing, aquaculture, animal husbandry, bio-technol-ogy, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture, and granites may I export all products except prohibited items of exports. These units import all types of goods without payment of duty including capital goods for manufacture, production or processing provided they .are not prohibited items, Second hand. capital goods may also be imported in accordance with the provisions of the policy: Supplies from DT A to these units will be regarded as deemed exports. Foreign equity upto 100% is permissible to these units. These units shall be exempted from payment of corporate income tax for 10 years.

Assured Supply of Raw Material Imports

As regards making available the supplies of imported raw materials to the export sector, the import policy provides the scheme of Duty exemption and Duty Remission. The duty exemp-tion scheme enables import of inputs required for export production. The duty remission scheme enables post export replenishment/remission of duty on inputs used in the export product. Under duty exemption scheme, an advance licence is issued to allow import of inputs which are physically incorporated in the export product. Advance licence is issued for duty free import of inputs as defined in the policy subject to actual user condition. Such licences are exempted from' payment of basic customs duty, surcharge, additional customs duty, antidumping duty and safeguard duty, if any. Advance licence can be issued for (i) physical exports (ii) ,intermediate supplies and (iii) deemed exports. Duty Remission Scheme consists of Duty Free Entitlement Certificate and Duty Entitlement Passbook Scheme.

ELIGIBILITY FOR EXPORT/TRADING/STAR TRADING/SUPER STAR TRADING HOUSES

Export/Trading/Star Trading/Super Star Trading Houses have been accorded special status. When exporters achieve the specified level of exports over a period, they may be recognized as EH/TH/STH/SSTH. Exports made both in free foreign exchange and in Indian rupees shall be taken into account for recognition. The objective of this scheme is to recognise them as the respective houses"with a view to building marketing infrastructure and expertise required for export promotion. The exporters, registered with FLEO or EPC are, eligible for this purpose. The export performance criteria may be based on either f.o.b. value of exports or net foreign exchange earnings. Let us discuss them in detail.

- i) F.O.B. Criteria: The manufacturing or merchandising units, who have achieved the following targets can be accorded the status of above mentioned Export Houses. Deemed exports are not counted for this purpose.
- ii) Net Foreign Exchange Earnings: Exporters have an option for obtaining the status of Export and other Houses based on the following Net Foreign Exchange Earnings. Look at Table for this criteria. Exporters have also an option to get recognition for one year. In this case relaxation in above earnings has been permitted. EH/TH/STH/SSTH are entitled to the following special benefits:
 - i) Import Facilities ii) Marketing Development Assistance. iii) Foreign Currency, Accounts iv) Foreign Exchange Facilities v) Golden Status Certificate vi) Other facilities as specified in the policy.

EXPORT HOUSES STATUS FOR EXPORT OF SERVICES

Service providers sha11 be eligible for recognition as service Export House, International Service Export House, International Star Service Export House, International Super Star Service Export House on achieving the performance level as below: Export of Services For Recognition of Export Houses The service status holders sha11 be entitled to all the facilities provided in the policy.

RENDERING EXPORT PRICE COMPETITIVE

The second pre-requisite of export promotion policy is to render the exports increasingly price competitive in international market. A number of Price support measures in the form of fiscal as well as financial incentives have therefore been provided for the export sector in India. The need for price-support measures in the form of export incentives, arises on two accounts. First, price levels in international markets are invariably the lowest, because of the high degree of competition therein. On the other hand, Indian economy, has over the years emerged as a high economy with low productivity. Hence, for success full and viable export effort there is the need for incentives to provide the price support for rendering India's exports competitive and viable. Secondly, incentives exports also become necessary to neutralise the domestic market -pull on Indian exporters. Hence, export incentives also aim at encouraging trade and industry in India to increasingly undertake export effort on a sustained basis. Under the export promotion policy of India, various types of incentives have been provided for a price-support measures. These include

(a) Fiscal Incentives and (b) Financial Incentives.

Fiscal Incentives

Fiscal incentives for export promotion include (i) duty drawback, (ii) central excise rebate and (iii) income tax exemption, on export profits. i) Duty Drawback: In the manufacturing of many export products imported or indigenous raw materials and components are used on which customs or central excise duty has been paid. When the finished products are exported in which duty paid inputs are used, a part or whole of the amount of such duty is allowed -to be drawn back by the exporter or if is refunded to him. This results in substantial reduction in the cost of material inputs for export-production. In other words, import duties and central excise duties, on material inputs for export activity are allowed to be drawback by the exporters under the incentives policy for duty drawback. The scheme of Duty Drawback has been formulated by the Drawback Director under the Central Board of Revenue and Customs from the Ministry of Finance. Details regarding Drawback Scheme can be had from 'Drawback Rules' as notified by the office of Drawback Director. Refund of Duty Drawback is granted on post-export . basis. The benefit Of duty drawback has been provided on the basis of (a) all industry rates or (b) brand rates separately fixed for individual manufacturers of the export products. The incentive of duty drawback helps reduce significantly the material cost of export products. It is very important for countries like India, which have simple manufactures to offer for exports which are very much influenced by the material cost. You will learn detail procedure of Duty

ii) Central Excise Rebate: Under this scheme, the Central Excise Duties on the inputs . and final product or on the output proposed for export, are refunded to the exporter. It helps in further reduction in the overall cost of production for exports. The scheme also provides for a Bond System under which the exporter can claim outright exemption from Central Excise Duties. The scheme is operated as per Central Excise Rules notified by the Central Excise department. You will learn in detail about the Central Excise Rebate in next lesson iii) Income-Tax Exemption: In order to promote exports, income tax exemption has been granted under Income Tax Act. This exemption scheme is to be phased out over a five-year period i.e. by 2004 2005 for all exporters other than EPZ/EOU/EHTP/STP units. The major exemptions are as follows:

1. Part of the profits derived from export of specified goods or merchandise is deducted for the computation of income tax.
2. Specified amount of profits of companies engage in the business of hotel or of . a tour operator or a travel agent is deducted.
3. There is a partial tax relief on export of computer software and for import of system. The benefit can also be claimed by a supporting software developer from 1-4 1999.
4. The profits from export or transfer of film VT software, TV news software, telecast rights are partially deducted.
5. 50% of the profits from project exports is deducted in computing taxable income of the Indian company or resident tax payer.
6. 10 years tax holidays is granted to units in FTZ/EPZ and 100% EOU ending with 2010-2011. .
- 7 There is a tax rebate on remuneration received on services rendered outside India and other rebate as specified in the policy.

iv) Sales tax Exemption: There is no tax on sales made for export purpose. The exporter need not pay sales tax either on the goods purchased from manufacturers or traders.

Financial Incentives

The major scheme of financial incentives include interest subsidy, financial assistance scheme for agricultural, horticultural and meat exports. i) Interest Subsidy: Export sector in India has also been given interest subsidy under which the working capital is made available by the banks to the export sector at a concessional or subsidised rate of interest. Under this scheme working capital required for pre- shipment credit as well as postshipment credit is provided to the export sector at concessional rates of interest. This measure helps Indian exporters. to reduce the working capital cost of export operation. ii) Financial Assistance Scheme for Agricultural, Horticultural and Meat Exports:

In order to promote the exports. of agricultural, horticultural and meat products, agricultural and processed food products Export Development Authority (APEEDA) Provides financial assistance for the following purposes:

- a) Feasibility studies, surveys, consultancy and data base up gradation
- b) Development of infrastructure
- c) Export promotion and market development
- d) Packaging development
- e) Quality control
- f) Upgradation of meat plants
- g) Organisation building and Human Resource Development
- h) Air freight assistance for export of horticultural products export by air
- i) Generation of relevant research and development through research institutions.

Thus, export incentives in the form of tax- concessions or fiscal incentives, as well as financial incentives, play a major role in rendering Indian exports, competitive in the international market. However, in view of the highly competitive nature of international market, every country in the world makes an allout effort to increase her exports, for which various types of different fiscal and financial incentives are provided. Thus, the practice of incentives has almost become universal, covering both developed as well as developing countries.

Strengthening Export Marketing Effort

The third pre- requisite of export promotion is the marketing effort. It may be noted that 'export' is primarily a 'sale' transaction. Production can be converted into 'sale' only through the marketing effort. In other words 'marketing effort' provides the necessary link or channel' between production and sales. Hence, success on the export front is dependent upon the marketing effort. Export promotion policy in India therefore, pays special attention to the need for improving and strengthening export marketing effort. With this objective, the Government of India have established a very comprehensive network of institutions for servicing the export sector. In other words; an effort has been made to provide the necessary infra structure for servicing the export sector, particularly to improve the export marketing effort. With this object in view, Government of India have established a number of specialized institutions for providing necessary services and assistance to individual corporate units from the export sector. Institutions established for strengthening export marketing effort include Export Promotion Council, Commodity Boards, Special Authorities and Industry Associations. These are the. key institutions servicing export effort ~t individual corporate level product-wise. The primary 'function of these institutions is to provide the exporter with export marketing guid-ance and advice as well as complete information and details covering almost all the critical elements involved in export marketing effort at the individual corporate unit level on a continuous.

In addition, separate institutions have also been established for providing technical and specialized services to the export-sector in India. These institutions provide necessary guidance, help and assistance to individual corporate units, especially in the field of packaging, quality control, risk coverage, long-term credit, trade fairs and exhibitions, settlement of disputes, package service and market information.

For supplementing the export-effort by the private sector, Govt, of India have also established a number of Corporations in the Government sector for directly undertaking export-import activity. Various state Governments have also established Export Corporations for promoting exports from different states respectively.

Market Development Assistance: This assistance is provided for overall development of overseas markets. It is provided for sponsoring, inviting trade delegations within and outside the country, market studies, publicity, setting up of warehouses/showrooms, research and development, quality control, etc. MDA is largely available to Approved Organisations, Export Houses/Consortia of Small Scale Industries, Individual exporters or other sponsored persons. The assistance is given for air fare, daily allowance, participation in fairs and exhibitions, etc. The assistance is disbursed by the FIEO and Ministry of Commerce.

External Marketing Assistance Scheme for Jute: The External Marketing Assistance Scheme provides grant of market assistance at the rate of 5% and 10% of FOB value realization on export of specified diversified products. The benefit is available to both manufacturer-exporters and merchant exporters.

CONCLUSION

Late export promotion has assumed critical importance in Indian economy. Export growth has become main determinant of economic growth. With the increasing requirements of imports, exports have now emerged as the only viable source of meeting the foreign ex-change needs. Government of India have provided various incentives for export promotion. Export promotion policy include (i) policies for increasing investment and production in export sector (ii) price support measures for rendering exports more competitive, and (iii) measures for strengthening marketing effort by the export sector. There has been relaxations in industrial licensing policy MRTP, foreign exchange regulation, foreign collaboration to increase the flow of production and investment resources into the export sector. Apart from the provisions made for liberal import of capital goods, Export Processing Zones, Export-Oriented Units have been given completely licence-Free and duty-free import facilities for all production inputs. Duty Free licence schemes have been granted to the registered exporters for supplies of adequate quantities of material inputs required for export. Export House, Trading House, Star Trading House and Super Star Trading House have been given special facilities to promote the export business. In order to make India's export competitive, price viable support incentives have been given to the exporters. Fiscal incentives include (i) duty drawback (ii) central excise rebate and (iii) income-tax exemption on export

CHALLENGES BEFORE SMALL AND MEDIUM SIZE ENTERPRISES

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ABSTRACT

Small and Medium-Size Enterprises (SMEs) are often regarded as the backbone of industrial development and important source of economic growth of every countries. For this reason, SMEs plays a crucial responsibility in boosting the financial expansion in every countries especially in meeting up with the challenges and demand of the current worldwide business environment. SMEs generally are divided into two distinct categories: (1) Manufacturing, Manufacturing-Related Services and Agro-based industries and (2) Services, Primary Agriculture and Information and Communication Technology (ICT).

Generally, In today's business world, the perception and inclination of knowledge is gradually increasing. In this day and age, knowledge is viewed to be the most important organisational resource that carries unprecedented value and therefore should not be left unscrutinised as compared to conventional business assets, such as land, labour and capital. As a consequence, knowledge together with change and globalisation has become the most important driving force and commercial asset of the 21st century economy.

Economic liberalization has become almost a global movement. Liberalization and globalization of country economy have brought in their wake serious challenges for the Indian Industry, especially the SME. A time has come when industry has to upgrade itself to face global players in domestic market, not to talk of the competitors abroad.

Key Words: Small and Medium-Size Enterprises (SMEs), Information and Communication Technology, Liberalization and globalization, Entrepreneurship.

INTRODUCTION

The small scale industrial sector is the second largest which uses human resources after the agricultural sector in our country. It covers a wide spectrum of industries categorized under small, tiny and cottage segments. Infact it encompasses a continuum of the artisans, handicrafts at one hand and modern production units with significant investments on the other producing a wide range of over 7500 products. The sector acts as nursery for the development of entrepreneurial talent. This sector has maintained its pace of growth over the years and has thus, contributed significantly in supporting the overall economic development of the country. The sector has acquired a prominent place in the socio economic development of the country accounting for almost 40% of the total production of the manufacturing sector and 35% of the total exports through their more than 32 lakh units in the country which is providing employment to more than 178 lakh persons. This paper is emphasis on the challenges before the small scale sector in India. The country has been opened up to the forces of globalization. Globalisation, no doubt, provides expanded opportunities in the different parts from the domestic market. The process has exposed it to rigorous competition from other countries. If any country is to survive under globalization, its economy should have the world-class quality and competitive price for its products particularly those of industries. Before the introduction of economic reforms in 1991 following the inevitable globalization, SME sector was somewhat over protected. With globalization, they are now more exposed to severe competition both from large-scale sector, domestic, foreign and from the MNCs. A number of problems have confronted the SME sector following and the WTO commitment. Thus a transition from an era of protection to an era globalization has posed threats and also challenges fro the small scale sector, The threat is to be taken as a challenge and it must be converted into an opportunity for sustained development making major contribution to domestic output, employment, better distribution of income and a more even distribution of industries in the urban and the rural areas.

Economic liberalization has become almost a global movement. Liberalization and globalization of country economy have brought in their wake serious challenges for the Indian Industry, especially the SME. A time has come when industry has to upgrade itself to face global players in domestic market, not to talk of the competitors abroad. The industry is face with the Hobsons choice in the matter. It is indeed a question of survival. While the large-scale sector may be said to possess the necessary wherewithal for effecting a paradigm shift for the purpose the small-scale sector would need external assistance in this regard.

The impact of reforms in the SME sector can be seen in terms of increased competition for the SME sector from large scale sector and multinational companies. As the process of reforms continues, there is likely to be a gradual shift from promotional and protective Govt.Policies for the SME sector to more liberal policies based on competition. Efficiency in production will, therefore, be one of the major determinants of the survival of the SME sector in future.

OBJECTIVES OF THE RESEARCH STUDY

The main objectives of the study are-

To examine the challenges before the SME of India.

To suggest measures to overcome the challenges of the SME.

To study the role of SME in Indian economy.

RESEARCH METHODOLOGY

The said research study is based on secondary data. Such secondary data is collected from various reference books related to entrepreneurship, entrepreneurship development, trade, commerce, industry and small scale industries.

The secondary data is also collected from various websites and other related literature and reviewed it. For the said research study secondary data is also collected and reviewed from the various National and International Research Journals which are related to entrepreneurship and small scale industries.

HYPOTHESIS OF THE STUDY

The Hypothesis of present research study is as under :

H1 :Small and Medium-Size Enterprises (SMEs) are often regarded as the backbone of industrial development and important source of economic growth of every countries.

H2 :The small scale industrial sector is the second largest which uses human resources after the agricultural sector in our country.

GLOBALIZATION IN INDIA

Globalization in India is generally taken to mean increasing the economy of the country with the world economy. This, in turn, implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India; removing constraints and obstacles to the entry of MNCs in India allowing Indian companies to enter into foreign collaborations in India and also encouraging them to set up joint ventures abroad; carrying out SME import liberalization programme by switching over from quantitative restrictions to tariffs in the first place, and then bringing down the level of import duties considerably; and instead of a plethora of export incentives (like duty drawbacks, cash compensatory support, replenishment licenses and other fiscal incentives etc.) opting for exchange rate adjustments for promoting exports.

Divided into two section, this paper firstly discusses with the many challenges of globalization and the responses thereto. The challenges are analyzed under five categories. The first four arise from the opportunities, in the factor markets for the inputs. The fifth is the additional challenges of an unlevel playing field, because India is a entrant, with four decades of a i)Protected, ii)inefficient, iii)corrupt, iv)licensee-permit raj and v)semi-statist economy with huge lags in the infrastructure.

The second and final section presents an action plan. In order to optimize Indias benefits from globalization, actions are indicated not only for corporate managements and governments but also for professional and citizens.

The challenges arise from both the new opportunities and the enhanced threats. In the product markets, the threats arise from foreign investment with new, proprietary technology, brand equity and deep pockets, and from imports, as the tariff walls come down.

CHALLENGES BEFORE SME

In the present scenario of globalization the small-scale industry in India has to face the following challenges.

1. High interest rate

Even the institution meant for SME sector like NSIC are charging higher rate of interest than commercial banks. Compared to international rate the rate of interest in India is very high. Our bank rate of interest is 14% where as our competitors in foreign countries get finance at less than 5%. The bank guarantee commiSMEon is 3% also increases the cost of funds.

2. Lack of power

Electricity is also one of the inputs whose tariff is having wide disparity among the states and shows the same phenomena when compared with foreign countries, which ultimately escalates the end product cost. Now the quality of power is very poor and unreliable.

3. Finance

The credit flow to the small-scale industry has not been satisfactory right from the beginning. Notwithstanding the priority sector lending directives from the RBI, the SME sector suffered from getting the required capital. This has multiplied several fold after liberalization and globalization. Much worse is waiting for the SME sector when the commercial banks get privatized with the paSMEng of privatization bill, which is now before the parliament. When banks are denationalized the priority sector may have more stringency for funds.

4. Globalization but no co-ordination

Even through we have already entered into globalization, there is no national co-ordination to give effect to the liberalization in all departments. Since there is no uniformity in taxation, implementation of laws, distribution of raw materials, availability of infrastructure etc. southern states are more affected.

5. Poor technology and lack of management skill

To face competition from overseas markets, SME sector needs to upgrade its technology and management skill it cannot compete with its competitors in the globalise market.

6. Dumping of products by the competitors

There are provisions intended to help development countries. Due to lack of necessary data and problem of acceSMEbility to information Non Government Organizations (NGO) and Ministry of SMEA&RI NSIC etc... are not able to act against dumping of products.

7. Removal of QRs

With the removal of QRs the policy of reservation of products for the exclusive manufacture of SME sector would eventually become redundant. It is seen that most of the SME reserved items are not under OGL. Due to removal of QRs, many of SME units, especially in the consumer goods sector, will find it difficult to survive unless cost and quality improves.

8. High cost of raw material

In order to survive the challenges of globalization quality products are to be produced at international standards at competitive costs. But the cost of raw materials is high in India compared to other countries. When there is no restriction for the import of finished products, the raw material should also be available at international prices without restrictions.

THE EFFORT BY GOVT. AND THE SMALL AND MEDIUM ENTERPRISES (SME) ORGANIZATIONS SHOULD BE:

Regarding working capital finance credit guarantee has been found to be one of the best and most realistic options. Hence, a sizeable allocation of funds towards credit guarantee support should be made.

Regarding the vexed issue of product reservation, the S.P. Gupta Committee of the Planning Commission, in its interim report, has recommended continuation of the reservation for the sector for some more years as a large number of units manufacturing reserved items would be destabilized if it is withdrawn. Instead, indigenous production of the same items with economies of scale and technology decided by the market place must be encouraged, without ignoring the fact that the reduced SME investment limit of RS.1 crore would be a hurdle to SMEs upgrading themselves in terms of technology and economic of scale.

To make a realistic assessment of the likely impact of the WTO tariff and non-tariff barrier regimes and to find remedies that are practicable.

Evaluate past initiatives such as allowing 24% foreign/large unit equity in SMEs encouraging SMEs to adopt the corporate form of organization by way of a one time tax exemption for restructuring and measures to get them listed on the OTC Exchange of India to tap Capital market.

Even while keeping in mind the need for a certain level of confidentiality on the country strategy in future WTO negotiations, attempts should be made by the authorities to warn industries in a clear manner and well in advance about what kind of government support are WTO incompatible and would have to be withdrawn, and what other might have to be withdrawn or whittled down.

There should a clear understanding of what kind of public/governmental support to SME/tiny sectors are WTO compatible and attempts should be made to take full advantage of them where ever it would be beneficial to the small scale sector.

SMEs should be educated about the need for conducting a WTO audit of their business/activities and future plans and government should poSMEbly encourage and aSMEst industry associations to prepare trainers and conduct such audits. At present, the Confederation of Indian Industry (CII) offers the services of its WTO audit cell but this needs to be a much broader and nationwide effort.

CONCLUSION

The intent of globalization is efficiency, improvement and market optimization by taking advantages of the opportunities of the global environment. Therefore, in many cases, Indian companies have to globalize to survive and grow in the emerging competitive. Globalization creates an impression of bringing together the people from different concerns of the world. But in reality it widens the gap between the more powerful countries and the less development countries and the rich and the poor within the country. This should also be given due consideration by the policy makers or the arrangers of the globalization.

Moreover the entrepreneurs of SME sector should be increasingly aware of the fact that they are part of large society, each section of which has its own strong and weak points. In India the promotional Institutions assist all and sundry in setting up small units with a view either to fulfilling their objective or over reach their target; but they do not ensure the provision of adequate working capital, raw materials, power supply nor do they help them in developing market outlets for sale of their products. This situation has arisen because of the absence of meaningful coordination among the concerned agencies. Moreover attitude reorientation and developing special leadership qualities necessary for taking decisions by the entrepreneurs based on wider implications is essential. Hence coordinated functioning of promotional agencies and Governmental assistance is needed without red-tape or bureaucratic delays. The entrepreneurs have to be educated and should have a proper training acquiring the necessary skills in running the enterprise.

The small scale industrial sector is the second largest which uses human resources after the agricultural sector in our country. It covers a wide spectrum of industries categorized under small, tiny and cottage segments. Now there is a scope to improve the financial position of small scale industries in India.

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CONSUMER BUYING BEHAVIOR FOR SME PRODUCTS: THE PSYCHOLOGY OF MARKETING

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ABSTRACT

Behavior of consumers have changed over the years; this is shown by consumers today purchasing a more healthy variety of products, as information today is known about products that was not known many years ago. Factors such as these, change the way we perceive and value products, as we now are more knowledgeable as well as manufacturers having by law to print the ingredients and content of the products ingredients on the back of most food products, allowing consumers to become more educated. The typical consumer today watches what they eat; they are more aware and exposed to factors that have brought about change in consumer behaviors.

Key Words: Decision making process, consumer buying behavior, strategic marketing , healthy variety of products, value products.

INTRODUCTION

The term consumer behaviour is defined as the behaviour that consumer display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individuals make decisions to spend their available resources like time, money, effort on consumption-related items that includes what they buy, why they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it.

Consumer behaviour or buyer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Consumers today tend to purchase differently then they did 10 years ago. As we grow older with every new generation, our values and perceptions change, which is indicative of the way in which we purchase our goods and services. Consumers are concerned about what they buy, from household goods to genetically.

IMPORTANCE OF MARKETING IN OUR LIVES

1. Fast Changing Social Behaviour
2. Mass Communication and Transport Facilities
3. Increased Education Facilities and Literacy Level
4. Rise in Standard of Living of Urban and Rural Society
5. Increased Competition
6. Technology-driven Products Creating Demand
7. Increased International Co-operation

THE PSYCHOLOGY OF MARKETING

The psychology of how consumers think, feel, reason, and select Consumer behavior helps in marketing to improve their marketing strategies by understanding the following tips

The psychology of how the consumer is influenced by his or her environment like culture, family, media etc. The behavior of consumers while shopping or making other marketing decisions.

Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome.

How consumer motivation and decision strategies differ between products that differ in their level of importance.

Also marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer, between different alternatives like, brands, products, and retailers.

It is now possible to assess the relative impact of a number of factors on the consumer's choice.

What brand in a given product category was bought during the last, or a series of past, purchase occasions;

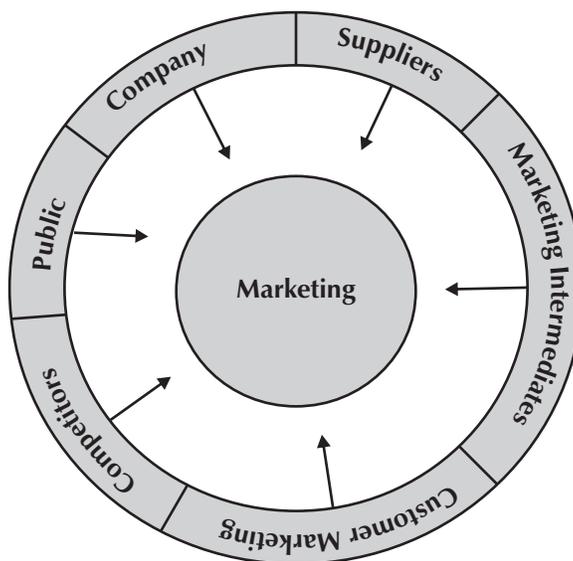
Whether, and if so, how many times a consumer has seen an ad for the brand in question or a competing one;

Whether the target brand (and/or a competing one) is on sale during the store visit;

Whether any brand had preferential display space;

The impact of income and/or family size on purchase patterns; and

Whether a coupon was used for the purchase and, if so, its value. So marketing includes



MARKETING CONCEPT, A BUSINESS ORIENTATION:

The field of consumer behaviour is rooted in the marketing concept, a business orientation that evolved in the 1950s through several alternative approaches toward doing business referred to respectively.

- A) The Product Concept.
- B) The Selling Concept.
- C) The Marketing Concept.
- D) The Social Marketing Concept.

A) THE PRODUCT CONCEPT:

- The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features.? It ensures the company to improve the quality of its product and add new features.The product concept often leads to “marketing myopia” that is focusing on the product rather than the customer needs.

B) THE SELLING CONCEPT:

- The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so.

The problem in this concept is that it fails to satisfy a customer. Promotion can be done through advertisement, sales promotion and public relation. Today the selling concept is utilize be marketers of unsought products – that is which people are not willing to buy it.

C) THE MARKETING CONCEPT:

- It started in 1950's when some marketers realized we can sell more products by determining what consumer would buy. Consumer need and wants became the firm's primary focus.? The marketers should made product what it can sell, instead of what it has made.

STARTING POINT FOCUS MEANS ENDS**SELLING CONCEPT**

Factory Product Selling & Promotion Profit through sale volume

MARKETING CONCEPT

Market Needs Marketing Profit via customer satisfaction

D THE SOCIAL MARKETING CONCEPT:

- Developing that product which benefits the society. Doing marketing in such a way that it helps you in increasing your production and also giving benefits to society. The organization should determine the needs, wants and interest of target markets and deliver the desired satisfaction more effectively and efficiently. To identify unsatisfied consumer need, companies had to engage in extensive marketing research. The marketing concept underscored the importance of consumer research. The strategic tools that are used to implement the marketing concept include segmentation, targeting, positioning and the marketing mix.

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CONTRIBUTION OF SME'S IN CSR ACTIVITIES

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INTRODUCTION:

CSR activities started in India by late 1990's and today have become a medium for Public & Private sectors to contribute some percent of their business profits to growth of the Indian society. Almost all industries from MNC to SME's are contributing in CSR activities like providing schools facilities to their children, township build around itself, medical facilities that help development of employees that worked in those industries. CSR can be monetary & non-monetary & depends upon the size of organization. It would then conclude with how the CSR activities are important in today's India and role being played by SME's in CSR activities.

OBJECTIVES:

- What is CSR?
- What is SME's?
- To study the contribution of SME's in CSR Activities
- To study the need or areas of social involvement in SME's
- To study barriers facing by SME's in implementing the CSR Activities

LITERATURE REVIEW:

Lepoutre and Heene (2006:259) present an interesting definition of SMEs in terms of a small business responsibility, where a responsible entrepreneur is a person who:

- Treats customers, business partners and competitors with fairness and honesty.
- Cares about health, safety and general well-being of employees and customers.
- Motivates the workforce by offering training and development opportunities.
- Acts as a "good citizen" in the local community.
- Is respectful of natural resources and the environment.

These characteristics directly influence or affect the way in which SMEs engage in CSR. The orientation of the small business owner tended to be employee, customer and community focus and CSR initiatives are accordingly designed to satisfy these stakeholders.

Studies undertaken within the African context, SMEs have been instruments of social transformation of the rural communities through their social responsibility actions (Dzansi, 2011; Oguntade & Mafimisehi, 2011; Viviers & Venter, 2007). SMEs offer opportunities for capacity building, economic empowerment and provision of rural infrastructure.

DEFINITION:

The World Business Council on Sustainable Development defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and local community and society at large to improve their quality of life.

Corporate social responsibility can be defined as "ethical payback of corporate house towards the society"

According to Carroll, "CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time."

According to Bowen, "CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society."

Sahlin-Anderson (2005:595) considers CSR "as a global trend incorporating business corporations, states, international organizations and civil society organizations".

According to Thomas A. Petit (1965), "The Corporation is regarded as a multipurpose social institution. The pursuit of profit is secondary in importance of public interest."

WHAT IS SME'S?

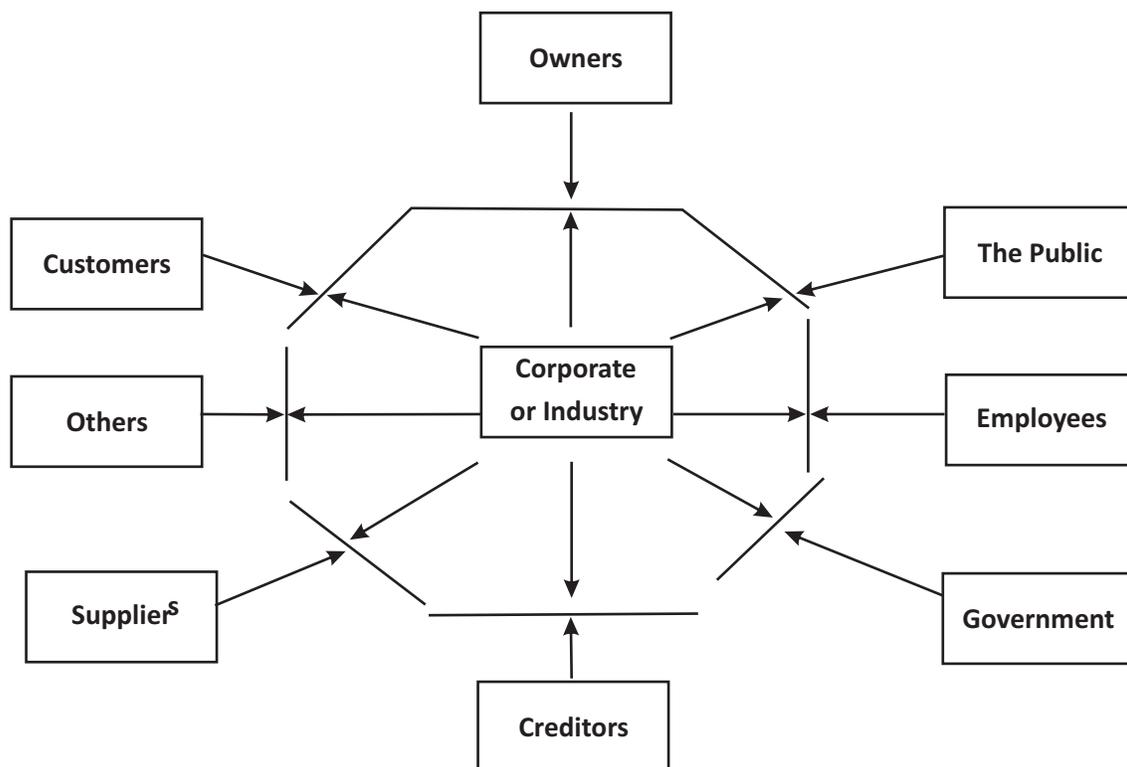
SMEs are defined as numerically having the workforce ranging from 1 to 100 employees and in some cases up to 250 employees as the upper limit.

Small and medium-sized enterprises are also defined in terms of qualitative criteria such as controlling a small share market, personal management by owner, or even lacking a formalized bureaucratic structure.

CONTRIBUTION OF SME'S IN CSR ACTIVITIES

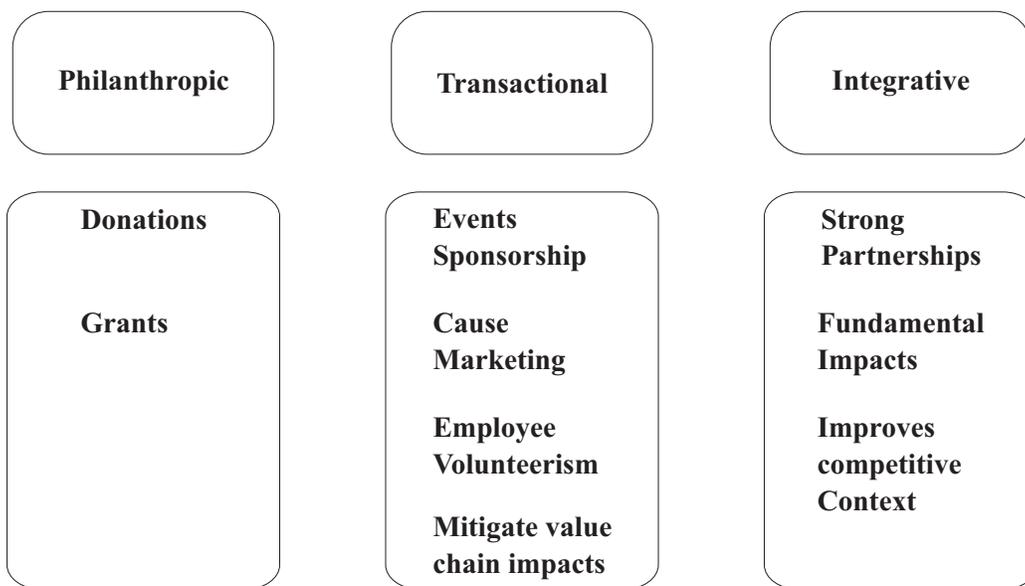
Luetkenhorst (2004:159) argues that SMEs support economic growth and livelihoods in developing countries like:

- 1) Tend to use more labour-intensive production processes than larger enterprises, thus boosting employment.
- 2) Provide livelihood opportunities in agriculturally based economies.
- 3) Nurture entrepreneurship.
- 4) Support building up of productive capacities and the creation of economic systems, through linkages between small and large enterprises. Any organization is comprises of:



Activities which may be included by companies in their CSR Policies

1. Eradicating extreme hunger and poverty;
2. Promotion of education;
3. Promoting gender equality and empowering women;
4. Reducing child mortality and improving maternal health;
5. Combating human immune deficiency virus, acquired immune deficiency syndrome (AIDS), Malaria and other diseases, Blood donation camp;
6. Ensuring environmental sustainability;
7. Employment enhancing vocational skills;
8. Social business projects;
9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;



For Example: - Majority of women is engaged in the micro enterprises. In sectors like handloom, over 60% of the workforce comprises women. Today, the handloom industry directly and indirectly provides livelihood to 124 lakh people.

NEED OF CSR

The success of a business depends on the growth of the society because goods & services of business are ultimately consumed by the society. So, an organization must initiate steps which lead to economic upliftment of the people. Now, Business is considered to be part of social order; it will determine its ethical standards based on:

- Economic Responsibility,
- Legal Responsibility,
- Ethical Responsibility &
- Voluntary Responsibility.

Areas of Social Involvement where SME's can contribute

In order to keep the socially responsible image, a business is expected to involve in the following:

- Ecology & environment quality
 - ✓ Cleaning up of existing pollution
 - ✓ Design process to prevent pollution
 - ✓ Noise control
 - ✓ Dispersion of industry
 - ✓ Control of land use
 - ✓ Required recycling
- Consumerism
 - ✓ Truth in tending, and advertising in all business activities
 - ✓ Product warranty & service
 - ✓ Removal of harmful products
- Community Needs
 - ✓ Use of business expertise & community problems
 - ✓ Healthcare Facilities
 - ✓ Urban Renewal
- Government Restrictions
 - ✓ Restriction on lobbying
 - ✓ Control of business on political actions
 - ✓ Extensive new regulation of business
- Minorities & disadvantaged persons
 - ✓ Training of hard-core unemployed
 - ✓ Equal employment opportunity for the minority community
 - ✓ Programmes for alcoholics drug addicts
 - ✓ Employment of persons with prison records
 - ✓ Building of plants & offices in minority areas
- Labor Relations
 - ✓ Improvement of occupational health & safety
 - ✓ Prohibition of export of jobs with low labor cost
 - ✓ Provisions for day care centre for children & working mothers
 - ✓ Expansion of employee rights
- Stakeholder Relations
 - ✓ Opening of Board of Directors to public members representing various interest groups
 - ✓ Improvement of financial disclosure
 - ✓ Implementation of activities affecting the environment & other social issues

- Economic Activities
 - ✓ Control of conglomerates¹
 - ✓ Break-up of giant industry
 - ✓ Restriction on patient use

Barriers facing by SME's on conducting CSR Activities

- Inadequate capital
- Lack of awareness about CSR
- Lack of Goodwill & reputation
- Inadequate communication channels with their stakeholders
- No support from government
- Fear of doing wrong
- Lack of proper support & information from management level
- Getting employees involved
- Embedding CSR culture in the company

These include a lack of time and resources, a low margin of error, informal status, ad-hoc management styles, family ownership, and competition with other SMEs.

Cases Study

Case 1:

In 1993-94, the Nepalese carpet industry, along with India and Pakistan, were blamed for the rampant use of child labor (children under 14 years of age). One NGO estimated that almost 50% of the labor force in Nepal consisted of child labor. This situation has been considerably controlled and brought down. Currently, the Nepalese carpet industry consists of 0.83% child labor (538 children), according to a recent ILO study. This occurred because of the combined efforts of entrepreneurs, NGOs, the government, donor agencies, and other stakeholders.

Case 2:

Stephanie Draper held interviews with managers and owners of SME and identified the main motivational factors to be socially responsible. Examples of the concrete activities of Bovince Ltd., UK, are given.

1. Learning for staff (KAIZEN, continuous process improvement)
2. Improved culture (low staff turnover)
3. Reputation (recycle paper to local schools which improves reputation, decrease old inventory without disposal costs)
4. Recruitment: link to potential recruits (higher wages possible due to efficiency)
5. Productivity: innovation (Health and Safety: less injury)
6. Corporate Responsibility (Environment: use of new technologies (computer based rather than paper based, less courier traffic, less paper waste)
7. Expanding the customer base

CONCLUSION

Global Scenario in developing countries across Asia, SMEs make up 80%–90% of all enterprises, and provide over 60% of the private sector jobs, they generate over 30%– 40% of total employment, and contribute about 50% of sales or value added. Now, CSR activity is a global Concern & has been adopted by many companies from Small-Scale to MNC's.

- CSR is commitment to sustainable development, and strongly related to issues such as reducing corruption, incorporating and promoting fair labor standards, increasing environmental protection, promoting community development.
- SMEs view CSR as a continuous improvement process through which they can increase their products' and processes' efficiency and quality and eventually their market share.
- Education and training are necessary to encourage SME to adopt CSR into their structures.
- Key challenges were pointed as time, resources constraints, getting employees involved and embedding CSR culture in the company.
- CSR playing a major role in economic upliftment of the society.

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ENTREPRENEURSHIP DEVELOPMENT IN RURAL AREA

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INTRODUCTION

Rural development specialists have defined the term development in different ways. According to Late, "Rural development is an improvement in the living standard of the masses of low income population residing in rural areas and making the process self – sustaining". In our country also the recent trend of our planners and politicians have changed to emphasise on sustainable development. In other words, a realisation has begun that, unless we have determined programmes for bringing permanent relief to the rural areas; poverty, underemployment and unemployment in these areas will continue to grow.

The steady pressure of large scale migration of people from rural areas to urban areas in India has resulted in a very difficult employment situation in urban areas which is fast deteriorating as these areas are packed with population far in excess of their capacity in terms of housing, sanitation and other services. This unplanned economic development emphasis in the urban areas over the past few decades has led to serious law and order problems, besides environmental degradation and fast deterioration of basic civic amenities. To stop this trend of immigration of rural youth to urban areas in search of better prospects, thus, the first essential step shall be in creating meaningful job opportunities and encouraging rural entrepreneurs particularly in the areas of agro and allied industries – horticulture, dairy and other enterprises – in which sufficient raw material, and initial expertise is already available.

For the development of backward areas it was said that if we want industrialisation vis-a-vis economic development, it can be achieved only through exploitation of the local resources by the local entrepreneurs. Rural areas are mainly dominated by the agriculture sector and the majority of the population are dependent on agriculture and allied activities for their livelihood. Therefore, to develop rural areas, as agricultural technology development has been nearly saturated, rural industrialisation appears to be a pragmatic solution. In this context, the role of rural entrepreneurs assumes greater importance.

OBJECTIVES OF THE STUDY

1. To study the conceptual background and problems in rural entrepreneurship.
2. To find out various opportunities of entrepreneurship in rural area.

CONCEPTUAL BACKGROUND

The word "entrepreneur" is derived from the French verb 'entreprendre'. It means to 'undertake'. In the early 16th Century, the Frenchman who organised and led military expeditions were referred to as "entrepreneurs" Around 1700 A.D. the term was used for architects and contractors of public works.

Some definitions of the word entrepreneur are as follows :-

Adam Smith described entrepreneur as a person who only provides capital without taking active part in the leading role in enterprise.

Richard Cantillon considered all persons engaged in economic activity as entrepreneurs.

Joseph A. Schumpeter recognised a person one who introduces innovative changes is an entrepreneur.

Frank young describes entrepreneur as a change agent.

Peter. F. Drucker defines an entrepreneur as one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business

service.

Francis A. Walker observes that the true entrepreneur is one who is endowed with more than average capacities in the risk of organising and co-ordinating the various other factors of production.

Entrepreneurship refers to a process of action, which an entrepreneur undertakes to establish his or her enterprise. It is a creative or innovative response to the environment.

In the words of **A.H. Cole**, entrepreneurship is the purposeful activity of an individual or a group of associated business unit for the production or distribution of economic goods and services.

Higgins defined the term as “Entrepreneurship is meant the function of seeing investment and production opportunity, organising an enterprise to undertake a new production process, raising capital, hiring, labour arranging for the supply of raw materials and selecting top managers for the day to day operation of the enterprise.

PROBLEMS IN RURAL ENTREPREURSHIP DEVELOPMENT

- 1) **Insufficient Infrastructure Network:** Basic facilities like power, roads and transport system, communication facilities, markets, post and telegraph network, water, education and health facilities, essential for any kind of enterprise and lacking in rural areas and discourage the entrepreneurs from starting new units in villages.
- 2) **Inadequate Finance And Working Capital:** The problem of finance for small rural entrepreneurs is traditional and universal. They lack access to external funds and do not possess any tangible security and credit in the market. The serious problem encountered by rural entrepreneurs is obtaining working capital for financing day – to – day operation of the enterprise including purchase of raw material, meeting pay rolls, etc. The complicated procedure of bank loans, the inordinate delay in obtaining the loans and the running about involved, do deter many villagers from venturing. A good deal of rural entrepreneurs specially in the agro based and handicraft sectors have come up where the commercial banks and other financial organisations liberally provided the capital.
- 3) **Inefficient Arrangement For Marketing:** For marketing the products rural entrepreneurs have to be at the mercy of the middleman who pocket the major chunk of the profit. The elimination of middleman is difficult because for making the product, selling it in the market and recovery of payments a great deal of running about is involved. Rural entrepreneurs also find it difficult to capture the market and make their products popular. This problem is all the more pronounced in case of agro based products and small scale crafts.
- 4) **Shortage of Raw Materials:** Shortage of supply of scarce raw materials to the rural entrepreneurs is another big problem, especially in non-farm enterprises, because of which the units, sometimes have to be closed for not being able to fulfil the demand / orders in time and sometimes even break – even point is not possible because of shortage of raw materials and the units and the units fail to be self – sustaining.
- 5) **Heavy Competition:** Most of the rural entrepreneurship have imperfect organisational set-ups. They have to face severe market competition with organised and well established industries. The handicraft industry in rural areas is getting liquidated mainly because of this factor. The small rural entrepreneurs with their limited resources cannot compete in quality as well as quantity with urban industrialists.
- 6) **High Cost of Production And Obsolete Technology:** Another problem which undermines the efficiency and stands in the way of development and expansion of rural enterprise is the high cost of production. Government assistance in the form of grants, subsidies, marketing assistance, to some extent enables them to tide over the difficult situation. However, from the point of view of their ultimate survival, it would be necessary to increase efficiency and expand productive capacity so as to reduce the cost.
- 7) **Lack of Information And Skilled Manpower :** There is lack of information flow to the rural entrepreneurs about the facilities and incentives available for increasing efficiency. Also sufficient skilled persons are not available in the villages

and there is no systematic approach to train rural youth in the latest technologies and techniques of production.

- 8) Perishable Nature of Commodities :** Most of the agro based commodities like milk, mushroom, meat, etc., are perishable. Moreover, proper market network is not available in the rural areas which, may a times, cause heavy losses to occur to rural entrepreneurs and they have no option but to go to the middlemen and compromise with very less profit.
- 9) Limited Demand in Rural Areas :** Due to low income and less rural population the local demand for the product is quite low in the rural areas. So the entrepreneurs have to look for the other markets, which requires lot of efforts, resources and involve complexities.

ENTREPRENEURSHIP OPPORTUNITIES IN RURAL AREA : -

(a) Agricultural inputs business includes both production and trading. Seeds, fertilizers, pesticides, irrigation equipment's, farm machineries and certain other inputs like bacterial cultures, micro nutrients growth regulators have a tremendous potential. Cultivators have realised the utility of good quality seeds and the demand has increased. Seed production is a good opportunity. Similarly all the other inputs mentioned above have increased demand and therefore increased opportunities for production as well as trading.

(b) Agricultural outputs would include the outputs from the plant kingdom and the animal kingdom. Foodgrains, commercial crops, horticultural crops are parts of the plant kingdom. Each sector has different type of opportunity. The animal kingdom opportunities include milk and milk products, poultry related products and other animal dependent products like goat meat, wool from sheep, pig meat to a small extent.

(c) Agro based Industries are related to each of the agricultural output. Based on plant these are related foodgrains, Converting of wheat into bread is a big industry. Making of wheat flour is also processing. Similarly each foodgrain offers a processing opportunity. Commercial crops like sugarcane, cotton, groundnut and other oilseeds are known to all. Industries based on horticultural crops like fruit processing and making a variety of products like juices or jams and jellies have a good potential because of increasing demand for such products. Floriculture has an export potential which needs to be further exploited.

Medicinal plants form a good base for further processing industry.

With increase in milk production and the milk producers requiring good nutritious grasses, the cultivation of grasses is now a good business.

In the animal kingdom apart from milk and meat processing industry, growing of good quality horses and dogs is also proving to be a good business. In and around Pune, stud farms have been established because of growing demand for horses in domestic and global markets. Pet dogs of various types of breeds are now in greater demand. This gives opportunity to dog breeders.

Pisciculture on the coastal areas and also inland fisheries can be exploited to a very large extent.

In the insect kingdom, we have opportunities for sericulture. Silk worms can now be grown in controlled conditions giving better returns to the producer. Apiculture is also an insect based industry. Developing bees for honey in an organized fashion gives good returns on investment in this industry.

Industries based on algae and fungi are also increasing. They have medicinal uses as well as consumer uses. Mushroom is the product known to many. There are such other products on which processing industries can be based.

Conservation of forests is necessary for environment and ecological balance. But there are some forest products, which can be grown by man. These products have value. The Bharatiya Agro Industries Foundation (BAIF) has developed certain products which can be grown by farmers. These are commercially viable.

(d) Services in the field of agriculture also having a good potential. Agricultural transport, repairs and maintenance services, machinery hiring services, pest control services are some such services.

(e) Biotechnology related agribusiness has now come to a stage where commercially viable projects have come up. Technically speaking biotechnology encompasses all the processes and technologies which employ living organisms in whole or in part (enzymes), to obtain products with commercial value. This technology helps to introduce new traits in crops and animals. Controversies are going on in this area, but it is a sunrise industry.

(f) Some new vistas like seeds radiated with atomic energy are also coming up, but it will take some more time for the farmers to get more benefit from these.

(g) The new economic environment also offers scope for entrepreneurship in the agricultural sector. This sector will have to operate on a commercial basis rather than remaining a subsistence activity. The farmers will have to think globally as they are allowed now to export agricultural products and services.

(h) Health care in rural and semi-urban area is very much lacking. There are entrepreneurial opportunities for mobile hospitals, well equipped with diagnostic equipment and having access to expert advice from doctors. New, simple and reliable diagnostic equipment can be developed for use in the health sector.

The various avenues for rural women entrepreneurs are as follows :

1. Handlooms
2. Knitting and embroidery
3. Cutting tailoring
4. Dairy farming
5. Flour mills and grinders
6. Poultry farming
7. Bakery
8. Pottery
9. Dancing schools
10. Rural creches
11. Nursery and Primary schools
12. Garments and textiles
13. Welding
14. Masonery
15. Agarbati making
16. Pickle and chutney making
17. Fruit and vegetable preservation
18. Beauty culture
19. Watch making

The above mentioned list is non-exhaustive as there are many more avenues still to be explored.

SCOPE OF RURAL INDUSTRIES

Rural industries are broadly classified into two classes :

- Traditional industries, dependant on the skill and workmanship of the worker, and . Non-traditional industries, using modern technology.

1) Skill – based traditional industries like pottery basket making, leather work, toys making, rope making, bidi making, etc., are unable to provide even the minimum subsistence. They face number of problems like availability of raw material, technical knowledge, tough competition from the large scale and organised sector etc., while industries like blacksmithy, carpentry, handloom, etc., provide enough subsistence. On the other hand, modern industries like lamp shades, brush making, food processing, garments, etc., flourish and earn well. There is technical flexibility to meet out the changes in demand pattern in the non-traditional industries. Thus, they have scope for diversification. Though the traditional industries account for about three-fourth of the total products of this sector, the non – traditional sector scores over the traditional in many ways :

- They are generally run by educated unemployment persons,
- These industrialists are economically better than the traditional ones,
- They have more labour potential,
- They use modern tools and equipment, improved technology and power,
- Quality of their products is better, and
- These industries are resource and demand based having large scope for expansion.

2) The non – traditional industries include sports goods, domestic electric goods, buttons, paper plates, balloons, hosiery, readymade garments, furniture, candle making, etc.

Thus, the strategy for rural industrialisation should include the development of non – traditional rural industries with modern technology, and the improvement of traditional ones. An environment should be developed for entrepreneurial development in our villages for which the financing institutions like Regional Rural, Banks, National Bank for Agriculture and Rural Development (NABARD), etc., should not only provide financial assistance but also technical and marketing assistance.

SUGGESTIONS

Employment cannot be created by legislation and won in courts of law. It requires a certain economic and organisation capability on the part of the state and accept the responsibility for what it can reasonably do.

- 1) Production of basic consumer goods should be reserved for labour intensive cottage and village industries.
- 2) Cooperative movement can boost the economic entrepreneurship and thereby achieve the social and economic goals. Cooperatives are very important instrument to eliminate undesirable elements of capitalistic production system. Though government has helped in arranging exhibitions, sale meals and local trade fairs for handicraft work but it must remove all the impediments in the way of propagation of the cooperative movement.
- 3) For eradicating environmental hazards, the people at large will have to take a determined action and involve themselves fully. Entrepreneurs should concentrate on social consumption life items like education, health, environment, etc. along with economic development.
- 4) Entrepreneurial Awareness camps need to be conducted in rural areas with a view of making rural women aware of their hidden entrepreneurial capabilities.

CONCLUSION

Before initiating any programme for the development of entrepreneurship in rural areas, one should have clear idea about the economic and social conditions and other peculiarities prevailing in the area to enable the planners as well as the policy makers to know where the potential lies, what the problems are in exploiting these potentials and how to overcome these problems. As far as possible, emphasis should be given on enterprises which are based on local raw material, local artisans / skills and local demand. A complete reorientation of economic development outlook at every level and sphere through proper training services and constant monitoring is urgently required for developing rural entrepreneurship.

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FINANCIAL INCLUSION-ROLE OF TECHNOLOGY

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ABSTRACT:

The broader concept of financial inclusion is delivery of banking/ financial services at an affordable cost to the vast sections of disadvantaged and low income groups. These banking /financial services are savings/deposits, loan /borrowings and, payment/settlement and remittance facilities. The insurance services come under savings facilities. Out of these three above mentioned important services if any one of the service is absent the entire concept will be considered as incomplete/insufficient financial inclusion. Financial inclusion is one of the top most policy priorities of the Government of India. Taking cue from the state move towards inclusive growth agenda, the Reserve Bank of India (RBI) has taken a proactive role in ushering the enabling environment for expediting financial inclusion across length and breadth of the country through bank led model. To reach out at 400 million plus under banked population at pace with profitability is the single most important challenge faced by banks and delivery channels. And here comes in the role play of technology led models and their efficacy over traditional brick and mortar branches. The paper is broadly divided into two parts, in the first part it takes an overview of the existing models of financial inclusion across the world and how the technology is used effectively by them and highlights how populations at bottom of the pyramid across the spectrum of developing world have gained access to financial services. The paper also highlights role of regulatory environment which has paved path for development of technology led models in the emerging economies of the world.

In the second part, the paper vividly describes how technology will be used effectively to reach out at 400 million plus under banked population in India and the paper sums up with an open ended question what does future hold for millions un (der) served in India and how does technology, banking and public policy could better address the developmental question of financial exclusion.

Key Words: Agent banking, Biometric Technology, Financial Inclusion, Public policy.

“The future lies with those companies who see the poor as their customers” - C.K.Prahalad

INTRODUCTION

Financial Inclusion is considered to be an important determinant for social inclusion of poor and vulnerable. It is in fact, one of the essential conditions for reduction of poverty and socio- economic inequalities in the society. The history of financial inclusion dates back to the co-operative credit movement in India. Successive Indian governments have tried to address the issue of financial exclusion by directing the banking sector to provide financial services to poor and vulnerable at subsidized conditions.

The specific policy actions of the Government could be traced back from nationalization of banks to the formation of Regional Rural Banks (RRBs) and ushering an era of SHG banking to the evolution of BC/BF(Business Correspondent /Business Facilitator) model of branchless banking. Starting in late 1960's, India has been home to one of largest state intervention in the rural credit. This clearly suggests that so far the policy approach for financial inclusion of in India has largely been credit driven which is conceptually different and fundamentally contrasting with the actual tenets of financial inclusion and requirements of the excluded communities. Increasing inflow of rural credit, primarily for its large base of farming community in the hinterland has dominated the policy priority in India since long. It was observed that the main barriers in the approach were two fold i.e. institutional structure was neither profitable in rural lending nor serving the needs of the poor In nutshell, the structure so created was quantitatively impressive but qualitatively weak. In 2006, the Government of India took some watershed steps for studying the issue of financial exclusion and devising strategic road map for financial inclusion for poor unbanked and under banked in India, consequent of which a commission headed by the eminent economist Dr. C. Rangarajan was formed and it came with its

report on financial inclusion in 2008. The report has come with some fundamental policy suggestions and chalking out new role play for existing and new institutions like Cooperatives, Banks, Regional Rural Banks, SHGs, JLGs, NBFCs and other financial intermediaries like BC and BF .

SIGNIFICANCE OF THE STUDY

Financial inclusion is a great step from the government's end to alleviate poverty in India. But to achieve this, the government should provide a conducive environment in which banks are free to pursue the innovations necessary to reach the bottom of the pyramid. Financial service providers should learn more about the consumers and new business models to reach them. Information Technology is a supply side factor which banks can use to their leverage in furthering financial inclusion.

Technology is the key to providing low cost financial services in rural areas. Disbursement of loans, Application processing and maintaining accounts can be made easy as technology will help reduce transaction costs and time taken by banks. Outreach to the distant customer is a tough challenge to the banks and this challenge can be overcome with the help of IT. It has the potential to address the issues of outreach and credit delivery in rural areas, in a cost effective manner.

Banks will have to find cost-efficient ways to reach the rural customers. They can achieve this through a variety of technology devices like weekly banking, mobile banking, satellite offices, rural ATMs and use of Post offices. Mobile phone penetration in rural areas can be leveraged by banks to facilitate banking transactions. Mobile phones can be used to transfer funds real time from and to bank accounts and could make remittances and payments at very low cost. An array of financial services such as savings, remittance, and transaction banking such as receipt of salaries, pensions and payments for utilities, loan including home loans, insurance and MF products can be provided once the technology infrastructure is in place. This allows the bank to provide more services to existing customers. Besides that it also aids the bank in increasing the customer base. Financial inclusion offers a huge potential for business in terms of resources and assets and banks therefore need to take aggressive steps to use technology, business processes and personnel to be able to exploit this potential in innovative and creative ways. In fact use of technology is critical in building up a reliable credit information system, build up data base on customers for a variety of purposes, thereby reducing the transaction cost involved in checking encumbrances and collaterals and also facilitating better pricing of risk. From the standpoint of 'inclusive banking', it needs to be realized that technology per se is not an end in itself. It is to be made sure that technology aids the reform process and acts as a ladder to achieve the ultimate goal of providing financial services to the financially excluded.

LITERATURE REVIEW

Cole et al. (2009) concluded that financial literacy program has no effect on the likelihood of opening a bank savings account, but do find modest effects for uneducated and financially illiterate households. In contrast, small subsidy payments have a large effect on the likelihood of opening a savings account. These payments are more than two times more cost-effective than the financial literacy training. Increasing proliferation of mobile services and ATMs in rural areas of India has created a new opportunity to attain financial inclusion and thus an effective tool to provide financial services to the un-banked areas with reduced overheads with providing access to banking services in remote rural destinations of India (Gupta and Gupta, 2008).

Pal and Sura (2006) concluded that the overall position of RRBs in India is not quite encouraging. The poor credit-deposit ratio is still making dent on the desired functioning of RRBs. Since the RRB is supposed to be a bank for poor people, government should spread the branches of RRBs at grass root level to provide such banking service to the really needy rural people and to take corrective measures to raise the credit deposit ratio of the bank that would make RRBs relevant in the rural India.

According to Ravichandran and Alkathlan (2009), very few people have access to banking services. There are number of factors affecting access to financial services by weaker section of society in India. The lack of awareness, low incomes and assets, social exclusion, illiteracy are the barriers from demand side. The distance from bank branch, branch timings, cumbersome banking procedure, over requirement of documents for opening bank accounts, unsuitable banking products/schemes, language, high transaction costs and attitudes of bank officials are the barriers from supply side. Bank-SHG, bank-MFI, MFI-NBFC and bank- post office linkage models were discussed and new models like rural students banking model, RBI-Education institute linkage models were proposed.

Reddy (2010) suggested a new approach to banks to reach wider population in rural areas by establishing mobile-branches/representatives/agents who operate on commercial basis rather than just by self-help groups. These agents/representatives work on commission basis and hence self-motivated and cost effective in assisting banks in service provision/deposit mobilization.

Ghosh (2007) suggests that the Post Office Saving Bank (POSB) can be used to cater the financial need of rural India where Microfinance Institutions (MFIs) have very little presence in total demand of finance. To boost micro financing initiatives and financial inclusion program banks are deploying Biometric ATM solutions to its rural customers helping illiterate or barely literate folks to become part of the banking user community (Biswas, 2010).

According to Indian institute of banking and finance, "financial inclusion is delivery of banking services at an affordable cost ('no frills' accounts,) to the vast sections of disadvantaged and low income group. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy." According to Dr. K.C. Chakrabarty, Deputy

Governor, Reserve Bank of India, financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players. According to V.Leeladhar, Reserve bank of India bulletin, Jan 2006, financial inclusion is delivery of banking services at an affordable cost to the vast sections of advantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.

According to committee of financial inclusion, "The process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream Institutional players."

According to M.K.Samantaray General Manager Reserve Bank of India Guwahati, Large segment of population remaining excluded from formal payments system & financial markets when financial market developing & globalizing – Obvious market failure – Government & financial sector regulators creating enabling conditions for inclusive & affordable market.

RESEARCH METHODOLOGY

One of the objectives of the paper is to study financial inclusion in India. The current status of financial inclusion, its role, why RBI has undertaken this initiative and what are the benefits of Financial Inclusion to people who do not have access to banking facilities. Another objective of this paper is to use of technology in financial inclusion.

The entire study is based on secondary data.

The use of technology rather information technology is inevitable to improve the usage of existing branch infrastructure. Increasing outreach and up scaling number of accounts at each branch will require bankers to move out of their branches and source clients and then look at low cost delivery alternatives once the account relationship is established. Opening a no frills account with a small overdraft or GCC is only the first step in building the relationship which would require sustained efforts to ensure that the banking relationship with the customer is fashioned to meet his needs. IT can reduce cost and time in processing of applications, maintaining and reconciliation of accounts and enable banks to use their staff at branches for making that critical minimum effort in sustaining relationship especially with new account holders. In rural areas customers cannot be expected to come to branches in view of opportunity cost and time and hence banks will have to reach out through a variety of devices such as weekly banking, mobile banking, satellite offices, rural ATMs and use of Post offices. In urban and even in rural areas where mobile phones have penetrated, banks could use mobile technology for facilitating banking transactions. Mobile phones can be used to transfer funds real time from and to bank accounts and could make remittances and payments at very low cost. Once the data base

and track record is established, a multitude of financial services can be offered including savings, remittance, transaction banking such as receipt of salaries, pensions and payments for utilities, loan including home loans, insurance and MF products. Here the branches can render more business and variety of products to existing clientele as also source new customers within the area of operation. Financial inclusion offers a huge potential for business in terms of resources and assets and banks therefore need to take aggressive steps to use technology, business processes and personnel to be able to exploit this potential in innovative and creative ways. In a branch banking model, local community based organizations or respected persons could be used to deal with the information asymmetry problem by leveraging the knowledge about customers available with such entities /persons to reduce credit risk and transaction cost. Even if post offices and post men are not used for actual delivery of services, they can be used for the invaluable information and data they possess for direct marketing. There are a number of such organizations and delivery channels- including retired bankers and school teachers- who can be used for such credit enhancements in the form of reliable information. In fact use of technology is critical in building up a reliable credit information system, build up data base on customers for a variety of purposes, thereby reducing the transaction cost involved in checking encumbrances and collaterals and also facilitating better pricing of risk.

A South African IT initiative worth emulating is the 'MZANSI' account. This account, a National no frills Bank Account (NBA) product that caters to the needs of the un-banked population of South Africa was established to use existing distribution networks of banks, government and other bodies. It was envisaged that NBA will attract 4 million potential customers over period of 5 years. In its first year of operation itself, it garnered nearly two million accounts.

Salient features of the MZANSI Account are:

The product is card based and launched at a very affordable price

It is first of two 'first order savings / transmission products' aimed at extending penetration of banks into first order markets.

Access to the NBA product is provided through a combination of existing service point outlets & physical branch outlets including own and shared ATMs, Post offices, and merchant POS devices.

There is a money transfer service associated with the MZANSI account which makes it possible to transfer money between un-banked / banked customers from any participating bank or South Africa Post Office. All banks in South Africa are participants in this unique venture. As it is a very technology intensive product, the transaction costs are very low and thus, what were thought to be as 'too costly to serve areas and people' have become attractive propositions. State Governments such as in Andhra Pradesh are actively looking at making pension payments as also disbursements under REGP through use of smart cards linked to bank accounts. The same card could be used for social security programs as also banking transactions and can act as a unique identifier card. All relevant details relating to the person can be stored on the card with bio-metric identification. Experiments are under way for low costs ATMs with biometric identification for withdrawal of cash that could enable a low cost and therefore a more sustainable way of financial penetration and outreach while ensuring safeguards against foul play. RBI is setting up an Advisory Group on IT solutions for financial inclusion and it is hoped that collaborative effort between banks governments and post offices will be facilitated by the deliberations of this Group.

Use of intermediaries

A recent paper by the CGAP refers to the potential for increasing outreach through branchless banking where two models have been detailed, viz., the bank-agent model and the e-banking model where without a bank account a variety of financial transactions can take place through emoney. The paper outlines "agency risks" and "e-money" risks and issues for regulators. In India, branchless banking has to be able to ensure effective penetration into underserved areas –an example of this is the SHG-Bank linkage program. Up-scaling this program for financing productive activities and synergizing local entities for providing ancillary and collective services required for improving bankability of activities has to be the focus. While up scaling the SHG –bank linkage program, care must be taken to ensure integrity of accounting and protection of member's interest. In addition up scaling requires knowledge enhancement and capacity building. For example Village knowledge centers set up by a public sector

bank at some of its rural branches has enabled more productive lending and increased good business at such branches.

The use of intermediaries such as post offices and others raises the issue of agent related risks. Most of the agent related risks detailed in the CGAP paper have also been spelt out in the report of the Khan Committee and the RBI guidelines on use of business correspondents and facilitators and the final outsourcing guidelines released yesterday. Use of intermediaries is helpful where the intermediary actually enables reduction of risk, such as use of SHGs where the group discipline and social capital act as credit enhancements. The use of MFIs which engage in capacity building of the group members and also in providing “credit plus” services enable banks to minimize credit risk by improving viability while expanding outreach to large number of poor customers. There are concerns arising out of allowing agents to accept cash repayments and deposits and that is why online biometric devices linked to bank accounts real time are preferable to offline models. Other risks that need to be addressed are operational risk, reputation risk, legal risks, liquidity risk, consumer protection, including resolution of consumer grievances as also those relating to AML.

FINDINGS OF THE STUDY

1. Firstly, there should be clear focus on relatively unbanked and underserved areas rather than competing aggressively in already well served areas. There is a clear need to vastly increase the numbers served by existing branches for savings loan and remittances. It is hoped the new KYC norms for small value accounts will go a long way in ensuring this.
2. Secondly, financial inclusion should be led by understanding the needs of the customer rather than achieving targets. In rural areas banks should reach out rather than expect playing a numbers game. A well planned strategy should focus on customizing products for transactions, remittances, savings, loans and insurance. Improving financial literacy and credit counseling in fact should precede delivery of financial products. In fact a localized approach would require banks to rethink their policy on having uniform products for the entire country. Communication should be in local language and in tune with local culture to remove barriers.
3. Third, technology can be leveraged to increase delivery channels at lower cost, have better internal control systems and MIS, enhance the efficiency safety and integrity of the payments and remittances system and develop a reliable credit information system. A well functioning payments system itself improves economic activity and its efficiency.
4. Fourth, for rural areas, financial services will need to be supplemented by organizing support for ancillary activities and knowledge dissemination. Farmers training centers, village knowledge centers, RUDSETIs set up by a few banks will need multiplication for ensuring sustainable development.
5. Fifth, the SHG program has become quite widespread. As at March 2006, 2.2 million SHGs were linked and Rs 11400 Crore credits provided to them. There is need for up scaling to cover productive loans while ensuring that the process of group formation and capacity building is given sufficient time to allow social capital and democratic processes to take root. Transparency in accounting and book keeping and financial education of members should be part of due diligence undertaken by banks.
6. Sixth, the real value of NGOs and MFIs lie in their role as providing “credit plus” services and not just functioning as an intermediary for on lending. Banks with their resources and scale have greater cost advantages but linking with community based organizations and local persons /entities would help them get over the information gap and access barriers.
7. Seventh, while using agents, customer's rights need to be safeguarded to ensure there is no mis-selling or deficiency in services. Eighth, RRBs and well functioning cooperatives can be supported by banks to increase outreach. Sponsor banks have a specific responsibility in this regard and need to take ownership for their sponsored RRBs. Unlike other parts of the financial system, the RRBs with nearly 14500 branches are concentrated in the regions that are relatively backward and populous but where the incremental prospect for business and banking penetration is high. HR, technology and processes and leadership issues need to be addressed if RRBs are to fulfill what is expected from them.

CONCLUSION

- An overwhelming majority of rural India, and a significant portion of urban India, do not avail of financial services. While availing of any service is a matter of choice in a market economy, it is mandatory for society to allow access to all services for the entire population. Unfortunately, as we have discussed in this paper, while most are aware of the benefits of the various basic financial services, few are able to partake of them because of the way these services are delivered in India. The transaction costs of availing financial services are simply too large for them. Once the transaction costs are brought down to a minimum, the distribution of these services can then be determined by the pricing of such services.
- While one can decide on train travel given the price of tickets, people should not be discouraged from such travel because of the high cost of getting to the train station! The decision to save in banks should be driven by the return on savings and not by the cost of visiting the bank; insurance bought should be governed by their premiums and not by the difficulty of making payments on the premiums. As we have demonstrated, technology can play a major role in reducing the cost of availing financial services. The current information and communication technology opens up new avenues of service delivery that are cheap and can be customized to the needs of everybody.
- According to the IISS survey, only about 7 per cent of people avail of electronic payments in India. In any payment mechanism, the larger the volume of transactions, lower is the cost per unit transaction; also, the more people use the mechanism greater is the value generated through transactions. This is the so-called “network” effect and building an electronic payment system that allows everyone to access them will add to the overall value creation in the economy. However, the value of the electronic payment system, like all such systems, is enhanced by its credibility. For this a regulatory structure is a must; a properly regulated system must guarantee the authenticity of all transactions, as well as keep them secure, confidential and stable.
- The technologists and the regulators need to work together to identify the system that achieves financial inclusion. The objective of the technology should not be simply to increase value to those already in the market place for financial services; the objective of the regulator should not be to restrict anything that is too innovative. One way to encourage innovation is for the regulator to lay down the characteristics of any transaction rather than giving a list of activities that are allowed and those that are not allowed. For instance, if cash is transformed into an electronic format, the amount transformed must be simultaneously destroyed in its currency form. How this will be done should be left to the technology to work out.
- One way to proceed towards a solution is to encourage experiments in limited geographical spheres and with select groups of people, under strict monitoring, to see how different mechanisms can work. In addition to satisfying all the characteristics of a credible payment system, these experiments must encourage the excluded from participating in the use of these mechanisms.

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FUTURE OF WOMEN ENTREPRENEUR AS SMEs

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ABSTRACT

Management and interpersonal skills come naturally to women as expert homemakers. The progress of the fairer gender in India has been remarkable over the past few decades. A very capable woman is the President of India today. Hence there should not be an iota of doubt as to whether an Indian woman can spearhead a small and medium enterprise (SME) successfully or not. Women's entrepreneurship is an inevitable part of country's economic development process. The main objective of this study is to having an overview of women entrepreneurs and growth situation through SME. The issue covered by this study are socio-demographic profile of women entrepreneur, types of women owned entrepreneur, regulatory procedures, training and capacity building and human resources development through women's empowerment. The study also focused on role of SME to promoting women entrepreneurs. It also explores the social perspective of women entrepreneurs as well as the impact of these entrepreneurs on the economic development. A semi structured questionnaire survey was conducted to collect primary data. Data were analyzed using various statistical software including SPSS, MS Excel. The findings shows that women's entrepreneurship is growing at accelerate rate and their contribution to socio-economic development is significant. It is observed that 62.5% of the respondents took the SME loan to establish and run their business smoothly. This study found some problems facing by women's entrepreneur. The paper made an analytical framework to analyze the factors relating to problem and development issue in used institutional theory. This study also suggested some policy and their possible implications for improving women entrepreneurship so that they can make contribution to the economic development process.

Key-Words: Women Entrepreneurship; SME, Economic Development.

INTRODUCTION

Increase in cost of living has prompted the society's women to undertake economic activities in order to support their families. They are coming forward to take risks, face challenges and prove to the world that their role in the society is no more limited to that of buyers but they can be also successful sellers and traders. There are thousands of good examples where women have shown entrepreneurial talents and have succeeded. Women entrepreneurs are the key players in any developing country in terms of their contribution to economic development. In the simplest sense, women entrepreneurs are those women who take the lead and organize the business or industry and provide employment to others. It signifies that section of female population who venture out into industrial activities. It may be defined as a woman or group of women who initiate, organize and run a business enterprise. However, Government has given a broader definition of the term women entrepreneur. It defined women entrepreneur as "an enterprise owned and controlled by women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

Today, SME remains the engine of economic growth and considering the population of Bangladesh, SME offers large-scale employment and income earning opportunities at relatively low costs, especially in the rural areas. It strengthens efforts to achieve high and sustainable growth, which is a prerequisite for an exit from widespread poverty and socio-economic deficit. In the convergence of growth in SME, women entrepreneurship plays a pivotal role. The obligations of society towards such events remain unattended and incomplete. The central bank has come up with a new definition for small and medium enterprises in line with the government's industrial policy of 2010. Also, the move also defines the country's growing women entrepreneurs for the first time.

SCOPE FOR WOMEN IN THE SME SECTOR

India has certainly emerged as the testing ground for budding Indian women entrepreneurs. Indian women are not only educated, talented, confident, assertive, ambitious, career oriented but they also know their minds! This helps them to juggle the

tasks, manage all the chores and strike a fine balance between the professional and personal lives. Hence, foresight, time-management ability, patience, negotiating and budgeting skills of an entrepreneur are ingrained in the modern woman.

Selection women is performed on the basis of their goal setting ability and a desire to grow. Interestingly, our training programs are designed for women between the age group 18 to 80 and their educational qualification is no bar for most of our course modules. Small and medium enterprise (SME) is probably the only sector in which a woman can enjoy being a mother, wife and a self-employed individual at the same time."

In order to realize the benefits of policy changes it is important to incorporate a women entrepreneurial dimension in considering all SMEs and growth policies (e.g. meeting women's financing needs at all stages of the business continuum; take-up of business development and support services; access to corporate, government and international markets; technology access and utilization; R&D and innovation; etc.). Moreover this means periodically evaluating the impact of these measures on the success of women-owned businesses and exchanging good models and best practices, through cooperation with leading international organizations

AVENUES TO EXPLORE

When it comes to tapping the business verticals for setting up an SME, the sky is the limit. All they need is creativity and entrepreneurial skills, which can be fine-tuned with time and experience.

Shahnaz Husain, Chairperson and Managing Director of The Shahnaz Husain Group of Companies, elucidates, "I have always felt that entrepreneurship is one area that offers much scope for the Indian woman. That is why very early in my career I started encouraging women to open beauty salons in their own homes in a small way. I trained them and gave them the Shahnaz Herbal franchise."

Of course, it goes without saying that professional training or vocational courses are crucial for budding entrepreneurs. Business management skills, client handling, networking ability have to be reinforced in the individual in order to make her venture profitable and successful in the long run.

Textile, food processing, block printing, or even IT business, are some of the popular SME domains for women. There are women making cycle paddles, tube-light chokes, ohmmeter and the likes. Well, these are some of the non-traditional domains, so the competition is less and the investment need not be as high as five crores."

Independent of the way different studies have been conducted, women entrepreneurs are found to have an important impact on the economy, both in their ability to create jobs for themselves and to create jobs for others. Although the actual economic impact in most OECD member countries has not been assessed, women entrepreneurs have an important impact on the economy both by the number of small firms they are able to create and because a number of them are able to create growing firms.

In all countries women still represent a minority of those that start new firms, are self-employed, or are small business owner-managers.

Despite that many women entrepreneurs face growth barriers, they are still able to achieve substantial firm growth. We have seen examples of that both in a number of developing economies (Ethopia, Tanzania and Zambia) surveyed by the ILO, as well as in more developed economies such as the United States. In the United States, the ability of women entrepreneurs to achieve firm growth and attract venture capital has now become so important that it has become a topic for systematic research (Gatewood, et al., 2003). Furthermore, this development has led to the creation of networks of women angel investors, to the creation of women's venture capital fora (Springboard Enterprises), to training of women and minority venture capitalists (the Kauffman Fellows Programme), to women-owned businesses being certified and trained to become suppliers to Fortune 500 companies (Women's Business Enterprise National Council, known as WBENC) and to the creation of the Women President's Organization (WPO) for high-growth women CEOs. Thus women's entrepreneurship is not only about micro enterprises as is often assumed.

The quantitative and qualitative aspects of women's entrepreneurship are dependent on both demand side (political and institutional framework, family policy and market sources) and supply side factors (the availability of suitable individuals to occupy entrepreneurial roles).

Main sector of participation of women's entrepreneurs Among the sample respondents, majority of women entrepreneurs 70% were found to be involved in handicraft sector and then highest ratio of sector followed by garments or home textile 12.5%, in Chittagong parlor business is popular among the respondents have 10%. The table shows that women are becoming interested in nontraditional sectors like printing, IT based and food business.

In developing economies, women are pushed into entrepreneurship, because they do not have any other alternative. In these cases, the weak position of women in society combined with a weak economy leads to high rates of entrepreneurship. This can be compared to more developed economies that have lower rates of entrepreneurship because women have other options that are at that particular time, better suited to their needs and their beliefs of what they are able to do and not able to do.

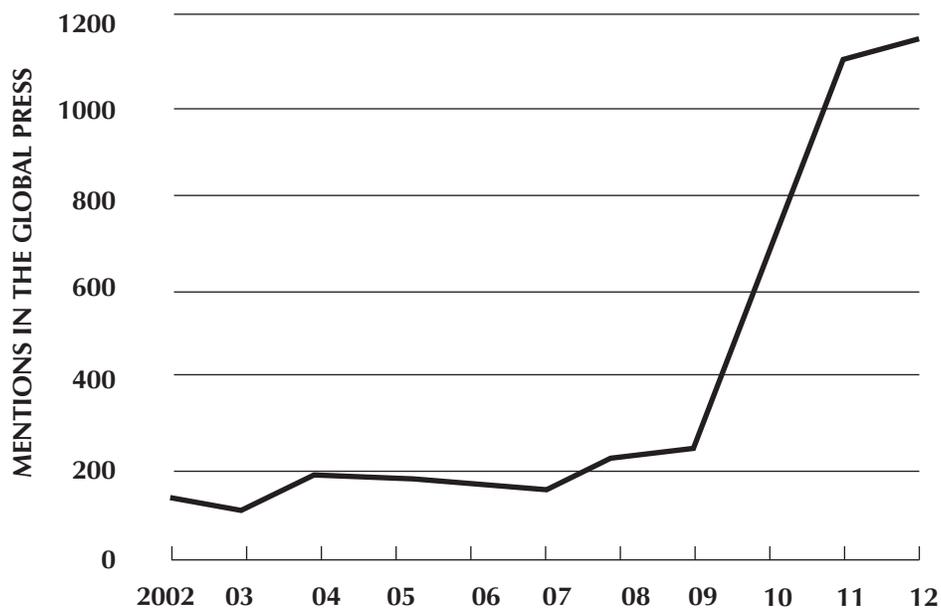
Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses participate.

Experience shows that the impact of increasing women's access to finance is greater if capacity-building programs targeted at women entrepreneurs are offered to complete the package. Research suggests that women have weaker business backgrounds than men, including a lack of relevant (technical) education and a lack of business experience. On average, across 15 European countries, only 11 percent of women who started a new enterprise in 2002 had run another business before the startup, compared with 18 percent of men. In the United States in 2007, 42 percent of male business owners and only 28 percent of female entrepreneurs had previous self-employment experience.¹⁷ A study that looked at 34 countries in developed and developing economies in Europe and Asia found that female-owned firms, overall, were about 1.5 years younger and mainly operated in the services sector.

It is estimated that women-owned small and medium-sized enterprises (SMEs) represent 31 to 38 percent (8 to 10 million) of formal SMEs in emerging markets.³

WOMEN'S ENTREPRENEURSHIP IN THE GLOBAL PRESS

How often female entrepreneurs were mentioned in the global press



SOURCE LEXIS - NEXIS GLOBAL ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS, 2012

The number of female-owned enterprises is growing at a faster pace than that of male counterparts—with no evidence that women-owned enterprises fail at a faster rate. New, internationally comparable data on female entrepreneurship from countries belonging to the Organization for Economic Cooperation and Development show that the “birth rates” of female-owned enterprises are higher than those of male-owned ones

This recommendation is related to the recommendation on incorporating a women's entrepreneurial dimension in considering all SME-related policies. It differs as it focuses on the impact of existing policies and on the long term evaluation of new policies. Not only do we need to develop a women's entrepreneurial dimension when designing new policies, but we also need to assess the impact of current policies. It is likely that a number of policies have a differential impact on women's versus men's entrepreneurship. Those effects have to be considered and when necessary, changed.

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FUTURE OF WOMEN ENTREPRENEUR AS SMES

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ABSTRACT

Women entrepreneurs are looked upon as an important untapped source of economic growth since a lot of them have not got the right opportunities to launch their own enterprise. Women-owned businesses are generally younger and smaller in size than other businesses. The paper makes an attempt to analyse women's participation in entrepreneurial activities so as to highlight the contribution of women entrepreneurs towards economic development. In the process it further attempts to examine the facilitating factors as well as impediments that this class face in running their units. Policies and programmes of the government also exist to promote and strengthen the development of women entrepreneurship in India.

Key words: Micro, Small and Medium Enterprises (MSMEs), Registered Enterprise, Un-registered Enterprise, Entrepreneurs.

INTRODUCTION:

The focus of the paper is on women participation in small business ventures in India, since most of the women entrepreneurs are engaged in this sector. The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a women enterprise is defined as “an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women”.

Women enterprises can be classified as: (i) owned by women, (ii) managed by women and (iii) employing women. The small business sector was called the Small Scale Industries (SSIs) sector till 2001-02 when the Third All India census on SSIs was held. But keeping in view the different investment limits within the SSIs the Fourth Census held in 2006-07 divided this sector into three categories of units such as: Micro Enterprise - Those with investment on plant and machinery up to Rs.25 lakh Small Enterprise - Those with investment on plant and machinery between Rs. 25 lakh to 1 crore. Medium Enterprise- Those with investment on plant and machinery between Rs. 1 to 5 crore. Enterprise registered with District Industrial Centre/Khadi and Village Industries Corporation (KVIC)/Coir Board called registered enterprise otherwise it will be known as un-registered enterprise. The number of women, who acquire professional skills like engineering, managerial etc., has been increasing manifold today. However, a large proportion of such technically qualified women do not take up employment due to family pressures. There is an urgent need to promote avenues for these women to take up entrepreneurship in the twenty-first century in order to exploit their talents which otherwise go waste.

OBJECTIVES OF THE STUDY:

1. To study the factors responsible for growth of women entrepreneurship in India.
2. To analyze the problems and challenges faced by the women entrepreneurs in India.
3. To study the measures undertaken by the government and other agencies to promote women entrepreneurship in India.

RESEARCH METHODOLOGY:

The present study is descriptive in nature. It is based on secondary data which are available from various journals, internet, books and articles etc.

PROBLEMS FACED BY WOMEN ENTREPRENEURS :

1. Inefficient arrangements for Marketing and Sales: For marketing their products, women entrepreneurs are often at the mercy of the middlemen who pocket the chunk of profit. Further, women entrepreneurs find it difficult to capture the market and make their products popular.

2. Tough Competition: Many of the women enterprises have imperfect organizational setup. They have to face severe competition from organized industries and male entrepreneurs.

3. Shortage of Finance: Women and small entrepreneurs always suffer from inadequate financial resources and working capital. They are lacking access to external funds due to absence of tangible security and credit in the market.

4. Social Attitude: The biggest problem of a women entrepreneur is the social attitude and the constraints in which she has to live and work.

5. Low Mobility: One of the biggest handicaps for women entrepreneurs is mobility or travelling from place to place. Women on their own find it difficult to get accommodation in smaller towns.

6. Illiteracy: In India literacy among women is very low. Due to lack of education, majority of women are unaware of technological developments, marketing knowledge, etc.

7. Low ability to take Risk: Women have comparatively a low ability to bear economic and other risks because they have led a protected life.

8. Family Responsibilities: In India, it is mainly a woman's duty to look after the children and other members of the family. Her involvement in family leaves little energy and time for business.

GOVERNMENT POLICY FOR DEVELOPMENT OF WOMEN ENTREPRENEURSHIP:

1. Role of the Ministry of MSME: The Ministry of MSME is primarily set up to assist various states and Union Territories in the effort to promote growth and development of MSME in general. The two specific schemes to assist the women entrepreneur (a) The Scheme of Trade Related Entrepreneurship Assistant and Development TREAD and (b) Mahila Coir Yojana. TREAD is linked with NGOs wherein the Govt. provide the grant up to 30% of the total project cost and also provide separate grant for research and development. Mahila Coir Yojana is a self employment programmes for women aimed to provide training and ratts for carrying out spinning activities in a subsidized manner.

2. Policy Initiatives: Government of India is committed to develop MSMEs in general and women entrepreneurship in particular. In a broad manner the government has implemented the MSME Development Act 2006 which has already come into effect. There is a provision to reserve items exclusively for the MSMEs. At present 20 items are reserved for these sectors. However depending on the factors such as economies of scale, level of employment, prevention of concentration of economic power etc. there are possibilities of de-reservation also. The govt. has also launched National Manufacturing Competitiveness Programme (NMCP) to encourage competitiveness in this sector. Women entrepreneurship has been benefiting from these policy initiatives.

3. Prime Minister's Employment Generation Programme (PMEGP) launched in 2008-09 also gives special attention to urban and rural women by providing them subsidy at the rate of 25 to 35 percent of the project cost in urban and rural areas respectively. Bank finance in the form of loan is 95% of the project cost for women.

4. Entrepreneurship Development Programme (EDP): The Government also announce from time to time Entrepreneurship Development Programme (EDP) especially for the first generation of women who desire to be entrepreneur. For the purpose of training and skill development there are three important institutions namely National Institute of MSME, Hyderabad, National Institute of Entrepreneurship and Small Business Development (NISESBUD, Noida and Indian Institute of Entrepreneurship (IIE), Guwahati and NISC, Delhi. All the institutions taken to gather had trained more than 20,000 women during the 2011-2012.

5. Other schemes operated by different departments and ministries are: Management Development Programmes, Women's Development Corporations (WDCs), Marketing of Non-Farm Products of Rural Women, Assistance to Rural Women in Non-Farm Development (ARWIND) Schemes, Micro Credits Scheme etc.

CONCLUSIONS:

There has been a steady increase in the participation of women in small business indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross output, asset creation and exports. Women form the family, which participate to develop society and Nation. Entrepreneurial movement among women started late and is still in its infancy. Changes in the global and domestic environment have contributed towards the growth of women entrepreneurship in India. As observed the success of women entrepreneurs differs from State to State in India. It was also observed that women enterprises are concentrated in the micro segment of the MSME sector.

SUGGESTIONS:

1. To enlarge the participation of women in small and medium segments a stronger coordinated role of Indian Government, financial institutions, voluntary agencies and educational institutions with an integrated approach is necessary.
2. Young female entrepreneurs should share their success stories in the world of e-commerce to speed up entrepreneurial movement in India.
3. Government should provide subsidies to women.
4. Proper training should be given to women.
5. Government should provide assurance of selling their products.
5. Women entrepreneurs will be better understood and encouraged by studying and focusing
 - a. location where they are staying.
 - b. their social and cultural background including family system.

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GOVERNMENT POLICIES FOR SMALL SCALE INDUSTRIES IN INDIA

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INTRODUCTION

Japan is an outstanding example of those who have achieved rapid industrialization through the small and medium industries. As Japanese work more entrepreneurially in smaller teams. India also is coming forward as Indian being agrarian country has to depend mostly on small enterprises. It was dream of Mahatma Gandhi to make business by the entrepreneurs are to earn money interest to do business, frustration with previous job, to utilize leisure time, to get financial liberty, encouragement from family members and in some cases develop own ideas. The key factors for the success of the entrepreneurs are Team work, Risk-taking, Innovation, Excellent quality, speed. As number of businessmen neglecting these factors engage in business there by leads to failures. Hence the study of the small scale business and entrepreneurs has immense value. Any business may have problems in business environment. The Governmental supports change in attitude to words business support from family and friends, counseling for entrepreneurship may motivate entrepreneurs to start invest run and sustain in business.

OBJECTIVE OF STUDY

- 1) To know and understand concept of small scale business
- 2) To study the government policy for small scale business

METHODOLOGY

The present paper is based on secondary source of data. The Secondary data has been collected from various books, Journals & web sites.

MEANING AND DEFINITION :-

Small-scale industries play a key role in the industrialization of a developing country. This is because they provide immediate large-scale employment and have a comparatively higher labour capital ratio: they need a shorter gestation period and relatively smaller markets to be economic; they need lower investments, offer a method of ensuring a more equitable distribution of national income and facilities an effective mobilization of resources of capital and skill which might otherwise remain unutilized; and they stimulate the growth of industrial entrepreneurship and promote a more diffused pattern of ownership and location.

Use of 'small' as designation in the industry differentiates one set of industries from others. Comparatively its small in operation, employment, products, capital, technology etc. Thus, this small sector share unique problems compared to others. In the case of manufacturing units, small industries are to be expected to have a unique set of problems in relation to their 'smallness' that differentiates them from medium and large manufacturing units. At the same time, the small sector has unique advantages. And, as such, small is not only beautiful, but also beneficial, efficient and reliable.

The importance of small-scale enterprises is a global phenomenon encompassing both the developing and developed countries. Norman McRae (1979) predicts that the age of the mammoth corporation was over and the future lay with small, dynamic, efficient production groups that could respond quickly to customers' needs. Globally, the emphasis is on the small enterprises holding the key growth with equity and proficiency

In Indian, small industry refers to manufacturing activity. Recently, it has also come to include, to a limited extent, servicing activities such as repair and maintenance shops and few community services. It does not include wholesale and retail trading as is done in Japan or the U.K.

THE POLICIES OF GOVERNMENT FOR SSIs ARE AS FOLLOWS: INDUSTRIAL POLICY RESOLUTIONS.

[A] Industrial Policy Resolution 1948 :

- Stressed role of SSIs balanced industrial growth.
- Utilization of local resources and creation of employment opportunities.
- Creating infrastructure and frames policies and co-ordinate the efforts.

[B] Industrial Policy Resolution 1956 :

- Policy support to SSI by differential taxation of direct-subsidies.
- Focus to improve competitive strength of SSIs.
- To achieve 128 items were exclusively reserved for production & 166 item for purchase in SSI.

[C] Industrial Policy Resolution 1977 :

- Trust of policy was effective promotion of cottage, village & small industries in rural areas.
- 504 items were reserved for exclusive production in SSIs.
- Introduced District Industries Centres (DUCs) concept.
- Technological Upgradation.
- Special marketing arrangements i.e. product standrdization, quality control, market survey.

[D] Industrial Policy Resolution 1980 :

- Policy focused on promoting SSIs through integrated industrial development between large & small sectors.
- Investment limit was raised for tiny, small & ancillary units to Rs. 2 lacs, Rs. 20 lacs &Rs. 25 lacs respectively.
- Nucleus plants' in each industrially backward district replaced the 'district industries centers.
- Reservation of items & marketing support, credit to growing, Buffet stock of critical inputs were to continue.
- Warning system was to establish to avoid sickness and take appropriate remedial measures.

[E] Industrial Policy Resolution 1990 :

- Features
- It raised the investment ceiling in plant and machinery for SSI.
- It created central investment subsidy for SSI in rural areas.
- Reservation of item produced by SSIs was increased to 836.
- Small Industries Development Bank of India (SIDBI) was established to ensure to adequate flow of credit to SSIs.
- Special emphasis was laid on training of women and youth under Entrepreneurial Development Programme.

[F] Industrial Policy Resolution 1991. :

- Features
- SSI were exempted from licensing for all articles of manufacture.
- Factoring Services were to launch to solve the problem or delayed payments to SSIs.
- Market promotion of products was emphasized through co-operative, institutions and other marketing agencies & corporations.

[G] Comprehensive Policy Package for SSIs and Tiny Sector 2000 :

- Features

- The exemption for excise duty limit raised from 50 lakhs to Rs. One Crore.
- Credit linked Capital subsidy of 12% against loans for technology upgration.
- The scheme of granting Rs. 75,000 to each SSI for obtaining ISO9000 certification was continued till the end of 10th plan.
- SSI associations were motivated to develop and operate testing laboratories.
- The limit of composite loan was increased from Rs. 10 to Rs. 25 lakhs.

[H] Industrial policy package for SSI 2001-02:

- The investment limit was enhanced from Rs. 1 Crore to Rs.5crore for unit in hosiery and hand tool sub sectors.
- Market UNIDO assisted projects were commissioned during the year under the cluster Development programme.

[I] Industrial Policy on SSIs 2003-04 :

- 73 items reserved for exclusive manufacture in SSI sector weredeserved in June 2003-Chemical & their products, leather & their products etc.
- 417 Specialised bank branches were made operational for SSIs.
- Third all India Census for SSI was conduct through out the country & its final results were released on January 17,2004
- Small & Medium enterprise (SME) Fund of Rs. 10,000 Crore was set up under SIDBI.
- LanghuUdyami Credit Card scheme was liberalized.

[J] Policy Initiatives on SSI 2004-05 :

- The national commission on Enterprises in the unorganized or Informal sector was set up in Sept. 2004.
- Promotional package for small enterprises was initiated.

[K] Policy Package for SME 2005-06 :

- The ministry of small scale Industries has identified 180 items for dereservation.
- Small & medium enterprises were recognized in the services sector & were treated on par with SSIs the manufacturing sector.
- Credit Guarantee Trust for small Industries (CGTSI) was advised to reduce one time guarantee fee from 2.5% to 1.5% for all loans.

GOVERNMENT POLICY AND SCHEMES FOR SSI.

[A] Priority Sector –

1) Small & Tiny Enterprises.

a) A separate package for the promotion of tiny Enterprises is now being introduced. This constitutes the main thrust of Government's new Policy.

b) Financial Support measures :

- To provide access to the capital market and to encourage modernization & technological upgradation.
- Regulatory provisions relating to management of private limited companies are being liberalized. A limited partnership Act will be introduced to enhance the supply of risk capital to the small scale sector.
- A beginning has been made towards solving the problem of delayed payments to small industries by setting up of 'Factoring' Services through SIDBI.

c) Infrastructural Facilities :

- To facilitate location of industries in rural/backward areas & promote stronger linkage between agriculture and industry,

a new scheme of Integrated Infrastructural Development for small scale Industries.

- Technology Development cell (TDC) would be set up in the small industries Development organization (SIDO) which would provide technology inputs to improve productivity & competitiveness of the products of small scale sector.
- A proper & adequate arrangement for delivery of total package of incentives and services at the District level will be evolved and implemented.

d] Marketing and Exports :

- National small Industries Corporation (NSIC) would concentrate on marketing of mass consumption items under common brand name and organic links between NSIC and SSIDCs would be established.
- An Export Development Centre would be set up in SIDO to serve the SSIs through its network of field officers to further augment export activities of this sector.

e] Modernisation, Technological and Quality Upgradation:

- A greater degree of awareness to product goods and services conforming to national and international standards would be created among the small scale sector.
- Industry Association would be encouraged and supported to establish quality counseling and common testing facilities.
- A reoriented programme of modernization & technological upgradation aimed at improving productivity efficiency and cost effectiveness in the small scale sector would be pursued.
- Indian Institutes of Technology (IITs) and selected Regional/Other Engineering colleges will serve as Technological Information, design & development Centers in their respective command areas.

f] Promotion of Entrepreneurship :

- Large number of EDP trainers & motivations will be trained to significantly expand the Entrepreneurship Development programmes.
- EDP would be built into the curriculum vocational & other degree level courses.
- Women entrepreneurs will receive support through special training programme.

VILLAGE INDUSTRIES :

a] Handloom Sector –

- It is the policy of Government to promote handlooms to sustain employment in rural areas & to improve the quality of life for handloom weavers.
- Schemes for the handloom sector will be redesigned keeping in mind the local & regional needs
- Project package scheme.
- Welfare package scheme.
- Organization Development package.

b] Handicrafts Sector :

- Market development support in the form of a package of assistance through expansion of marketing infrastructure, exhibitions, publicity etc. through central and state Handicrafts Corporations.
- Expansion of training activities by greater involvement of State Handicrafts Development corporations, Co-operative and Voluntary organizations.
- Measures to sustain an increased exports of handicrafts through new Marketing channels like companies, departmental stores etc.

c] Other Village Industries :

- Government recognize the need to enhance the spread of rural an cottage industries toward stepping up non-Farm employment opportunities.
- The programmes of intensive development of KVI through area approach with tie-up with DRDA, TRYSEM and ongoing developmentalprogrammesrelating to weake sections like scheduled castes, scheduled Tribes and women would be extended trough out the country.
- The training programmes would be upgraded and augmented to cover the expanded list of industries under the purview of the KUIC.

B] REHABILITATION OF SICK UNITS

Government of India has taken various measures from time to time to detect sickness at the incipient stage and rehabilitation of sick units in small scale sectors.

- Nayak committee set up by RBI in 1991 dealing with aspect of adequacy and timeliness of credit to SSIs had gone into the issue of sickness in detail:
- RBI has taken action on its recommendations which related to
- Modified definition.
- Reduced rate of interest for rehabilitation.
- prompt viability studies or nursing programmes of identified sick units.
- Setting up of cells at important regional centers & Head office to deal with sick industrial units.
- Provision of expert staff.
- RBI also advising its officers from time to time activate State level inter-institutional committee.

C] GENERAL TRADE POLICY :**1] Export Promotion :**

Export promotion from small scale sector has received almost priority the Government . Some incentive for promotion of export are :

- i] Free import of capital goods/raw material and other essential inputs and in certain cases duty free or with concessional rate of custom duty, so as to ensure higher production for export.
- ii] Refund of duties paid on the raw material used in export production by a system or Duty – Draw – Back, pre & post shipment credit to exporters at concessional rate of interest.
- iii] the efforts of the Government have always been to regulate and simplify procedures so as to create a congenial environment for the exporting community.

[2] EXIM Policy :

- i] Recognition of export Houses/ Trading Houses.
- ii] Special Import Licence (SIL).
- iii] Eligibility condition for small scale exporters for SIL.

SUGGESTIONS:

- Government of India can be solved the problem of SSIs development by the introduction of small Business Management school. These programmes orientation entrepreneurship creatively & innovation can help sustain health growth of small business.

- To raise the standard of living of Indian people, it is necessary to redevelop the cottage and small scale Industries. Since these industries link agriculture with large scale industries in the country.
- Government of India makes various schemes and policies to promote SSIs. But its happens only on paper, in reality plans, policies, schemes doesn't implement & industrialist don't take advantages of it. So, Government should take survey or analyses their policies & plans at any time –monthly, after six month & yearly.
- Government introduced New Economic policy in 1991, Globalization also introduced at that time, Globalization become huge problem of competition for SSIs. SSIs lagging behind MNCs& other industries because of free trade restriction policies. government should make some restrictions for foreign trade for the expansion of SSIs.
- SIDBI financially supporting to SSIs but their financial assistance procedure has critical & lengthy. They should make it simple & easy for every poor & SSIs.
- Government draw plan & policies for some states SSIs. It shows regional imbalances in plan & policies. So Government should draw policies & plans equal for each state & Villages.

CONCLUSION:

The importance of SSIs to the Indian economy is clear from the fact that they account for about half of the gross value of the output of the manufacturing sector. Over one third of our export earning and employ about 30 million persons.

All five year plans and industrial policy statement have stressed the need for accelerating the development of SSIs to create large scale employment opportunities promote export & improve Quality of product.

The government as the centre and in the states has taken a number of measures to solve problems of SSIs. The union Government has set up a number of agencies & centre to development of SSIs. i.e. SIDO, TDC, SIDBI, NSIC, SSIDCs, DC, DICs etc.

The Government of India ensures policies & schemes development of SSIs are –IPRs,

Financial assistance, infrastructure facilities, expert import policies, Labour policies, policy of Information Technology & environmental policies.

But Now a days SSIs lagging behind MNCs& foreign companies. So Government should redevelop their policies & make some measures for solving SSIs problems and introduce small business management schools for development of SSIs.

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GREEN MARKETING AND ITS FEASIBILITY IN SMALL AND MEDIUM ENTERPRISES IN GURGAON REGION

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Green Marketing And its Feasibility in Small and Medium Enterprises in Gurgaon region

"Let every individual and institution now think and act as a responsible trustee of Earth, seeking choices in ecology, economics and ethics that will provide a sustainable future, eliminate pollution, poverty and violence, awaken the wonder of life and foster peaceful progress in the human adventure."

— John McConnell, founder of International, Earth Day

ABSTRACT

Background

Green Marketing is gaining momentum across many business organizations across the industry in India, as a way to pursue economic growth and development, while preventing environmental degradation, biodiversity loss and unsustainable natural resource use. However, for SMEs (Small and Medium Enterprises) to fully participate in the transition towards sustainable economic patterns and seize the opportunities arising, it is essential that the main barriers to green marketing are identified.

Purpose

This paper tries to study the feasibility of practicing green marketing in case of SMEs in Gurgaon Industrial area and analyses the awareness about green products and eco-labelling, also the difficulties in implementing green marketing.

Objectives of the Study

1. To find out whether the SMEs are aware of green marketing and eco labels.
2. To identify the reasons for obstructing the practice of green marketing in case of SMEs.
3. To suggest the measures to enhance the practice and implementation of green marketing.

Methodology

The research is of exploratory nature, based on the primary data but secondary data has also been collected from various sources as per the requirement. An exclusive survey of 114 respondents of SMEs was done through Convenient Sampling Method in Gurgaon area by formulating a structured questionnaire.

Findings

Thus it can be summarized that "Eco labelling" is still not popular in SMEs.

Conclusion

From the above we can conclude that Green marketing is not going to be an easy concept to implement by the SMEs. SMEs have to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve and adapt to the micro and macro environment as it is in infancy stage.

Research limitations:

- Sample size of 114 is too small in order to get more accurate and precise information.
- It is not a representation of the all the SMEs' population.

Key words: Sustainable Development, Green Marketing, Green Products, Eco-labelling.

INTRODUCTION

Marketers play an important role in using and diverting the resources in a manner to give maximum satisfaction to the consumers with minimum efforts and cost. Another important aspect which a marketer needs to deal with is to anticipate the changes which can take place in future and accordingly frame the marketing strategies. The marketers today face a challenge from the environment point of view. Due to global warming, green house gas emissions, pollution, and energy crisis, world is facing a severe threat of being a very difficult place to live in. Therefore, the marketers need to include a green approach in framing the marketing programs/ strategies. With regards to this the marketers now have to go green. It means that due care must be taken while framing the marketing plans, strategies and policies so as to prevent the environment and nature from any harm caused due to its operations not only today but also in future.

DEFINITION

According to The American Marketing Association, „Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment.

From the above definitions we can say that Green Marketing involves:

- Manufacturing and providing products to the consumers which are of good quality and at the same time not harmful to them even in long run.
- Use the resources for development in such a manner which will enable the future generations to avail the resources to meet their needs leading to Sustainable Development.
- Framing and implementing policies which will not have any detrimental effect on the environment i.e. at present as well in future.

Thus according to the American Marketing Association, Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other. Other similar terms used are Environmental Marketing and Ecological Marketing.

Green Marketing has gained momentum in the context of global warming and climate change and this, in turn, has forced many companies to incorporate the principals of Green Marketing. Recently, Green Marketing has drawn the attention of government and this has forced them to introduce environment-friendly policies. As resources are limited and human needs and wants are unlimited, resources have to be utilized economically and in an environment friendly way. Green Marketing will play an important role in sustainable development. Every firm needs to adopt innovative methods to sustain itself in the competitive environment, thus Green marketing becomes an important aspect which every firm will have to implement in near future, so why not start practicing it immediately. The Government in near future is going to adopt stringent policies to enable sustainable development. The marketers should realize this and head on towards Green Marketing. Indian Government has already introduced Environment Protection Act in 1986 and Environment Audit in 1992, the marketers have to realize that with increasing amount of global warming and environmental harm caused due to industrialization and economic development, the Government is going to apply stringent policies to save environment and is going to be even more strict with regards to the development which will cause a severe threat to the environment. The environmental harm which is mainly due to green house gas emissions has caused a severe threat to the climatic conditions and the result of which can be seen in the form of droughts, scarcity of drinking water, floods ruining the agricultural produce etc. The Indian Government has ratified the Kyoto Protocol in August 2002 and will compel companies to account for the environmental damage caused due to business operations, and take stringent action against those organizations which cause harm to the environment. The G20 leaders are trying to curb the emissions to protect the earth and achieve development which is sustainable in nature.

CARBON EMISSIONS

The following figure shows carbon dioxide emissions, of various nations.

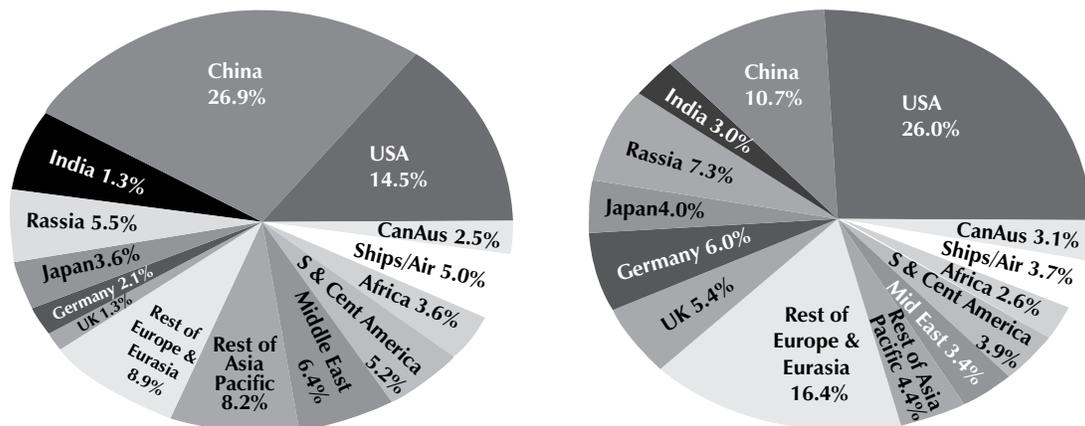


Fig:1 Current and cumulative fossil fuel carbon dioxide emissions.

Source: (Carbon Dioxide Information Analysis Center, Oak Ridge National Laboratory, and British Petroleum.)

From the above figure we can see that though India has less emission as compared to other developed nations but the increased industrialization and development will lead to increased rate of green house gas emissions. However, the U.S. and other Western nations assert that India, will account for most of the emissions in the coming decades, owing to rapid industrialization and economic growth. The most important thing a company should consider is to be "green," i.e. to reduce the amount of toxic or other dangerous substances in their products, and to manufacture/trade in environment friendly products and practice green business strategies. Thus the marketer should go on for Green Marketing Techniques.

Green Marketing refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment. It is not only caveat emptor where the consumer should be made aware of all the necessary things about the product but now it is caveat vendor whereby the marketer should know all the aspects affecting the consumption of the product and also its impact on the environment. It is high time now for the marketers to be aware of the environmental effects of their marketing activities and also be prepared for various alternatives in case of scarce resources. Role of marketing in development will be appreciated only through sustainable marketing; i.e. it meets the needs of the present without compromising the ability of future generations to meet their own needs. This means that it might have to shed its present profligacy

that encourages an unsustainable development path.

REVIEW OF LITERATURE

Brahma, M. & Dande, R. (2008), The Economic Times, Mumbai, had an article which stated that, Green Ventures India is a subsidiary of New York based asset management firm Green Ventures International. The latter recently announced a \$300 million India focused fund aimed at

renewable energy products and supporting trading in carbon credits. Founder & CEO of Emergent Ventures India (EVI) Vinod Kala says he realised in 2004 that there is huge business potential in environment. He further adds that financial investors are increasingly looking at Green Technology as profit opportunity than only a morally right thing to do, but there are dozens of entrepreneurs who have found that the capital expenditure involved in such projects are overwhelming and funds too hesitant to invest in them. The US and the EU have asked both India and China to reduce their baseline emissions, which should get implemented by 2020. Mr. Bharathwaj says that once that happens and the Government adopts more stringent policies for curbing carbon emissions, Clean Technology ventures would assume greater importance in the country and as a result there would

be more investment interest within the sector. Chaudhary, R., And Bhattacharya, V. (2007), in their article on Clean Development Mechanism: Strategy for Sustainability and Economic Growth published in Indian Journal for Environmental Protection, state that, The Clean Development Mechanism (CDM), a co-operative mechanism established under the Kyoto protocol, has the potential to assist developing countries in achieving sustainable development by promoting environment friendly investment from industrialised country governments and businesses.

The funding channelled through the CDM should assist developing countries in reaching some of their economic, social, environmental, and sustainable development objectives, such as cleaner air and water, improved land use, accompanied by social benefits, such as rural development, employment, and poverty alleviation and in many cases, reduced dependence on imported fossil fuels.

Thus environment friendly strategies become the key factors for CDM projects. Uberoi, (2007) in his book on Environmental Management states that, the Government at the centre and at the State level and their agencies should become proactive vis-à-vis environment. The environmental problems cannot be tackled without a sound proactive policy by the Government. Intervention of the Government is required on continuing basis and not on one-time legislation and its implementation. Corporate behaviour can be regulated or altered through state policies. The policies of Government can shape the role of companies and that of the managers for the larger interest of society. The corporate world in India, under new economic order of liberalization and globalization has to increase its share of world trade and in this effort one major impact of rising trades would be on environment and resources. The business world internationally has begun to acknowledge that environment is playing an important role in all facets of business. A survey by Mckinsey and company revealed that: (1) 92% of CEO.s believe that environment should be top management priority; (2) 35% CEO.s believe that their companies have adopted strategies to anticipate impacts of environment on business.

Polonsky and Alma (2008), in their edited book titled Environmental Marketing – Strategies, Practice, Theory and Research, discuss the role of marketing in improving our environment. The book states that role of Marketing in the development process is well recognized (Kinsley 1982; Riley et al. 1983; Dholakia 1984; Carter 1986; Kotler 1986). Much of the economic activity is triggered by the marketing process that offers and stimulates consumption opportunities to satisfy human needs and wants. However, critical role of marketing in development will be appreciated only through sustainable marketing; it meets the needs of the present without compromising the ability of future generations to meet their own needs. This means that it might have to shed its present profligacy that encourages an unsustainable development path. A marketing approach that aims at serving the material wants of consumers through an ever increasing volume of goods without any attempt to maximize life quality (Kotler 1988), draws too heavily, and too quickly, on already overdrawn environmental resources and is likely to mortgage the future. Life quality represents not only the quantity and quality of consumption goods and services but also the quality of the environment. Clearly, marketing has to assume a more responsible role for sustainable development. It further states that the concept of a socio-ecological product has to extend our understanding that environmental consequences (the product's aggregate impact on everyone affected by its use) are more important determinants of its acceptability than either user satisfaction or corporate profitability (Cracco and Rostenne 1971). The true socio-ecological product is one that becomes a consumer's first choice, since it meets his/her consumption need for a healthy and sustainable physical environment. Sustainable development can be achieved only by proactive corporate marketing and active government intervention.

The book further gives the four mechanism of Government intervention:

- Regulation,
- Reformation,
- Promotion
- Participation

and the four R.s of corporate marketing strategy i.e.

- Redirection of customer needs,

- Reconsumption,
- Reorientation of marketing mix and
- Reorganization that is appropriate for promoting sustainable development.

Green marketing will play an important role in achieving sustainable development. Dutta, B. (2009, January) in his article on Green Marketing titled Sustainable Green Marketing The New Imperative published in Marketing Mastermind states that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the quality, performance, pricing and convenience in an environment-friendly way. It has gained momentum in the context of global warming and climate change and this, in turn, has forced many companies to incorporate the principals of Green Marketing. Firms need to explore every opportunity to enhance their products/services in terms of quality, performance, social responsibility and environment-friendliness. Barkar is of the view that, Companies need to believe first that Green Marketing can work and make diligent efforts to make necessary product improvements, which deliver performance, and are marketable and profitable. Unruh, G. And Etnenson, R. (2010) in their research article titled, Growing Green: Three smart paths to developing sustainable products. Published in Harvard Business Review, is for executives who believe that developing green products make sense for their organisation and need to determine the best path forward.

The authors have introduced and described three broad strategies that companies can use to align their green goals with their capabilities:

- **Accentuate:** Strategy involves playing up existing or latent green attributes in your current portfolio.
- **Acquire:** Strategy involves buying someone else's green brand.
- **Architect:** Strategy involves architecting green offerings – building them from scratch.

These strategies emerged from 10 in depth case studies of consumer product and industrial companies that were moving into green space; the authors discussed with dozens of senior and midlevel sustainability executives. The framework now plays a central role in the core executive MBA course offerings in sustainable business strategy and in the executive education programs at Thunderbird School of Management. Thus from the above review of literature one can say that Green Marketing is gaining momentum very rapidly.

CHALLENGES OF GREEN MARKETING

Implementing Green marketing is not going to be an easy job. The firm has to face many problems while treading the way of Green marketing. Challenges which have to be faced are listed as under:

- Green marketing encourages green products/services, green technology, green power/energy; a lot of money has to be spent on R&D programmes. Thus practicing green marketing initially will be a costly affair.
- The customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they convince the customer about their green product, this can be done by implementing Eco-labeling schemes. Eco-labeling schemes offer its “approval” to “environmentally less harmless” products have been very popular in Japan and Europe. In fact the first eco-label programme was initiated by Germany in 1978.
- Initially the profits will be very low since renewable and recyclable products and green technologies are more expensive. Green marketing will be successful only in long run.
- Many customers may not be willing to pay a higher price for green products which may affect the sales of the company.
- The firm may give up on Green marketing concept or be forced to practice unfair means to cut cost to sustain in the competition and thus the entire idea of going green will be a farce.
- The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times there may be some who simply may not believe and co-operate.

GREEN MARKETING PRACTICES IN INDIA

Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives.

Kansai Nerolac Paints has been at the forefront of paint manufacturing for more than 88 years pioneering a wide spectrum of quality paints. Kansai Nerolac has worked on removing hazardous heavy metals from their paints – among this lead being the most prominent metal. Kansai Nerolac does not add any lead or other such heavy metals in its manufacturing process.

Dell has been one of the vendors who focus on producing green IT products. They have a strategy called "Go green with Dell" to sell these products in the market. It also comes in an eco-friendly packaging with a system recycling kit bundled along. Talking about the green commitments of the company, Sameer Garde, Country GM, Dell India, says, "Dell is also actively pursuing green innovations that will be of value in 2009 from data-center efficiency to the use of eco-friendly materials for everything from chassis design to product packaging.

Eco Hotels (Ecotels) is a certification system promoted by Hospitality Valuation Services (HVS) International. This system is based on 5 main criteria: environmental commitment, solid waste management, energy efficiency, water conservation, and employee education/community involvement. In India we have Eco-hotels like Orchid, Rodas, Raintree etc. believing and practicing green marketing.

According to Harish Tiwari of Infinity Infomatic Pvt Ltd, a well known distributor, who says, "We don't find any difficulty in selling green products because the knowledge for these products has increased in us as well in customer. They are ready to pay higher for these products once they convinced."

In May 2007, IBM launched Project Big Green to help clients around the world improve the efficiency of IT and better optimize their data center resources. IBM has software and services technologies to help businesses reduce data center energy consumption and cut energy costs by more than 40 percent.

The MNCs. and large scale organizations are now aware and are practicing environment friendly practices; this paper tries to find out whether the small and medium scale manufacturers are believing and implementing them

SHARES OF DIFFERENT SOURCES TOWARDS PARTICULATE MATTER POLLUTION IN DIFFERENT CITIES.

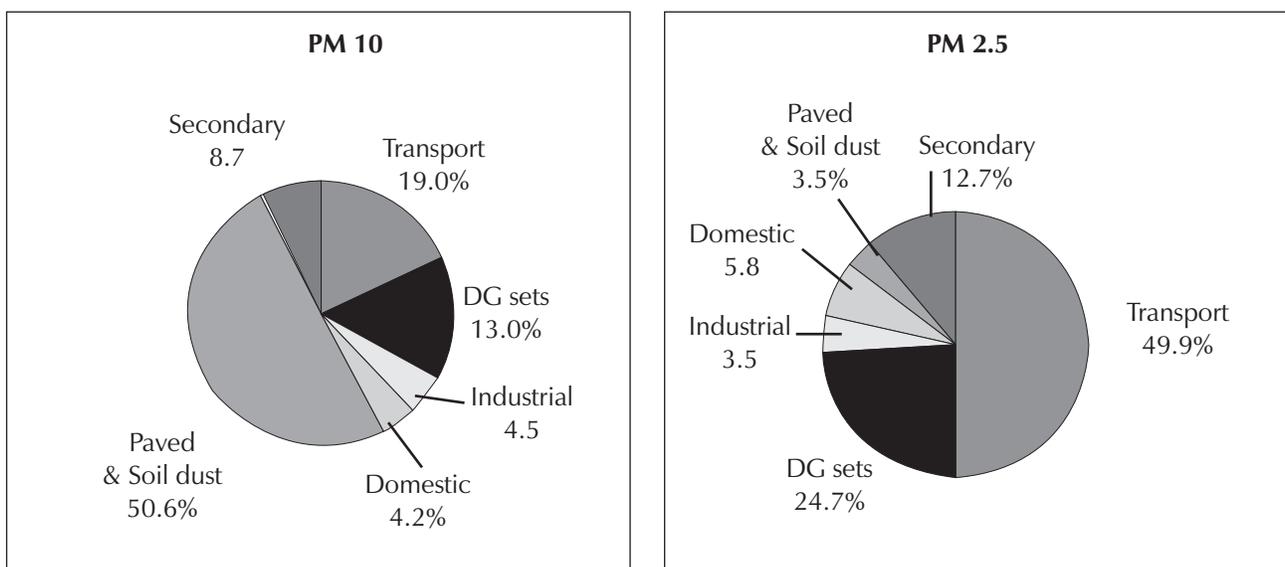


Figure: 2 Source: Report by the Central Pollution Control Board (CPCB) and the Ministry of Environment and Forests (MoEF)

- The share of transport sector increased from 19% in PM10 to 50% in PM2.5;
- The share of anthropogenic sources was eclipsed by dust contributions in case of PM10;
- DG sets contribute to 13% of PM10 and 25% of PM2.5;
- The contribution of industries to particulate matter is low;
- The domestic sector also has a small contribution to PM10 and PM2.5;
- The share of secondary particulates is higher in the case PM2.5 than in PM10.

OBJECTIVES OF THE STUDY

To find out whether the small and medium scale enterprises believe in eco-friendly practices.

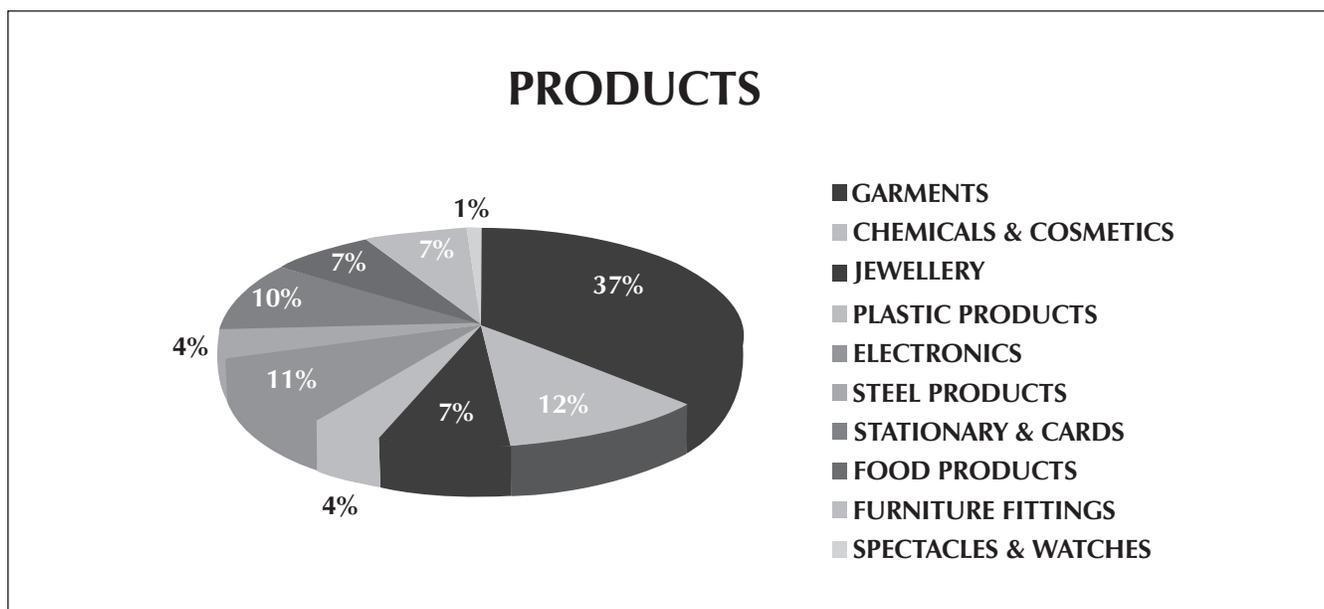
2. To find out whether the SMEs are aware of eco labels.
3. To investigate whether eco-labelling gives a competitive edge to the manufacturers.
4. To suggest the measures to enhance the practice of green marketing.

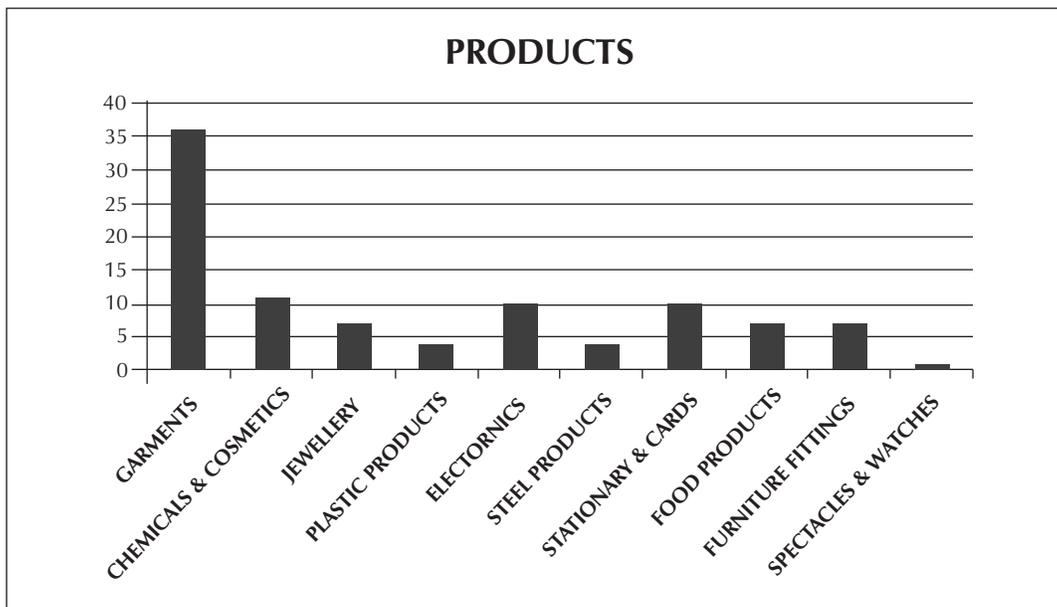
METHODOLOGY

This is an Empirical research on SMEs situated in Gurgaon, India. The data is collected through survey method with the help of questionnaire which consists of Dichotomous questions, and questions relating to demographic profile. The respondents were selected through Convenient Sampling Method as manufacturers were hesitant to give information. Data was collected from 114 respondents.

8.0. Findings

The data collected through questionnaire was analysed, the opinion of the Various SMEs were taken into consideration and percentages were derived which are represented in the form of pie charts. The findings are as under:

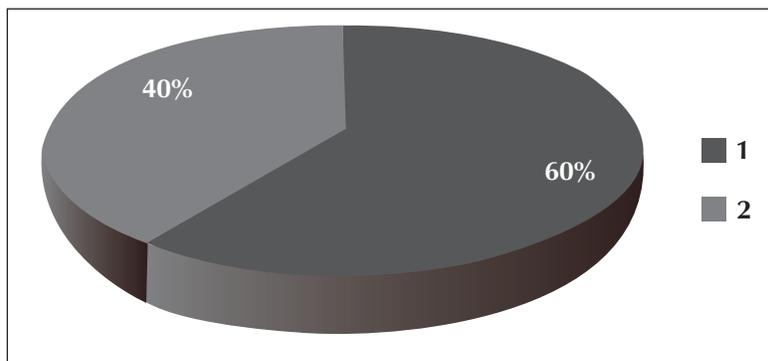




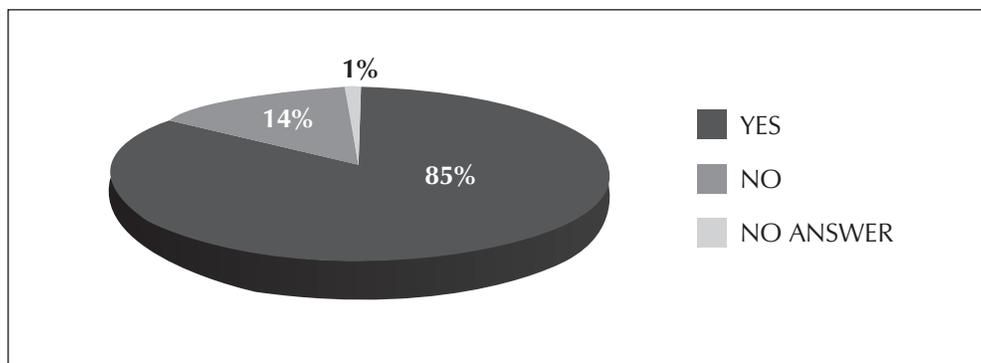
The respondents were classified under the following categories based on the type of product manufactured and the percentage was derived, which were as under:

The figure3 and table 1 shows that 37% respondents were manufacturing garments; 12% manufactured chemical and cosmetic products; 11% manufactured electronic products, 10% manufactured stationery items; 7% manufactured Jewellery, Food products, Furniture and Fittings; 4% manufactured Plastic products and Steel products; remaining 1% were manufacturers of Spectacles and Watches.

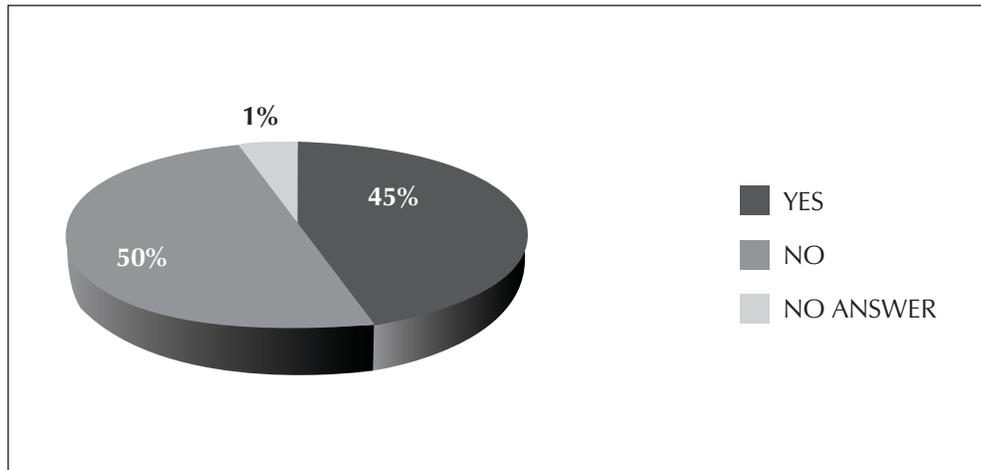
- In figure 4, we can see that 60% manufacturers manufactured standard and branded products.



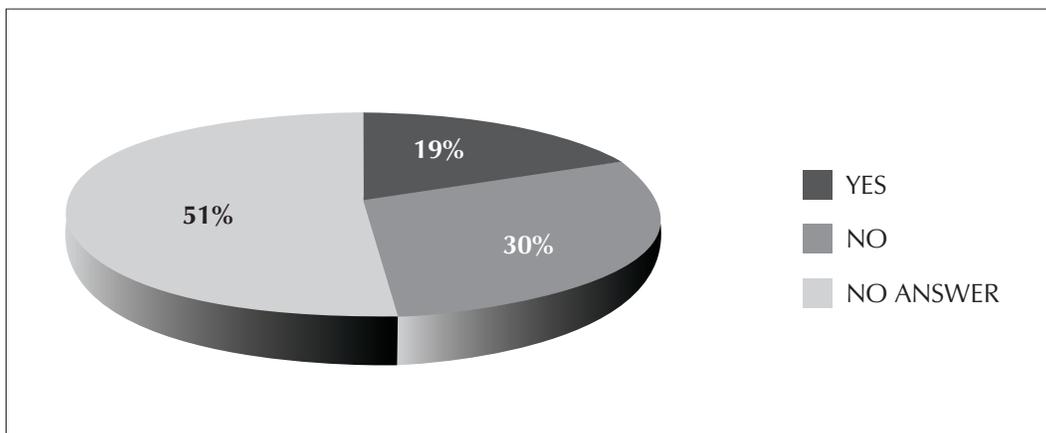
- In figure 5, we can see that 85% believed in adopting eco-friendly practices 14% said they do not believe since it inflated their cost, and 1% did not comment on it



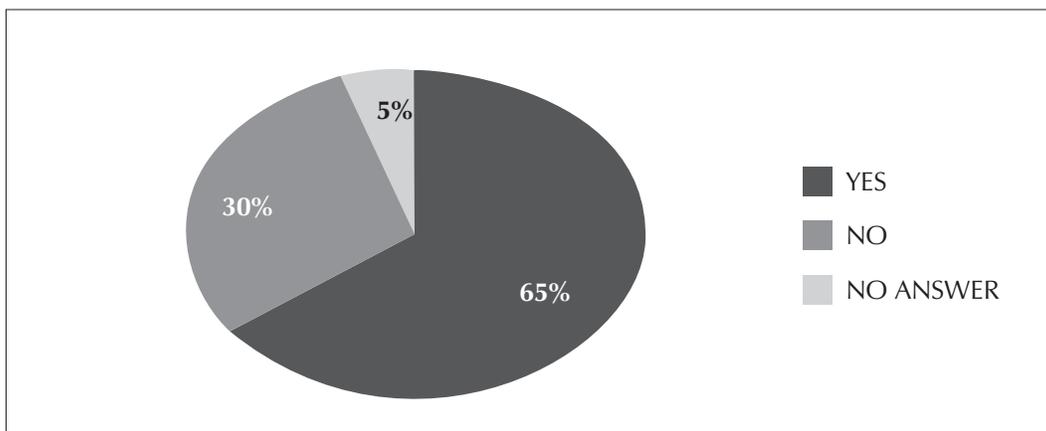
- In figure 6, we can see that 45% manufactured green products, 50% said that their product was not a green product, 5% did not answer as they were not aware of green products.



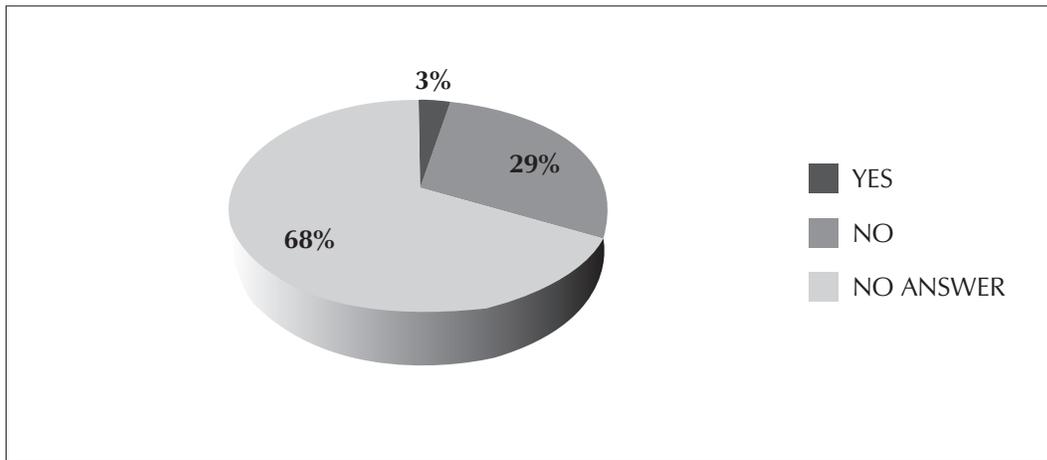
- In figure 7, we can see that from the above 50% manufacturers whose products were not green, 19% of them were planning to go in for green products, 30% said that it is not required for their products, 51% had not decided therefore they did not respond.



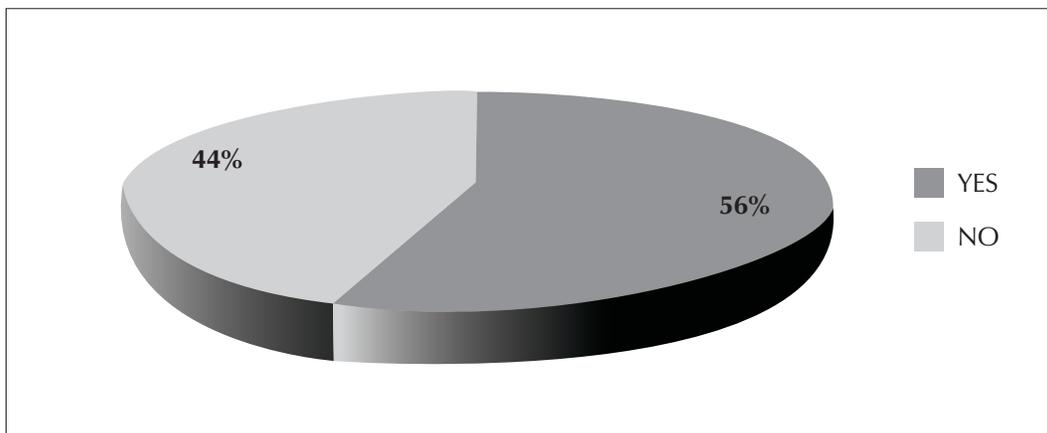
- In figure 8, we can see that 65% were aware of Eco-Label, 30% were not aware and 5% denied to answer.



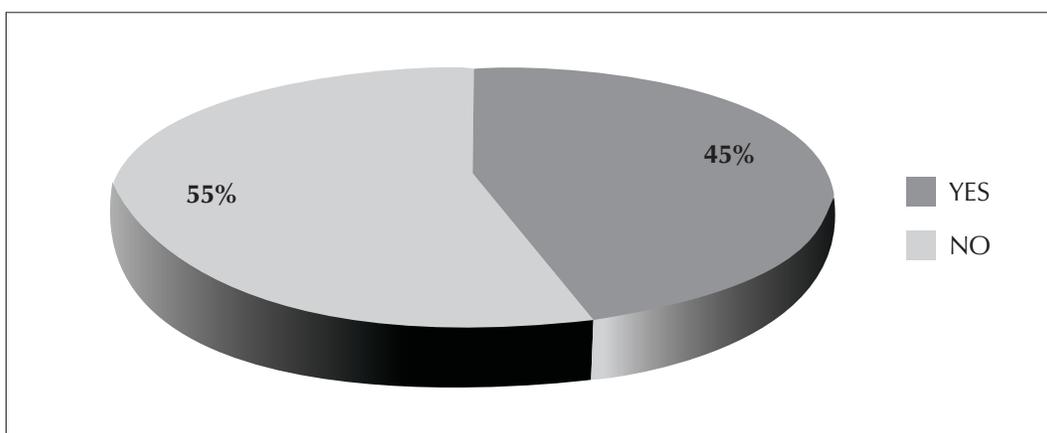
- In figure 9 we can see that only 3% are planning to get eco-labeling done for their products. 29% said they have not yet thought of eco-labeling and 68% were not ready to answer.



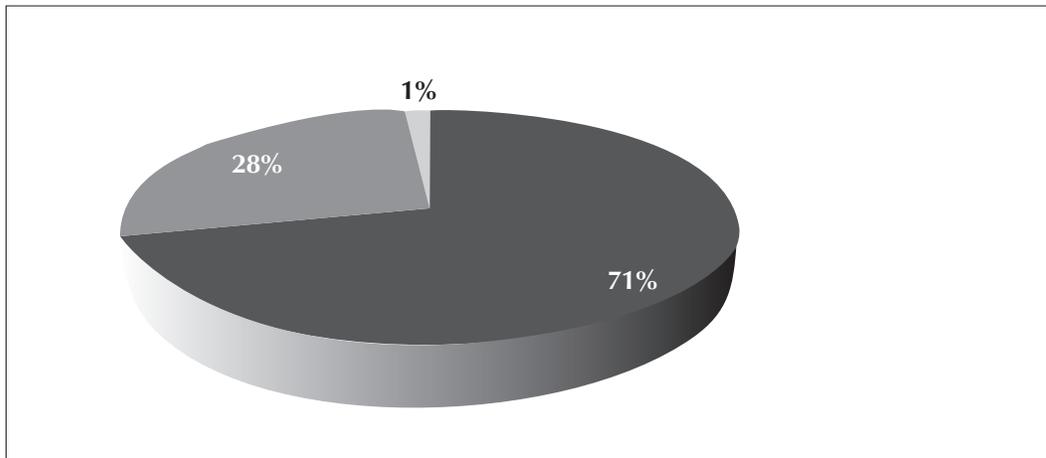
- In figure 10 we can see that 56% believed that eco-labelling has/will increased their cost and clear 44% said that it did not affect their cost.



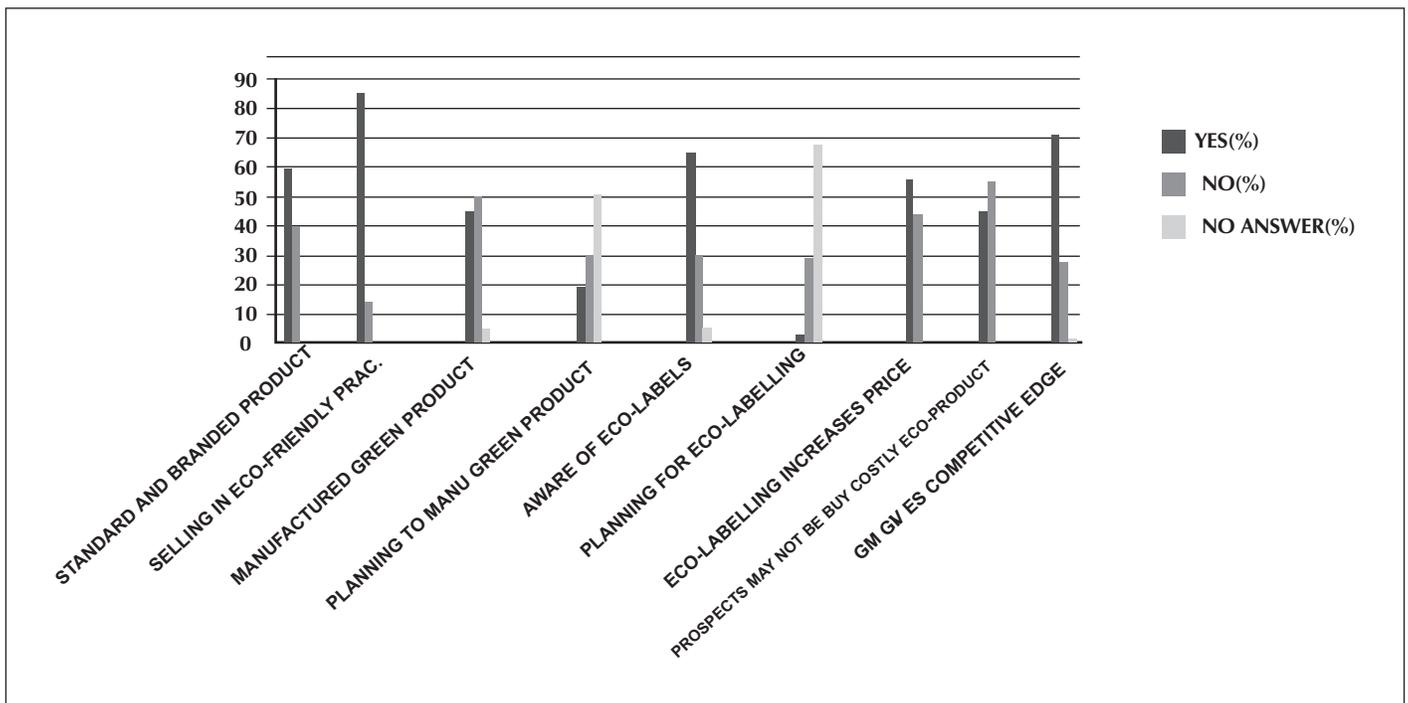
- In figure 11 we can see that 45% felt that prospect may not buy eco-friendly products which are costlier, 55% disagreed.



- In figure 12 we can see that 71% felt that eco-labels will give them competitive edge, 28% denied it and 1% did not answer.



- Figure 13 shows the consolidated graphical presentation of the responses of the various Manufacturers



Thus it can be summarised that Eco labelling is still not popular in small and medium scale manufacturers though 85% of the manufacturers feel and believe in adopting eco friendly practices, only 45% are actually into manufacturing of green products, 30% have actually denied to go in for manufacturing of green products since it increases the cost, in such cases financial assistance from the Government is required; and 5% were not ready to answer only 3% are planning to get eco-labelling done for their products. 29% said they have not yet thought of eco-labelling and 68% were not ready to answer, 71% feel that eco-labelling will give them competitive edge but at the same time they need to curtail the prices.

The following table shows the responses of the manufacturers which are given in the form of percentages.

RESPONSES	YES (%)	NO (%)	NO ANSWER (%)
STANDARD & BRANDED PRODUCTS	60	40	0
BELIEVED IN ECO-FRIENDLY PRACTICES	85	14	1
MANUFACTURED GREEN PRODUCTS	45	50	5
PLANNING TO MANU. GREEN PRODUCTS	19	30	51
AWARE OF ECO-LABLE	65	30	5
PLANNING FOR ECO-LABLING	3	29	68
GREEN PRODUCTS INCREASES PRICE	56	44	
PROSPECTS MAY NOT BUY COSTLY ECO PRODUCTS	45	55	0
GREEN PRODUCTS GIVE COMPETITIVE EDGE	71	28	1

Table 2

MEASURES TO ENHANCE GREEN MARKETING

From the above findings one can conclude that:

- There has to be a stimulus provided by the Government to encourage and support the manufacturers who are manufacturing green products by providing subsidies.
- Financial assistance should be given in the form of easy loan facility to equip for manufacturing green products.
- Tax incentives or Tax holidays will also help the small and medium scale manufacturers as green marketing is costly.
- Awards and recognition should be given to those who successfully practice green marketing which becomes a motivating factor for others to implement it.
- Social advertising to be carried out on a large scale through various media to promote environment friendly practices, to promote the consumption of green products.
- Promotion of E co-mark or Eco-labeling has to be done to create awareness not only amongst manufacturers but also consumers.

CONCLUSION

From the above we can conclude that Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm.

Government and Social organizations may compel all the organization to practice Green Marketing for sustainable development. Customers too will be ready to pay premium price for green products. A smart marketer is one who not only convinces the consumer, but also involves him in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigour as it has societal and environmental dimensions. Marketers also have the responsibility to make the stakeholders aware about the need and the advantages of green products. The green marketers will have full support of the Government, and the consumers also will not mind paying more for a cleaner and greener environment.

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IMPACT OF KM STRATEGY ON KM PROCESS –SPECIAL REFERENCE TO AUTO COMPONENT SMALL AND MEDIUM SIZED ENTERPRISES OF PUNE REGION

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ABSTRACT

Knowledge Management (KM), the systematic management of organizational knowledge - a strategic corporate asset not to be taken lightly; can thus be created, transferred, shared and, utilized for greater organizational competitiveness, innovativeness and, productivity. The discipline of such knowledge management is now a well-established discipline in many large organizations and has been neglected amongst Small and Medium Enterprises (SMEs) of auto component firms. Therefore, this research is to understand the extent of KM strategy framed and adopted among managerial & non-managerial levels in Auto Component SMEs of Pune Region. The impact of KM strategy on KM process - knowledge capture, knowledge storage and sharing of among SMEs is investigated. SMEs in comparison with large firms, KM strategy adoption are addressed.

The findings appear that SMEs are having unstructured and informal way of KM process because they do not have a proper strategy for KM implementation. Large firms have a KM strategy at right place in right time which is lacking in SMEs.

Keywords - Knowledge Management strategy, Knowledge Management Process, Small and Medium Enterprises,

INTRODUCTION

Knowledge is an intellectual asset for each organization. The organization must know how to utilize this intellectual asset to improve their business productivity and reduce costs. To get the most value from a company's intellectual asset, KM practitioners maintain that knowledge must be shared and serve as the foundation for collaboration. Leveraging this knowledge within the organization gives a competitive edge.

Small and Medium-Size Enterprises (SMEs) are often regarded as the backbone of industrial development and important source of economic growth in India. The Indian auto component industry is very small by global standards and heavily depends on foreign sources of technology (Singh et al 2007). SMEs are often regarded as important innovators in the economy. It is increasingly important for small business to manage their collective intellectual asset (Frey 2001). Therefore, KM is extremely important for the Indian economy. In today's knowledge era it becomes not only for larger organizations but it is a need also for Small and Medium Enterprises to practice knowledge management process and the knowledge that is available within the organization are to be managed to improve organization efficiency.

Knowledge acquisition, knowledge storage, knowledge sharing and its application in problem solving and decision making processes not only help to deal with environmental issues but also encourages new innovations to be created, shared, learned, enhanced, organized and utilized for the benefit of the organization to increase competency in the organization.

This research explores the above question to understand the level of Knowledge Management strategy followed in SMEs. At managerial level it aims to understand the strategic initiatives of KM. At Non-managerial level, this research aims to examine the extent of the strategy linked with KM processes such as knowledge capture, knowledge storage, and knowledge sharing followed and comparison with large firms.

LITERATURE REVIEW

KM strategy

There are many KM strategies. Different situations require different KM strategies. Haggie & Kingston (2003), based on existing literature on knowledge management strategies have classified the KM strategies, identified the driving forces for knowledge

management and developed a classification tool to link the drivers of KM to the KM strategies. They suggested factors that would influence the selection of a KM strategy which were current/planned KM strategy, business sector characteristics, a company Strengths, Weaknesses, Opportunities and Threats (SWOT), value focus, organizational structure, organizational culture and the nature of knowledge whether explicit, or tacit. They tested this on a case to depict the usefulness of the model. The company's work practices were investigated by using a questionnaire. They reviewed a number of approaches to knowledge management and depicted that they could be brought together in the six categories of Binney (2001) KM spectrum they being Transactional KM, Analytical KM, Asset Management KM, Process-based KM, Developmental KM and Innovation/creation KM. They have recommended a seventh category also.

Pablos (2002) in his study investigated the organizational knowledge strategies using the typology of generic knowledge strategies with the objective of performing cluster analysis and classifying firms. Various implications for strategy emerge which were: each firm owns a specific bundle of resources forming organizational capabilities; uniqueness nature is an outcome of different organizational decisions; knowledge strategies determine stocks and flows of organizational knowledge and competitive advantage of firms; decisions involving trade-offs between knowledge exploitation or exploration, internal or external knowledge, breadth of knowledge base, should be made to configure the best strategy. The findings show that organizational performance varies across clusters and knowledge strategy should be integrated among strategic decisions to get good organizational fit.

Swan, Newell, and Robertson (2000) criticized information technology-driven (IT-driven) knowledge management through a discussion of two case studies in which cognitive and community strategies were presented. Cognitive strategy emphasizes linear information flow and knowledge that is codified through information technology. Community strategy emphasizes dialogue and knowledge sharing through social networks that include occupational groups and teams. Swan et al.'s (2000) findings provide conclusive evidence that community strategy is more effective in an organization.

KM Process

Researchers have identified many key aspects of the knowledge management process, including creation, transfer, and use (Skyme & Admidon, 1998; Spender, 1996); capture, transfer, and use (DeLong, 1997); and identification, capture, development, sharing/distribution, utilization, and retention (Probst, Raub, & Romhardt, 2000). Avai and Leidner (2001) examined these various characteristics and produced four broad dimensions of process, namely, creation, storage/retrieval, transfer, and application. (Shin, Holden, and Schmidt 2001) integrated different terminologies used by various authors in describing the knowledge management process and then categorized the knowledge management process as creation, storage, distribution, and application.

Knowledge capture- Organizational knowledge capture is the process of developing new content and replacing existing content within the organization's tacit and explicit knowledge base (Pentland, 1995). Many terms also have been used to describe this process: capture, creation, construction, identification, and generation. In accordance with Nonaka and Takeuchi's (1995) SECI model, knowledge is created using four processes to convert tacit and explicit knowledge. The four types of knowledge processes are socialization, externalization, combination, and internalization. Nonaka and Takeuchi (1995) posited that tacit knowledge could be made explicit and vice-versa, through social interaction. Park (2006) argued that an organization should acquire knowledge throughout the organization and exchange knowledge even with external partners so that knowledge upgrade can happen constantly through bench-marking, best practices, and feedback of projects experience to improve subsequent projects.

Knowledge storage- Alavi (2000) asserted that creating new knowledge is not enough; people and organizations forget, and mechanisms are needed to store acquired knowledge and to retrieve it when needed. The concept of organizational memory aims for the same goal. Organizational memory includes knowledge residing in various component forms that may include written documentation, structured information stored in electronic databases, codified human knowledge stored in expert systems, documented organizational procedures and processes, and tacit knowledge acquired by individuals and networks of individuals (Tan et al., 1998). Organizational memory includes individual memory (a person's observations, experiences, and actions) as well

as shared knowledge and interactions, organizational culture, transformations (production processes and work procedures), structure (formal organizational roles), ecology (physical work setting) and information archives (both internal and external to the organization) Walsh & Ungson, (1991).

Knowledge sharing- is all about disseminating and making available what is already known (Tiwana, 2000). For that reason, knowledge sharing is critical to a firm's success as it leads to faster knowledge deployment to various segments of the organization that can greatly benefit from it (Syed-Ikhsan and Rowland, 2004). Hence, with this in mind, many SMEs wish to share knowledge, as they view co-operation with consumers as vital and without a doubt beneficial.

RESEARCH OBJECTIVES

1. To explore the level of KM policy being used for the process of knowledge capture, storage and preservation, and sharing.
2. To make a comparative study between SMEs and Large auto component firms on KM policy dimension.
3. To suggest better strategies to SMEs on KM strategy that may help them in becoming more competitive.

RESEARCH HYPOTHESES

H01: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge capture.

H11: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge capture.

H02: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge storing.

H12: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge storing.

H03: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge sharing.

H13: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge sharing.

H04: There is no significant difference of KM policy among SMEs and large organizations.

H14: There is a significant difference of KM policy among SMEs and large organizations.

RESEARCH METHODOLOGY

Two different questionnaires were distributed to Small and medium sized Auto Component Manufacturing Enterprises of Pune region as the primary research instrument to collect necessary data. First at the Managerial level included the items to understand if KM strategic initiatives are known and initiated from top level. Other questionnaire for Non-managerial level which includes the KM process such as knowledge capture, knowledge storage & sharing.. Each variable is measured using a five-point likert-scale. The respondents at Managerial level were Proprietors, CEO, MD, VP, GM, Managers and the respondents at non-managerial level are technicians, engineers, and supervisors of various departments.

- Population - 325 Small & Medium Enterprises (SMEs); 29 large Auto Component firms registered - MCCA, Pune.
- Sample Size - 60% (180 SMEs) and (18 large firms)
- Sample Selection - judgmental sampling
- Selection of respondent firms and respondents - Researcher's judgement.

HYPOTHESIS TESTING

A total of 130 responses based on the list of SMEs obtained from MCCIA (Maharatta Chambers of Commerce Industries & Agriculture, Pune) were obtained both from managerial & non-managerial level of various departments and tested in this research.

Reliability Analysis:

Table 1: Cronbach's Alpha

KM Dimensions		Number of Items	α
KM strategy at Managerial level		6	0.84
KM Process at Non-Managerial level			
1	Knowledge Capture	11	0.91
2	Knowledge Storage	8	0.90
3	Knowledge Sharing	17	0.93

Reliability analysis showed that all constructs had the Cronbach's alpha higher than .70 indicating highly reliable. Questionnaire was designed and shown to the experts in industries, academics and entrepreneurs to understand whether it looks valid "on the face of it." if it is useful from a public acceptance standpoint.

H01: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge capture.

H11: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge capture.

Table 2: Spearman's rho correlation of KM policy on Knowledge capture

	KM policy	Sig.
knowledge capture	0.124	0.32

Discussion: The researcher had applied spearman's rho correlation. The correlation coefficient result as given in the above table was 0.124 that showed no significance. There is positive relationship among KM policy and knowledge is noted.

Table 3: ANOVA and Regression Analysis- KM policy on Knowledge capture

	Mean	Std deviation	beta	t	Sig
KM policy	4.03	0.803	0.219	1.642	0.106

The regression analysis and ANOVA test was conducted to see the impact of KM policy on Knowledge capture. The table above provides the t value being 1.642 and sig value is 0.106 which shows that KM policy is not having significant impact on knowledge capture.

H01: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge capture is not rejected and H11 is rejected.

H02: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge storing.

H12: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge storing.

Table 4: Spearman's rho correlation of KM policy on knowledge storage

	KM policy	Sig.
knowledge storage	0.262*	0.034
*Correlation is significant at 0.05 level (2 tailed)		

Discussion: The researcher had applied spearman's rho correlation. The correlation coefficient result as given in the above table was 0.262 that showed significance. There is relationship among KM policy & knowledge storage.

Table 5: ANOVA and Regression Analysis- KM policy on Knowledge storage

	Mean	Std deviation	beta	t	Sig.
KM Policy	4.03	0.803	0.219	1.642	0.106

The regression analysis and ANOVA test was conducted to see the impact of KM policy on Knowledge storage. The table above provides the t value being 1.642 and sig value is 0.106 which shows that KM policy is not having significance on Knowledge storage.

Hence, H02: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge storage & preservation is not rejected and H12 is rejected.

H03: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge sharing.

H13: There is a significant impact of KM policy as a dimension of KM Strategy on knowledge sharing.

Table 6: Spearman's RHO correlation of KM policy on knowledge sharing

	KM policy	Sig.
knowledge sharing	0.199	0.11

Discussion: The researcher had applied spearman's rho correlation. The correlation coefficient result as given in the above table was 0.199 that showed no significance. There is relationship among KM policy and knowledge sharing but not significant.

Table 7: ANOVA and Regression Analysis- KM policy on Knowledge sharing

	Mean	Std deviation	beta	t	Sig.
KM policy	4.03	0.803	0.223	1.645	0.105

The regression analysis and ANOVA test was conducted to see the impact of KM policy on Knowledge sharing. The table above provides the t value being 1.645 and sig value is 0.105 which shows that KM policy is not having significant impact on Knowledge sharing.

Hence, H03: There is no significant impact of KM policy as a dimension of KM Strategy on knowledge sharing is not rejected and H13 is rejected.

H04: There is no significant difference of KM policy among SMEs and large organizations.

H14: There is a significant difference of KM policy among SMEs and large organizations.

Table 8: KM policy dimensions among SME and large

KM strategy dimensions	Type of firm	N	Mean	Std. Deviation	t value	Sig.
KM policy	SME	66	4.03	.803	-7.127	0.000
	Large	13	4.92	.277		

Discussion: The researcher has calculated the descriptive statistics and to compare the level of KM policy among SMEs and large firms the ANOVA-Levene's tests for equality of variances were applied for the variables.

The results are given in table which implied that KM policy in comparison with SMEs and Large were showing the sig values < 0.05 hence there is a significant difference in the mean value of KM policy among these groups.

Hence H04: There is no significant difference of KM policy as a dimension of KM strategy among SMEs and large organizations is rejected and H14 is not rejected.

FINDINGS

- There is no impact of KM policy on the KM process dimensions such as Knowledge capture, Knowledge storing and Knowledge sharing.
- There is a difference in KM policy among Large and SME organizations.

RECOMMENDATIONS

A KM strategy could lead to a systematic implementation of KM process at the operational level of management in order to yield a better performance. Auto component SMEs should understand the importance and benefits of framing KM strategies and should put a KM strategy in right place. The KM strategy should be aligned with business strategy for implementation to follow at the operational level.

In comparison of SMEs with large auto component firms, SMEs lack in infrastructure, facility and resources. However, they do practice KM in an informal way. SMEs have to understand the importance of KM and follow a standardized KM framework for a better KM process which in turn yields better performance of the organization. SMEs should follow a better method of systematic knowledge transfer. There should be provision to facilitate storage in a readily retrievable format for future use.

CONCLUSION

Knowledge management is the systematic, explicit, creation, capturing, sharing, renewal and application of knowledge to maximize an enterprise's effectiveness and attain returns from its knowledge assets. Applying the collective knowledge and abilities of the entire work force is to achieve specific organizational objectives. This study attempts to highlight the impact of knowledge management strategy in SMEs of auto component manufacturing. These findings appear that SMEs have not received much attention in the research literature of Knowledge management in auto sector. They do not have systematic way of framing KM strategies hence there is no structured or formal way of practicing KM process.

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KNOWLEDGE MANAGEMENT : EMERGING TOOL FOR SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

The value and importance of knowledge, as seen by numerous organisations today, does without a doubt play a crucial role in the current ever-challenging and aggressive business environment. As a result, businesses that aspire to be labelled as being successful and competitive need to seek and find better ways to improve their firms' performance. Hence, Knowledge Management (KM), which is viewed as a source of sustainable competitive advantage, has attracted the attention of various companies all over the business world. With the realisation of KM, the systematic management of organisation knowledge - a strategic corporate asset not to be taken lightly; can thus be created, transferred, shared and, utilised, in pushing for greater organisational competitiveness, innovativeness and, productivity.

The environment in which businesses operate today can be summarized in terms of five key trends: globalization and the increasing intensity of competition; changing organizational structures; new worker profiles, preferences and predispositions; advances in information and communication technology; and the rise of knowledge management (KM). The basic assumption of KM is that organizations that manage organizational and individual knowledge better will deal more successfully with the challenges of the new business environment. KM is seen as a key factor in realizing and sustaining organizational success for improved efficiency and innovation. This research paper examined the factors that help to improve business performance.

Key Words: Knowledge Management, KM Process, Success Factors, Small and Medium Size Enterprises, Competitiveness.

INTRODUCTION

In today's business world, the perception and inclination of knowledge is gradually increasing. In this day and age, knowledge is viewed to be the most important organisational resource that carries unprecedented value and therefore should not be left unscrutinised as compared to conventional business assets, such as land, labour and capital. As a consequence, knowledge together with change and globalisation has become the most important driving force and commercial asset of the 21st century economy. It is this so called 'knowledge' that has in fact become an emerging crucial resource popularly known as Knowledge Management. Firms, who are seen to have accepted and undergone KM activities as part of their business processes, are undoubtedly reaping the continuous benefits of what KM has to offer. As a result, a number of private and public organisations, attracted by the lucrative returns of what KM has to offer are therefore being lured and seemingly delighted in embracing and implementing KM.

Small and Medium-Size Enterprises (SMEs) are often regarded as the backbone of industrial development and important source of economic growth. For this reason, SMEs plays a crucial responsibility in boosting the financial expansion in every country especially in meeting up with the challenges and demand of the current worldwide business environment.

Knowledge Management may be particularly relevant for SMEs. Typically, SMEs have between 20-50 employees. As such, these firms tend to be relatively more dynamic and agile than larger organizations, and more ready to learn. However, they are often more vulnerable than larger organizations to the loss of key personnel. The main purpose of this paper is how to effectively establish and sustain good knowledge management practices in SMEs in order to ensure their competitiveness in the new business environment.

CONCEPTUAL BACKGROUND

Knowledge is the possession of information or the ability to locate it. Samuel Johnson wrote in his early dictionary: "Knowledge is of two kinds: we know a subject ourselves, or we know where we can find information upon it." Today we know that knowledge can be divided into two categories: tacit and explicit. Tacit knowledge is expertise that's difficult to document. It is knowledge acquired and stored in employees' minds, such as experiences with processes, tools, techniques, customers, managers, suppliers, and co-workers. It is also knowledge gained through study of job-related material such as business journals or trade publications. It is almost never captured for retention outside of the employee. Explicit knowledge, on the other hand, is that which is codified in documents, databases, e-mails, photos, drawings, etc. It exists in physical media and can be accessed by workers if they know where to look for it.

OBJECTIVES OF THE STUDY

The present study was carried out with following objectives in view.

1. To study the concept of Knowledge Management.
2. To study the Knowledge Management success factors.
3. To study the Knowledge management strategy for SMEs.

RESEARCH METHODOLOGY

For the present research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. Some Government offices were also visited for getting office record and statistical data. The secondary data is also collected from various websites.

With the above objectives keep in mind the instructed Interview Method and Desk Research Method was basically adopted. The Secondary Data is collected from various reference books related to SME, Knowledge Management, Management, Commerce & Management, and Marketing & Finance etc. For said research study secondary data is also collected from the National and International Research Journals which are related to Commerce, Management, Marketing and Knowledge Management.

HYPOTHESIS OF THE STUDY

The Hypothesis of present research study is as under :

H1 : In today's business world, the perception and inclination of knowledge is gradually increasing.

H2 : KM is best tool for SMEs management and performance improvement of SMEs.

KM SUCCESS FACTORS: To date, numerous studies had been carried out to identify the acceptance of success factors in the perspective of SMEs. Since then, success factors have provided important meaning to KM through the identification of the core business process that is critical to the success of KM adoption in the SME sector. Based on the review of literatures undertaken, five success factors are to be considered and determined in this study: Culture; leadership; employee participation; ICT and organizational structure. Each of the critical factors will be discussed in the following sub-section.

1. Culture: Each and every organisation conjures and delivers its very own unique significant culture, which inevitably includes values, norms, attitudes and behaviors (Ramus, 2001) that characterised the day-today functioning of an organisation. While culture is not the only determinant in the success or failure of a business, a positive culture nevertheless can bring significant advantages to an organisation in terms of providing an enjoyable working environment that increases business performance. This will inevitably increase the level of teamwork, sharing of knowledge and openness to new ideas amongst workers. A culture that acknowledges the importance of sharing knowledge amongst organisations are in fact important and should therefore be crucially considered especially when

implementing KM. Hence, the significance of a culture is there by recognised as a major contributor to KM as it represents a major source of competitive advantage for organisations especially SMEs in improving their business performance (Wong, 2005), thereby increasing innovation, creativity and providing more opportunities for SMEs to compete.

2. **Leadership:** Management leadership plays a key role in influencing the success of KM. It is therefore strongly supported by Singh (2008) that the importance of leadership should not be taken lightly especially the well sought after leadership styles, in making sure that KM processes run smoothly. Leaders are important in acting as role models to exemplify the desired behaviour for KM. Hence a leader such as the manager should therefore be able to influence his or her workers to accomplish their objectives and direct the enterprise in a way that makes it more cohesive and coherent in obtaining the desired organisational results. Likewise, an effective leader capitalises on employees' strengths by making effective decisions and reacts promptly to changing conditions. Consequently, the support and commitment provided by leaders should therefore be ongoing in improving an enterprise business performance in contributing towards the success of KM, eventually making leadership a critical factor in supporting the KM initiative. In essence, it is this leadership support that enables KM to be implemented in organisations all over.
3. **Employee participation:** Effective employee participation brings promising employee satisfaction, quality improvement and productivity enhancement in SMEs (Pun et al., 2001). Hence, it is unquestionable that employee participation does play a crucial role in achieving KM initiative. By functioning in a knowledge-intensive enterprise, employees are able to apply their diverse skills and experiences in work processes and problem solving matters. With this, it is essential for all employees within an organisation, especially SMEs whereby agility and responsiveness at all levels are to be considered as sources for competitive advantage (McAdam and Reid, 2001). Therefore, encouraging participation is important in fostering the spirit of teamwork among employees to ensure that accurate information is able to reach the right individual at the exact time, which is the true goal of any KM initiative within SMEs. This will inevitably promote employee participation in promoting a culture of sharing (Chin et al., 2008), not only knowledge but essentially crucial knowledge to further increase organisational performance.
4. **Information and Communications Technology (ICT):** ICT does play a very significant and crucial role in assisting SMEs in creating both business opportunities and combating competition pressures. It seems that the effectiveness and efficiencies of ICT in supporting KM adoption is an essential requirement at the very beginning and across the KM maturity stages. Besides Maguire et al. (2007) had supported the realisation of how firms' competitive advantage can be achieved by adopting ICT and KM in SMEs. Hence, greater use of ICT may inevitably help firms increase their overall efficiency. By utilising tools such as e-mails, groupware, the Internet and intranets, employees with indispensable knowledge can be identified and connected to each other by sharing indispensable knowledge. In addition, according to Wong, it is therefore irrefutable that one of the key enablers for implementing KM is ICT.
5. **Organisational structure:** In terms of structure, SMEs have distinct advantages when it comes to implementing KM. Rasheed (2005) had theorised that SMEs have a much simpler, flatter and less intricate structure, which thereby eases the change initiative across the entire organisation since functional integration, consisting of both horizontal and vertical, will be easier to attain. With this, he further iterates that fewer complications will be encountered by SMEs in implementing KM as they have an advantage over large enterprises in respect to this structure. In SMEs, the managers are in most cases the owners, which imply that decision-making is centralised, with fewer layers of management (Rasheed, 2005). Thus, the advantage for proprietors in SMEs, is that they become the key drivers for KM adoption, assuming of course that they do somehow appreciate the importance of KM.

KNOWLEDGE MANAGEMENT FOR SMALL AND MEDIUM ENTERPRISES

Small and medium-sized enterprises are the subject of much study and debate in the United States, as well as around the world. Widely recognized for their contributions of innovation and jobs creation, SMEs are often poorly positioned to maintain their growth patterns and at the same time adapt to what many of them find as a bewildering and wildly changing business climate. The influence of information technology, and the emergence of the economic power of information, can overwhelm a small business unprepared for its impact or unfamiliar with its rapidly changing uses.

Knowledge Management Strategy For Small And Medium Enterprises-The small business, by its very nature, normally has a high degree of informal sharing of tacit knowledge. Many people contribute and have expertise in more than one functional area, and there is a tendency for employees to be multi-disciplined simply to make the business succeed. In cases where knowledge is not openly shared in the enterprise, that becomes one of the primary objectives of a knowledge management strategy. True enterprise integration depends on the interaction of three building blocks: people, processes, and technology. These are all present at once in a successful knowledge management programme. A general knowledge management strategy can be outlined according to the architecture presented.

1. Leadership

- Knowledge management must be championed from the top of the organization. It will most likely be a disruptive technology and unfamiliar process. Executives must not only support but endorse, enforce and participate.
- The knowledge management strategy must be aligned with and mapped directly to the business strategy.
- A culture of sharing and tolerance of change must be cultivated.
- Benefits, including incentives, must be clear and reinforced often.
- Identification of the big issues (that have clearly identifiable payoffs) to resolve, such as customer and product information to the sales staff when and where they need it.

2. Organization

- Assessment of key processes and core competencies helps with requirements,
- development and Strategy mapping.
- Progress and results must be measurable across the organization.
- Re-alignment of functions may be necessary to achieve optimum results.

3. Technology

- Create a baseline of existing technology and map a future state that reflects business strategy.
- Make an inventory of explicit knowledge resources and the processes that create, manipulate and manage them.
- Identify technology that will accomplish business strategy.

4. Learning

- Provide continuous, constructive feedback across the enterprise.
- Highlight successes, and reward accordingly. Build knowledge and enthusiasm.
- Encourage teaming and sharing at all levels and across multiple functions.
- Tolerate failure, and learn from it.

CONCLUSION

KM has become an accepted part in both the business and academic arena. For this reason, organisations are well aware of the importance of KM in influencing current and future SMEs performance. Equally, measuring the business value of KM initiatives has become essential to ensure that certain business opportunities are therefore being realised.

KM also needs to be integrated into the strategic management of the organization. This can be achieved by building KM awareness, determining its intended outcomes, auditing and valuing knowledge assets and resources, and finally by developing and implementing those KM solutions that have the best potential to enhance knowledge and add value to the organization. By identifying 'proven' critical steps, key factors and possible alternative paths to follow, this paper attempts to put into the hands of SME managers practical tools that can help them unleash the power of knowledge in their organizations.

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NEW CHALLENGES FOR ADOPTING GREEN MARKETING STRATEGIES

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ABSTRACT

The term Green Marketing is the buzzword used in industry which is use to describe business activities which attempt to reduce the negative effect of the Products/services offered by the company to make it environmentally friendly.

As today we are living in a modern era, thus industrialization has greatly affected the environment to a very severe extent. Thus business organizations have begun to modify their process in an attempt to address these new issues. Some business organizations have been quick to accept the newer challenges or changes like environmental management, minimization of the waste aligning with organizational activities. For a company to be successful in implementing green marketing strategy, it should not forget attitude of consumers towards green marketing. The outcome of this paper may give the chance to marketer to adopt several strategies which in turn will help them to overcome the major problems associated with regular marketing techniques and make a shift to green marketing. Eventually the marketers can save a lot on overhead costs and associated entities in the market.

INTRODUCTION

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non biodegradable. Solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services.

While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

OBJECTIVES OF THE STUDY

1. To find out whether the small and medium scale manufacturers are aware of green marketing and eco labels
2. To identify the challenges faced by the small and medium scale manufacturer in adapting green marketing

FINDINGS

Thus it can be summarized that going for green marketing is not an easy task. And the small and medium scale manufacturers even have to sacrifice short run profit for this purpose

NEED OF GREEN MARKETING

Most of the companies are venturing into green marketing because of the following reasons: Issues like Global warming and Exploitation of ozone umbrella are important issues faced today this will harm the healthy survival. Every person would be interested in quality life with full of health and vigour and so would the corporate class. Financial gain and economic profit is the

most essential objective of any corporate business. But harm to environment cost by the businesses across the globe is realized now though off late. This sense is building corporate citizenship in the business class. So green marketing by the business class is still in the selfish anthropological perspective of long term sustainable business and to please the consumer and obtain the sanction license by the governing body. Industries in Asian countries today are realizing the need of green marketing from the developed countries but still there is a wide gap between their understanding and implementation.

CHALLENGES OF GREEN MARKETING

Implementing Green marketing is not going to be an easy job. The firm has to face many problems while going on the way of Green marketing. Challenges which have to be faced are listed as under:

- **Costly affair**-Green marketing encourages green products/services, green technology, green power/energy; a lot of money has to be spent on R&D programmes. Thus practicing green marketing initially will be a costly affair.
- **Convincing the customers**-The customers may not believe in the firm's strategy of Green marketing, the firm therefore should ensure that they convince the customer about their green product, this can be done by implementing Eco-labeling schemes.
- **Low profit**-Initially the profits will be very low as renewable, recyclable products and green technologies are more expensive. Green marketing will be successful only in long run.
- **Higher price**-Many customers may not go for higher price for green products which may also affect the sales of the company.
- **Unfair practices**-The firm may even adapt unfair practices to cut cost, so that it can sustain in the competition and thus the entire idea of going green will be a farce.
- **Difficult to convince stakeholders**-The firms practicing Green marketing have to strive hard in convincing the stakeholders and many a times there may be some who simply may not believe and co-operate.

MEASURES TO ENHANCE GREEN MARKETING

- **Subsidies by government**- There have to be a stimulus provided by the Government to encourage and support the manufacturers who are manufacturing green products by providing subsidies.
- **Financial help** -Financial assistance should be given in the form of easy loan facility to equip for manufacturing green products.
- *Low tax rates*-Tax incentives or Tax holidays will also help the small and medium scale manufacturers as green marketing is costly.
- **Should provide motivation**-Awards and recognition should be given to those who successfully practice green marketing which becomes a motivating factor for others to implement it.
- **Should do the social promotion**-Social advertising to be carried out on a large scale through various Medias to promote environment friendly practices, to promote the consumption of green products.
- **Should do the eco labeling**-Promotion of Eco-mark or Eco-labeling has to be done to create awareness not only amongst manufacturers but also consumers

GREEN PRODUCTS AND ITS CHARACTERISTICS

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology an green products is necessary for conservation of natural resources and sustainable development. We can define green products by following measures:

- Products those are originally grown,
- Products those are recyclable, reusable and biodegradable,

- Products with natural ingredients,
- Products containing recycled contents, non-toxic chemical,
- Products contents under approved chemical,
- Products that do not harm or pollute the environment,
- Products that will not be tested on animals,
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

GOLDEN RULES OF GREEN MARKETING

1. Know your Customer: Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers didn't know what CFCs were.).

2. Educating your customers: isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.

3. Being Genuine & Transparent: means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.

4. Reassure the Buyer: Consumers must be made to believe that the product performs the job it's supposed to do-they won't forego product quality in the name of the environment.

5. Consider Your Pricing: If you're charging a premium for your product-and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients-make sure those consumers can afford the premium and feel it's worth it.

6. Giving your customers an opportunity to participate: means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action

7. Thus leading brands should recognize that consumer Expectations have changed: It is not enough for a company to green its products; consumers expect the products that they purchase pocket friendly and also to help reduce the environmental impact in their own lives too.

BENEFITS OF GREEN MARKETING

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore, more companies are responsible to consumers' aspirations for environmentally less damaging or neutral products. Many companies want to have an early mover advantage as they have to eventually move towards becoming green. Some of the advantages of green marketing are:

- It ensures sustained long term growth along with profitability.
- It saves money in the long run, though initially the cost is more.
- It helps the companies market their products and services keeping the environment aspects in mind.
- It helps in accessing the new markets and enjoying the competitive advantage. Most of the employees also feel proud and responsible to be working for an environmentally responsible company.
- Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets,

- It also increase their profit sustainability, and
- Enjoy a competitive advantage over the companies which are not concerned for the environment.

CONCLUSION

From the above we can conclude that Green marketing is not going to be an easy concept. The firm has to plan and then carry out research to find out how feasible it is going to be. Green marketing has to evolve since it is still at its infancy stage. Adoption of Green marketing may not be easy in the short run, but in the long run it will definitely have a positive impact on the firm. Government and Social organizations may compel all the organization to practice Green Marketing for sustainable development.

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PERFORMANCE ANALYSIS OF MSME WITH RESPECT TO INDIAN CONTEXT

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ABSTRACT:

There are several factors which influences over the development of economy. In regards to industrial development the growth of MSME and its contribution is one of the important area. MSME means Micro, Small and Medium Enterprise. It plays vital role in Indian economy. Being a developingeconomy, India should concentrate more on MSME sector so that India will lead to developed nation. The comparison of India's growth with China shows that China is growing rapidly because of MSME. There is a need to find out the reason behind the basic problem faced by MSME. This paper attempts to cover the present position of MSME in India, the factors affecting growth of MSME and also tries to study studytherole and involvement of women in MSME growth.

Keywords: Affected factors on growth of MSME,MSME present scenario, Women involvement in MSME

1. INTRODUCTION

Small and Medium Enterprises play a vital role for the growth of Indian economy by contributing 45% of the industrial output, 40% of exports, 42 million in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets. As a result, MSMEs are today exposed to greater opportunities for expansion and diversification across the sectors.

The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs are finding increasing opportunities to enhance their business activities in core sectors.

The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 4.53 million in the year 2010.

Definition of MSME

The MSMED Act 2006:

It defines the micro small and medium enterprises based

- 1) On the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of goods and
- 2) On the investment in equipment for enterprises engaged in providing or rendering of services.

- **Definition of MSME in India**

- **Manufacturing Sector**

Enterprises	Investment in Plant and Machinery
Micro Enterprises	Does not exceed 25 lakh rupees.
Small Enterprises	More than 25 lakh Rupees but does not exceed 5 crore rupees.
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees.

- **Service Sector**

Enterprises	Investment in Equipments
Micro Enterprises	Does not exceed 10 lakh rupees
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees

ABOUT MSMES IN INDIA

Indian MSMEs represent the model of socio-economic policies of Government, which emphasise job creation at all levels of income stratum and diffusion of economic power in the hands of few thereby discouraging monopolistic practices of production and marketing; and in all prospects contributing to growth of economy and foreign exchange earning with low import-intensive operations.

Indian SMEs also play a significant role in Nation development through high contribution to Domestic Production, Significant Export Earnings, Low Investment Requirements, Operational Flexibility, Location Wise Mobility, Low Intensive Imports, Capacities to Develop Appropriate Indigenous Technology, Import Substitution, Contribution towards Defense Production, Technology – Oriented Industries, Competitiveness in Domestic and Export Markets thereby generating new entrepreneurs by providing knowledge and training.

Despite their high enthusiasm and inherent capabilities to grow, SMEs in India are also facing a number of problems like sub-optimal scale of operation, technological obsolescence, supply chain inefficiencies, increasing domestic and global competition, fund shortages, change in manufacturing strategies and turbulent and uncertain market scenario. To survive with such issues and compete with large and global enterprises, SMEs need to adopt innovative approaches in their operations. SMEs that are innovative, inventive, international in their business outlook, have a strong technological base, competitive spirit and a willingness to restructure themselves can withstand the present challenges and come out successfully to contribute 22% to GDP.

In India, banks are the dominant channel for providing funds to industry. However their importance in funding smaller firms is even more pronounced since most small and medium enterprises (SMEs) are not able to access the capital markets for funds. In recent years, governments and policy makers have been giving considerable attention to facilitate the development of the SME sector, as a strong and vibrant SME sector provides a good foundation for entrepreneurship and innovation in the economy.

2. OBJECTIVES OF THE STUDY:

The objectives of this study are as follows:

- 1) To know the factors affecting growth of MSME.
- 2) To examine position of MSME in India.
- 3) To find out size of MSME sector of last five years.
- 4) To examine the efforts taken by the government for MSME growth.
- 5) To know the amount of employment in MSME sector.

3. GOVERNMENT EFFORTS

➤ Central and State government policy for the promotion of Micro and Small Enterprises

The small scale industry sector output contributes almost 40% of the gross industrial value- added 45 % of the total exports from India (direct as well as indirect exports) and is the second largest employer of human resources after agriculture the development of small scale sector has Therefore been assigned an important role in India's National Plans.

In order to protect, support and promote small enterprises as also to help them become self-supporting, a number of protective and promotional measures have been undertaken by the government.

The promotional measures cover

- Industrial extension services.
- Institutional support in respect of credit facilities.
- Provision of developed sites for construction of sheds.
- Provision of training facilities.
- Supply of machinery on hire-purchase terms.
- Assistance for domestic marketing as well as exports.
- Special incentive for setting up enterprises in backward areas etc.
- Technical consultancy and financial assistance for technological upgradation.

While most of the institutional support services and some incentives are provided by the Central Government, others are offered by the State Governments in varying degrees to attract investments and promote small industries with a view to enhance industrial production and to generate employments in their respective States.

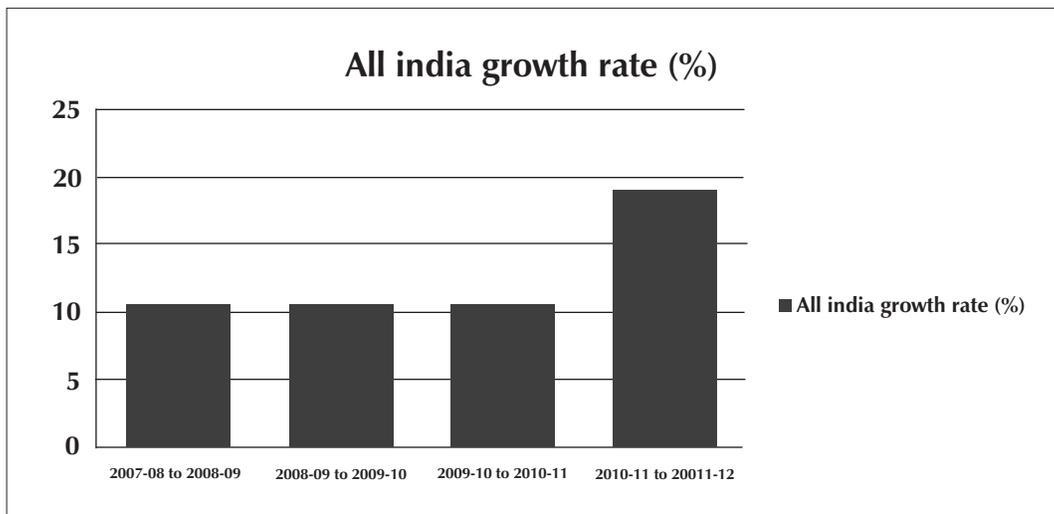
➤ **Government's Inter-Ministerial committee Under the Chairmanship of Finance Secretary R. S. Gujral.**

The Gujral committee had recommended a differential corporate tax regime and tax deduction for export turnover for the MSME exporters for a limited period of 5 years. The finance ministry official said the Reserve Bank Of India has also been asked to finalize the modalities on the recommendations of the committee such as to provide additional interest subsidies of 2% for the exporters who repay on timely basis, providing dollar credit at a cheaper rate, relaxation of RBI's external commercial borrowings limit for MSME sector and asking banks to aim for atleast 40% export credit to MSMEs

4. ANALYSIS

1) Table showing All India MSME growth rate (%)

Years	All India MSME growth rate (%)
2007-08 to 2008-09	10.76
2008-09 to 2009-10	10.78
2009-10 to 2010-11	10.93
2010-11 to 2011-12	19.06

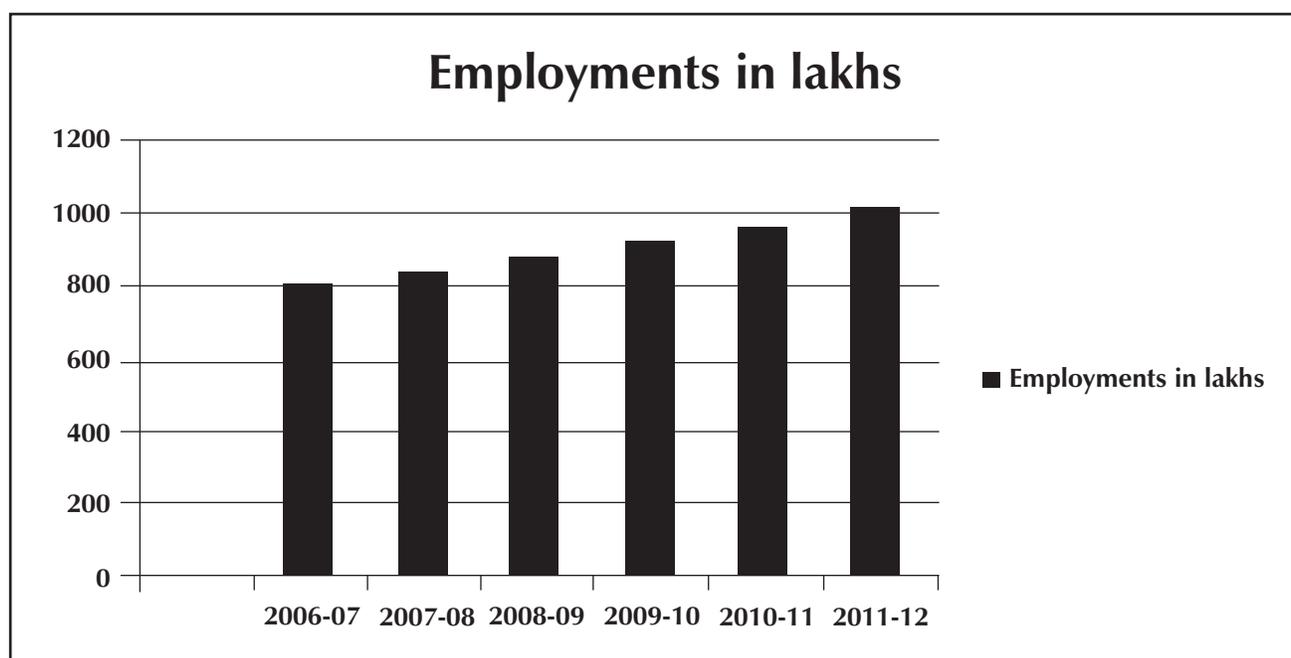


Small and Medium Enterprises (SMEs) are rightly tagged as the engine of the modern Indian Economy. So, as per experts, the SMEs in India must be encouraged to achieve the stable Gross Domestic Product Growth Trajectory. The SME Sector in India is definitely growing at an exceptional rate. Still, there are some important things that need to be focused upon so that best of these enterprises can be obtained. Here is a brief analysis of the Indian SME Sector.

The above diagram shows all India growth of MSME. It shows that from year 2007-08 to 2008-09. The growth rate is of 10.76% .while it shows from year 2008-09 to 2009-10 up to 2009-10 to 2010-11 The growth rate is 10.78 % and 10.93 % respectively .There is constant growth in the MSME sector..It shows the highest growth in the year 2010-11 to 2011-12 of 19.06% which is highest among the six years. It shows that MSME sector is growing at faster rate.

2) Table showing Employments in MSME Sector (in Lakhs)

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Employments in lakhs	805.23	842.23	881.14	922.19	965.69	1012.59



This Paper analysis the performance of MSMEs in the Indian economy and brings out their strategic importance in terms of employment for a period of 7years starting from 2006-07 to 2011-12 by employing regression techniques along with the data representation to achieve the objective of the study.

The above chart shows the employment in MSME sector. The graph shows that from year 2006-07 to 2007- 08 there has been an slight increase in the employment of MSME i.e. 805.23 to 842.23 and there is an average growth in the employment from the year 2008-09 to 2010-11 i.e. 881.14 to 922.19. And as the MSME Sector grows more the employment is also more i.e. from 2010-11 to 2011-12 i.e. 965.69 lakhs to 1012.59 lakhs.

5. CONCLUSION

Micro, Small and Medium enterprises contribute significantly to economic growth as increasing exports, increasing employment. After this study Researcher found that government has been taken majored decision for sustain growth in this sector. But major problems are lack of awareness among the entrepreneurs.

For sustain the growth in this sector government has to develop the channel of providing facilities so that will create more opportunities to MSME.

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ROLE OF E- MARKETING STRATEGY IN SMEs

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ABSTRACT

Today e-marketing communications are moving toward interactions between individual recipients and consumers rather than being directed from a marketing organization to masses of consumers. Several attempts have been made through the fields of technology and marketing to overcome the anonymousness of the computer user's interests and preferences to move toward a direct behavioral approach to e-marketing more specifically, identifying the users on the internet, collecting profiles of their interests and delivering advertisements that appeal to their specific preferences. From a marketing perspective, we are at a pioneering stage in understanding how these work. The elements of this infrastructure are technological, commercial, political, and social. The social networking that allows the quick and easy dissemination of information and mis-information is in part a product of changes in online communication channels, but these communication channels are in part enabled by such social networking. This paper reviews the current approaches to Internet behavioral marketing and its shortcomings as well as bio-metrics and its potential for more effective Internet marketing. This article suggests an infrastructure that could be useful in studying how e-marketing communication channels are emerging and how they might evolve in the future.

Keywords: E- marketing, Integrated Marketing Communication, Social Networking, Internet.

INTRODUCTION

We have seen an emergence of new ways that marketing promotions can be launched and new ways that marketing attacks can be initiated. Our current concepts and models in the marketing discipline were formulated around promotional media, modes of service delivery, ethical considerations, and such that were common before the Internet existed. Our thoughts on integrated marketing communications (IMC) and corporate reputation management are based on tactics such as traditional press releases to paper news media, whether that be to promote a new product or to react to a negative event such as an oil spill. A marketing standpoint, usernames and passwords, in addition to other tracking devices such as cookies, smart cards, tokens, credit cards and digital certificates are useful approaches for gathering information concerning general tastes and preferences from the general public; however, there are limitations to this technology concerning e-marketing. The market for technology used to track and capture individuals' interests in order to market to their tastes, often referred to as behaviorally targeted advertising, is growing. Internet marketing in particular is evolving into more personalized advertisement approaches for strategic placements of advertisements to appeal to users' preferences. One such method that has the potential to both eliminate the frustration of usernames/passwords for users and give marketers a better picture of user's tastes and preferences is the biometric identification hardware/software. Our hope is that this model can help us in the future to better understand how emerging communication channels are enabled and manipulated.

INTERNET TRACKING AND SOCIAL NETWORKING

The objective is the effective placement of advertisements to attract consumers to products for which they have a strong potential to purchase. However, this form of Internet tracking has several shortcomings. First of all, cookies identify the computer but not necessarily the user. Since several users may access the same computer, Internet site owners may obtain only those mouse clicks specific to a computer, not to a specific user. With the indefinite accessibility of public computers with internet

access available in libraries, schools and other public venues, the information received from cookies can only yield a generally broad measurement of likes and dislikes as opposed to information specific to an individual. On the other hand, having to keep track of multiple username and passwords for an indefinite number of websites, in addition to keeping them both accessible and private, can be rather frustrating for the user. Also usernames and passwords can be passed to others; this can create discrepancies in the data gathered by marketers. Other forms of security measures such as smart cards, tokens, credit cards and digital certificates require physical possession and have the same drawbacks as cookies and usernames/passwords since someone other than the actual owner may be tracked. Tracking cookies, usernames/passwords, smart cards, tokens, credit cards and digital certificates are all useful for marketing purposes. However they all fall short in their abilities to track specific user's individual tastes and preferences for individual target marketing. A social networking website is defined here as "one that allows internet users the ability to add user-generated content such as: comments, feedback, ratings, or their own dedicated pages". Social networking websites also allow anonymous attacks on the character of named persons or organizations.

INTEGRATED MARKETING COMMUNICATION

The concept of integrated marketing communications, or IMC, is relatively new. The general idea with a lack of any standard is that there are a wide array of methods, media, and channels for communicating with those outside of an organization, and that an organization needs to coordinate and centralize these activities over the long term in order to be effective. Although IMC is a term that is now common in marketing management textbooks, it is a concept that still lacks a commonly. The adoption of new methods of communication – My Space, Face book, You Tube, Epinions, personal blogs and websites, online message boards, and such – have enabled marketers to reach new markets in ways that are very different from traditional advertising channels. These sorts of communication channels have also enabled competitors and detractors to launch attacks that simply aren't possible through traditional marketing channels. Interest in this article is in suggesting the components that enable newer forms of online communication. In order to do this, we need to look at the concept of diffusion of innovations. Everett Rogers, perhaps the most well-known person associated with this concept, defines the diffusion process as an innovation which is communicated through certain channels over time among members of a social system. To understand how marketing communications happen on the Internet, we have to expand on the idea of a social communication network by looking at factors that enable that social network to exist in the first place. It is hoped that the exploratory studies such as this would provide the researchers with added incentives to conduct further investigations. After all, one needs to accept that fact that while the e-marketing strategy is a popular one, it is still far from perfect. The stage is set for information technology experts to integrate biometrics into their websites to give marketers the edge to collect relevant data on Internet users and market to those users' specific tastes and preferences. Gaining greater exposure to online e-marketing communication channels can require little more than acquiring physical resources. The remainder of the article focuses on the infrastructures that would appear to enable the diffusion of online communication channels. The hope is that we can gain a better understanding of how to manage an organization's integrated marketing communications (IMC) by understanding what can be enabled by these basic infrastructures rather than by sorting through every month's new online marketing tactic or by thumbing through a marketing management textbook that is based on traditional media and traditional ways of thinking. Additionally, there absolutely must be the technological infrastructure on which such new social systems ride. Before the Internet, servers, networking protocols, Web browsers, user-friendly applications, and such, the communication channels that are discussed herein were not available.

E- MARKETING

Marketing attacks aimed at online communications are typically discussed with a focus on the core/technological infrastructure. Technological infrastructure refers to the interconnected computers, servers, routers, switches, and cables that make the Internet work. Exploits of an online networking system are often made with the intention of gaining access to internal information through system probes and scans, root and account compromise, packet sniffing, and malicious programs. Exploits can also be made, however, with the intention to disrupt or harm an organization's marketing efforts. That is, in order for spaces such as Face book, Epinions, there has to be some sort of commercial role for these. Without some sort of financial incentive, nobody would

offer hosting services for personal websites at prices that individual hobbyists are willing to bear .Without some sort of commercial and/or competitive incentive, nobody would have enough motivation to run an extensive social networking system of the sort that is required to maintain applications such as Facebook.

CONCLUSION

In order for a marketer to understand how these media or tactics might change, evolve, or become useful, concern for changes in these infrastructures is more important than simply looking at the media or tactics themselves. Although new social media have become available in recent years, the continuance of these media in current forms and the diffusion of these into common use by an entire society is not guaranteed. In many instances of applications that have been evolving, we are still at a pioneering stage such that there are many negative or ethically-questionable uses being made. The present article has proposed that the evolution of social media and communication channels for marketing uses depends on a set of underlying infrastructures technological infrastructure, a commercial infrastructure, a political/regulatory infrastructure, and a social infrastructure

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ROLE OF EDUCATIONAL BODIES AND EDUCATIONAL INSTITUTES IN INDIAN SMES DEVELOPMENT

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ABSTRACT

1. Role of SMEs in the economy of a country with special reference to India with a special focus on globalization and WTO –

SMEs are important to almost all economies in the world but especially to developing countries. The most successful developing countries in last 50 years are the Asian countries like Taiwan, Korea - which is built on dynamics of SME sector.

Indian SMEs have also played major role in its economic development. SMEs occupy a position of strategic importance in Indian economy structure due to its significant contribution in terms of output, export and employment. SMEs form the backbone of the Indian Manufacturing sector and have become engine of economic growth.

Globalization, formation of World Trade Organisation brought competitiveness and importance of quality in the SMEs sector. The advantage of labour intensive manufacturing, lower transport costs, low labour cost etc. have led to major out sourcing in manufacturing and service sector. This phase also brought out sourcing activity an important role in manufacturing. This phase also brought out sourcing activity an important role in manufacturing. Resulting in bringing change in economical environment favorable to the SMEs.

2. The structure of SMEs – SMEs are small in size – no of employees, normally management style - one man show or family business, need of professional approach in running business etc.

3. The problems faced by the SMEs - SMEs have remained mostly small, technologically backward and lacking in competitiveness.

SEMs in India face Problems like – Getting skilled labour, Difficulty in identifying suitable buyers and importers, Preparing documents, Training human capital, Costs like bank interests, logistics and raw material cost, forex fluctuations, Deficient in technology and R & D, Lack of confidence and interest in investing in new technology, Partnership between institute and industry, Need of sound marketing techniques and as a profession, Technology and quality up gradation, Lack of knowledge / information, statutory compliance (55 inspectors of different levels visit SMEs), Tendency to share within sector is not there, Cluster development, use of Information Technology etc.

4. The suggestions to solve few of the problems stated above where Educational bodies / Educational Institutes can extend their help for success of SMEs - by use of different suggestions like training for skill development, managerial capabilities development, Special training both short term and long term training on various aspects of development of Human Capital (Managerial, technical etc.), Workforce skill development, Use of summer training / projects of MBA's, Engineering students specifically towards IT help / statutory compliance / various documentation / systems etc., Projects specifically for the technological requirements of the SEMs etc. Role of cluster / SMEs association / Chamber tie up with educational bodies for any particular.

1. Role of SMEs in the economy of a country with special reference to globalization and WTO –

SMEs are important to almost all economies in the world but especially to developing countries. SMEs contribute to economic development in various ways such as creating employment opportunities for rural and urban population, providing goods & services at affordable costs by offering innovative solutions and sustainable development to the economy as a whole.

Global -The most successful developing countries in last 50 years are the Asian countries like Taiwan, Korea - which is built on dynamics of SME sector.¹Taiwan's measures adopted like economic development, manpower resources, social stability and public construction have provided SMEs with an excellent environment to grow. Following the outbreak of the Asian financial crisis in the late 1990s, Taiwan's SMEs won international acclaim for the way in which they stood up to the impact of the crisis. UK government focus has been on the importance of SMEs as the key to economic recovery in the UK. "Without SMEs Germany wouldn't be what it is," said MP Michael Fuchs, who can look back on two decades of experience with SMEs in Germany. A German lawmaker said SMEs have been very important in his country's economic growth and it could be the same case for Asean.²

India - Indian SMEs have also played major role in its economic development. SMEs occupy a position of strategic importance in Indian economy structure due to its significant contribution in terms of output, export and employment. SMEs form the backbone of the Indian Manufacturing sector and have become engine of economic growth. There are around 13 million are SMEs. SMEs contribute nearly 45% share of manufactured output, accounting for \$100 billion or 40% in overall exports of the country primarily from engineering, gemsandjewellery, agricultural, readymade garments and cotton yarn etc.and providing employment to about 32 million people.³ SME is the foremost employment generating sector and has a significant contribution in Indian GDP. More than 3.2 million units spread across India producing about 8000 items from basic to highly sophisticated products. It is biggest employment provider after agriculture sector with 29.4 million employments.

The opening of Indian economy in 1991 added problems to SMEs resulting in to survival problem initially. The 1990s was major eventful period due to policy changes nationally, internationally and sectoral level. Globalization, formation of World Trade Organisation brought competitiveness and importance of quality in the SMEs sector. The SMEs sector have transformed to the need of large local manufacturers and suppliers to global manufactory's like Auto industry. The advantage of labour intensive manufacturing, lower transport costs, low labour cost etc. have led to major out sourcing in manufacturing and service sector. This phase also brought out sourcing activity an important role in manufacturing. SMEs in India are at a cross-road with intense debate on SMEs future. Today some SMEs are investing in R&D in order to compete globally. Globalization, formation of World Trade Organisation brought competitiveness and importance of quality in the SMEs sector. The advantage of labour intensive manufacturing, lower transport costs, low labour cost etc. have led to major out sourcing in manufacturing and service sector. This phase also brought out sourcing activity an important role in manufacturing. This phase also brought out sourcing activity an important role in manufacturing. Resulting in bringing change in economical environment favorable to the SMEs.

2. The structure of SMEs –

SMEs are normally small in size, employing number of employees, management style - one man show / family business / women handling business, normally owners are with fixed mindset and need of professional approach in running business is missing, owner may be, in majority cases, technically or commercially expert but not in both aspects etc. are the characteristics of SME structure. Terence Gomez from the University of Malaya said "I am keen at looking at the second and third generation as they are more educated and more open to innovation than the first generation,"²The development of SMEs speeded up, and enterprises with ten or fewer employees came to account for over 90% of all enterprises. Most of these enterprises are producing for the domestic market. The percentage of enterprises accounted for by enterprises with ten or fewer employees fell to under 70%, while the percentage accounted for by medium-sized enterprises rose to over 25%. Large enterprises accounted for around 5% of the total. SMEs, which constitute 30 to 53 per cent of the GDP and 19 to 31 per cent of exports in different Asean countries, are often family-owned and locally oriented. In addition, these companies provide 50 to 95 per cent of employment in the region.⁸

3. The problems faced by the SMEs - SMEs have remained mostly small, technologically backward and lacking in competitiveness. SEMs in India face Problems like –

getting skilled labour, training human capital, difficulty in identifying suitable buyers and importers, preparing documents, training in dealing with costs like bank interests, logistics and raw material cost, forex fluctuations, deficient in technology and R & D, lack of confidence and interest in investing in new technology, technology and quality up gradation, partnership between

institute and industry, need of sound marketing techniques and as a professional, lack of knowledge / information, statutory compliance (55 inspectors of different levels visit SMEs⁴), tendency of not sharing within sector, use of Information Technology, absence of adequate and timely banking finance, non-availability of suitable technology, ineffective marketing due to limited resources and non availability of skilled manpower, Another important concern is that of rising input costs. This is affecting the competitiveness of SME products in domestic as well as international market. Also, it is difficult for SMEs to pass on the extra cost to consumers due to which their margins decline, making production unviable. SMEs have remained mostly small, technologically backward and lacking in competitiveness.

4. The suggestions to solve few of the problems stated above where Educational bodies / Educational Institutes can extend their help for success of SMEs –

Education and innovational minds are key to success of SMEs.

South Korea as an example on how governments can help provide training to skilled workers. Seoul provides an all-compassing counseling program that includes training on management skills, brand development and negotiations with overseas traders. Korea had taken to address shortage in skilled labor include recruiting talented youngsters, freeing them from military service and providing technical training. Global economy is expected to witness a skilled man power shortage to the extent of around 56 million by 2020.⁵

The advantage taken by Chinese SMEs compared to Indian SMEs despite of availability of skilled and cheap Labouris due to the cluster oriented business done in China. The representatives of textile industry come to India and purchase cotton for all the members in their Cluster.

It was estimated in the India's 10th five year plan that 50 Cr. skilled manpower will be required and for that a skill development initiative was taken. Few of the examples of Large Scale Enterprises in India where these enterprises try to develop skill in the labour for its own requirements and also develop Employability and not employment in the human resource. Example of these are listed through few of the schemes like -

- Experience of Makino in Bangalore – Makino is a Japanese Company having its manufacturing facility in Bangalore. Needy students are selected from all over India and trained in its training center with theory part and practical part in its manufacturing unit. The trained skilled manpower is available for the machine manufacturing industry.
- “Earning & Learning Scheme” by Lupin and DrReddys where the selected 12th standard passed students undergo training for three years and also study the B.Sc. Industrial Drug Science.⁶
- In Maharashtra the Diploma in Mechanical Engineering programme is implemented in Industries in Pune, Aurangabad under the “Earn & Learn” scheme of Yeshwantrao Chavan Maharashtra Open University and Yashashvee Institute of Pune. About 5000+ students take benefit of this programme.
- Public – Private partnership in education – ITI, IITs, IIMs, Private universities by industrial houses (i.e. Ambani, Kalyani, Singhania etc.)
- Vocational Education and Autonomy
- Unique Employment Promotion Programme of Government of Maharashtra
- Tata Motor – Full time Apprenticeship scheme
- Tata groups support through - Taj Hotels Vocational Education programme through Lonawala ITI – for the children of Terrorist activities affected Indian citizen.

The Indian SMEs lack determination to have a collaboration strategy like the Chinese do, lack of financial backing, lack of availability of time to devote it for learning and developing required management skills etc. The strategy suggests a cluster approach for improving the manufacturing competence. New and innovative approach to cluster development should be adopted. Many of the SMEs are in the Industrial Clusters in India.

To overcome the problems faced by the SMEs and to achieve the SMEs needs, requires the collaboration between large firms, educational bodies / institutes, various industrial Clusters and the association / bodies of the SMEs. The Government and its various bodies will have to play very essential supporting role in this aspect. The role of UGC (including the role of distance learning council), Prime Minister's National Council on Skill Development, National Skill Development Coordination Board, National Skill Development Agency, All India Council for Technical Education, Universities, Research Institutes, Technical Colleges / institutes, Management Institutes will also be very important. Role of the cluster / SMEs association / Chamber by having a tie up with educational bodies for such activities is vital one.

The use of different methods like training by educational institutes for skill development, managerial capabilities development, special training both short term and long term on various aspects of development of Human Capital (Managerial, technical, skills etc.), workforce skill development are possible through the use of summer training / projects of MBA's, Engineering students. Their projects can focus specifically towards IT help / statutory compliance / various documentation / systems etc. They can also play special role in projects emphasized on the technological requirements of the SMEs.

Based on the existing / past methods used in certain education system are stated below which can be helpful to the SMEs, The methods are as a sample stated below -

- the National Social Service scheme in the colleges which used to give 10 marks for their contribution towards their social service work,
- the participants at state / national / international level sports are given additional marks in certain educational bodies,
- the compulsory internship for MBBS students,
- Taking live projects and implementing it,
- some of the engineering and technical institutions such as IITs, National Institutes of Technology and CSIR Research Laboratories are also providing R&D and technology related support facilities and services to the SMEs including training and skill development programs. However, access to these facilities are generally not easy, and often lack the business needs of entrepreneurs.
- The delegates of the SME chambers of India had interaction with the representatives of Global Academy – University of Wales and the Global Academy shared best practice on bridge gap between academy and industry and proposed to help in sharing best practices with 3rd large economy in the world. The university is looking for recruiting 2 research scholars to specifically help the chamber.⁷
- Use of summer training / projects of MBA's / MCA's etc.,

Let us see how the above factors can be used to benefit the SMEs. As stated earlier the SMEs' managers often have limited time and management skills. A policy measure should consider providing some practical tasks to support the manager. As stated earlier the collaboration between large firms, educational bodies / institutes, various industrial Clusters and the association / bodies of the SMEs can help. The manpower made available after the "Earn and Learn" method of skill development by the large scale organizations, if they implement the scheme for more number of manpower than their requirement. The Engineering students and the Research Institutes can take the tasks for developing the SMEs required of innovation / technological development requirements. The MBAs, CA, ICWA, CS & Law graduates can help in simplifying the documentation and the statutory compliance. They can contribute in compliance audit and guidance to the SMEs.

Introduce the Employment Promotion Programme scheme of the Government of Maharashtra all over India through the Employment Exchanges.

The Cluster and the association / bodies of SMEs can identify the skill requirements and take the help of Prime Minister's National Council on Skill Development, National Skill Development Coordination Board, National Skill Development Agency. Once this is

done the certificate / diploma / degree programmes can be designed and got approved through the state Open Universities or through IGNOU from UGC. Thus the existing manpower at the SMEs can get the necessary training for skill development, managerial capabilities development through the distance learning and contact programmes while they are at work. This will help the SMEs to have the skill developed without disturbing the work and without having worry about loss of earning for other employees.

With the above actions the below stated drawbacks/ problems of SMEs can be successfully overcome.

- Awareness and Management Skill - As company grows, new managers are often introduced into the company. There will also be old managers who are promoted from the rank and file. Some of these managers may not been trained in the leadership and management skill. These uneven skill among the managers often caused conflicts during the implementation. This can be taken care if the existing managers under go managerial training.
- Lack of Human Resources- Implementations of some bigger scale IT project especially those that involve business process across different departments or require large amount of initial data entries require human resource during the implementation. Some SMEs are often in the stage of frequent fire fighting and shortage of manpower. This makes it very difficult for them to allocate time to carry out implementation. Furthermore, there is always a conflict between getting the daily routing work going and to do the "Extra" IT implementation. The development of a software / ERP system for the SMEs specific requirements can help a lot.
- There is no skilled manpower to work. Manpower shortage is the bigger issue for those SMEs which have matured and willing to grow. They have problems of attitude and lack motivation and the right mindset. The middle level management is the problem. The biggest problem faced by SMEs is the right team and skilled manpower. We can borrow money from other country or bank and agency but we cannot borrow the skills from outside. non-availability of suitable technology, ineffective marketing due to limited resources and non availability of skilled manpower.

The unique change in demographic profile indicates that India will have a unique opportunity for 20 to 25 years as against China, North America and Europe.⁵ Making the Indian SMEs strong will contribute in significant way in making the Indian Economy a strong one. Thus the role of Educational bodies and educational institutes in Indian SMEs development are very important to make Indian economy stronger one.

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ROLE OF IT SUPPORT & IT LITERACY ON SMES

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ABSTRACT

Information technology had a great impact in all aspects of life and the global economy is currently undergoing fundamental transformation. Information technology has very real impact in most of industries and in all aspects of economy, while businesses and enterprises continue to undergo considerable changes. IT having a significant impact on the operations of Small and Medium Sized Enterprises (SME) and it is claimed to be essential for the survival and growth of economies in general. This paper tries to identify the role of IT & IT literacy on SMEs

Key words: Information technology, Small and Medium Sized Enterprises (SME), Business, Economy.

INTRODUCTION

Small and Medium Sized Enterprises (SME) play an important role in economic development of a country. Several theories elaborate on connection between information technology, economic development and social change. Almost all agree on the importance of information and communication technology adoption in SME, while the importance of SME as engines to economic growth is well knowledge worldwide. Information technology, particularly the Internet is having a significant impact on the operations of SME and it is claimed to be essential for the survival and growth of nations economies in general and SME in particular. Especially information technology is changing the economy and traditional business become more dependent on new technologies. Compared with traditional business new technologies facilitate an increased Interactivity, flexibility, cheap business transactions as well as improve interconnection with business partners and customers. Information technology is having a significant impact in sector of Small and Medium Sized Enterprises (SME), especially where Industries are in decline or when unemployment levels are high. SME development is drawing attention too and modern trends of businesses and information technology usage are taking place. This paper observed the impact of new technologies in SME. The focuses are on exploring the opportunities that new technologies present to SME. While, the purpose of the paper was to show the status of the SME, with regard to usage of information technology for competitive advantages in both local and international markets. Firstly, has to do with the concept of SME and information access and use in SME. Secondly, is continued with the description of SME and ICT infrastructure. In addition, highlights usage of these technologies for business purposes as a matter of urgency.

It is encouraging the development of SME and the role that SME sector can play in promoting economic and social development by creating opportunities for employment. These components are described and discussed while more research and studies on the adoption of information technology in SME are proposed as necessary.

OBJECTIVES

1. Use of IT for growth of SME's in current scenario.
2. To educate SME's regarding use of IT in Business.
3. To provide information regarding need for IT adaptation in SME.

LITERATURE REVIEW

The literature review is organized according to the three basic constructs of the research: IT supports ,IT Literacy and IT investment justification in SMEs.

2.1 IT Support:

The deployment of IT within businesses has often resulted in the replacement of old problems with new, and the expected business benefits of IT not realised from Research Paper (Love & Irani). Despite increasing expenditure on IT, productivity has not increased and this has given rise to a 'productivity paradox' (Love & Irani). The difficulties of identifying benefits have been discussed and it has been suggested that some businesses may not have received any (Love & Irani). In fact, his research has shown that productivity benefits begin to emerge once the diffusion rate of technology in the industry surpasses 50%. Brynjolfson and Hitt and Stirroh have also shown that it takes time for the productivity benefits to be achieved (Love & Irani). Stirroh noted that the construction sector in the US did not experience increases in productivity between 1995 and 1999; this industry sector lagged behind others in embracing IT. Like the US, the construction sector in Australia is a 'laggard' in terms of its productivity output and adoption of IT when compared to other sectors of the economy (Love & Irani). Considering this, we examined the approaches used by construction small medium sized enterprise (SME) to evaluate and justify their IT investments, etc.

2.2 IT Literacy

Majority of SMEs are not utilising digital and mobile technology to grow business. With business happening at the speed of thought, which is much higher than the speed of light, scale of business has been replaced by speed in every gamut, every sphere, and every function of business. The information era we live in, only way we can grow big is by growing small. That is, making smaller mobiles, smaller cars, smaller gadgets, that contain more data, have more applications, and more utility. Today, our mantra is: Get more from less. This is how Information Technology has changed our lives, our business, and our industry. This is how IT makes the world go round. This is how IT has changed the way Small & Medium Enterprises Sector function in industry.

In industry, the SME sector has gained by leaps and bounds by embracing IT. For any small scale industry to attain Best Practices, IT is inevitable. It is no more a question of if, but when, and how.

WHY IS IT IMPORTANT?

In some ways, IT is more critical to SMEs than even its peers, the large industry. For example, a textile mill may survive even if it continues to rely on labour for its production, but a small scale industry may face extinction if it does not adopt IT. When smaller players face the heat in the market from the big players, it is like David vs. Goliath. But IT has helped – remarkably, consistently – the minion to fell the giant. There are many examples to show how this paradigm shift has taken deep roots in the SMEs. What is the nature of the paradigm shift in industry that arises out of adopting IT in SMEs? That SIZE DOES NOT MATTER. Today, anyone with a PC, with an idea can conquer the world out-compete in the market, they succeeded in taking over the world.

In fact, the best way to scale is by adopting IT, some of the world's best companies started small and grew big by riding the IT highway. In the context of Indian SMEs, the transformation of the SME sector is also visible. Today, the Services sector is a significant contributor to our GDP. In fact that is why the Government decided to levy Service Tax sensing it had a growing revenue source! This growth was possible because many small entrepreneurs quickly adopted IT in their business model and thrived. India's small lanes are dotted with thousands of such small businesses who feel empowered with a PC, a mobile, an IT application, and run successful businesses.

NEED FOR IT ADOPTION AMONGST SMES

Of course, there are many SMEs who are yet to embrace technology in the cutting edge. The slow adoption of Information technology by such SMEs to further enhance their businesses, automate their processes, provide a more efficient service or provide quality and affordable products can be attributed in my view to lack of knowledge, perceived cost implication, low levels of IT literacy, lack of access to affordable computers, and a lack of general awareness.

2.3 IT investment justification

Weill and Olson quoted a figure of 2% of revenue as being a nominal figure for IT investment and specifically noted that such an estimate was likely to be an underestimate due to the decentralised nature of organisations and the purchasing of end-user equipment from revenue rather than capital [53]. In some organisations, the investments may exceed 50% of annual capital investment and it has been suggested that, by 2010, the average IT expenditure will be 5% of revenue [19]. In contrast,

construction contractors' investments in IT have been found to be less than 1% of their turnover [52]. The process of investment justification has been identified as a major barrier to implementing IT in many construction firms (Love & Irani). A lack of awareness about information and communication technologies coupled with the importance of cash flow contributes to making the evaluation processes burdensome, requiring considerable resources. Managers often view the justification process as a barrier to be overcome and not as a technique contributing to competitive advantage in the marketplace [10]. The inability of construction organisations to quantify the full implications of their investments in IT, results in serious implications in not carrying out rigorous evaluation. Lack of management guidelines to support investment decision making may force organisations to adopt one of several dubious positions (Love & Irani) – a refusal to implement an IT infrastructure that could aid the firm's long-term profitability;

– an investment in IT as an act of faith; or – use of creative accounting (assigning arbitrary values to benefits and costs) as a means of bypassing the justification process. It is widespread practice during the investment process to account for the upper estimates for costs and the lower estimates for benefits. But still IT projects run over budget, as much of the problem lies in lack of management understanding of IT cost. Andresen et al. found that construction organisations regarded the use of evaluation techniques as a costly

ritual of legitimacy that did not generate value to the decision-making process. Construction organisations using traditional approaches to appraise their IT often do not know how to evaluate the impact of IT investments on their organisation. Furthermore, it has been suggested that generic evaluation techniques exclusively based on standard accounting methods simply do not work, an application specific approach recommended (Love & Irani)

IDENTIFICATION OF IT COSTS

3.1. Direct costs

Direct IT costs are often underestimated (Love & Irani). They may include unexpected additional hardware and installation and configuration are often classified as direct costs.

3.2. Indirect costs

The indirect costs are more significant than direct costs. Organisational costs can arise from the transformation from old to new work practices. At first, a temporary loss in productivity may be experienced. Additional organisational costs may be experienced once the basic functions of the system are in place. These are associated with management's attempts to capitalise on the wider potential of the system at the business and project level. Companies with extensive IT infrastructures in place, tend to change their corporate shape, by reducing the number of management levels. The costs of organisational restructuring are expensive, particularly when isolated groups within the company resist change. Management time has been the most significant indirect cost experienced by construction organisations. Invariably, time is spent leading, planning, and organising the integration of new systems into current work practices. The result of implementing newly adopted technologies may also force management to spend time revising, approving, and subsequently amending their IT strategies. In addition, significant resources are used to investigate the potential of IT and in experimenting with new information flows and modified reporting structures. Another indirect cost may result from employees who have developed new skills requesting revised pay scales or leaving to go to competitors. Clearly, such 'indirect' costs need to be captured and brought into the IT decision-making process.

CONCLUSION

On the basis on the above study, we come to a conclusion that SME's adopting IT will help them in growing their business and also to survive in the competitive world they need to adopt these technologies. The research reported here examined the IT evaluation and benefits management practices of construction SMEs. To date, there has been limited research undertaken in this area and so the findings should provide an impetus for organizations to re-consider their approach to IT evaluation, notwithstanding the plethora of material that has already been published. The inherent difficulties in identifying and assessing the benefits and costs are often a cause for uncertainty about the expected impact that the investment might have on the business. As a result, it is all too easy to ignore the issues.

ROLE OF MANAGEMENT SKILLS IN SMES

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ABSTRACT

Management in business and organizations means to coordinate the efforts of the people and the resources available to achieve the goal or objective of the organization or business. Indian Economy comprises various sectors contributing in the growth of the country. SME is the sector which comprises the micro, small, medium enterprises classified on the basis of investment or number of employees working for the organization. SME is the sector facing the competition from the big organization in the country or from Multinational Companies across the globe. Even apart of these challenges SME is performing well in India and contributing 8% in GDP. Also it is offering large employment after agriculture sector in India. If management skills are given importance in SME then it can be seen as compare to current scenario the future of Indian economy will brighter than this. Following are some of the basic management skills which will help for the development of SME in India

- Independence
- Risk Bearing
- Creativity
- Flexibility
- Honesty
- Self-confidence
- Innovation
- Interpersonal skill
- Leadership
- Planning
- Directing
- Controlling
- Communication
- Coordination
- Marketing skills
- Financial Know-How.
- Decision Making
- Analytical ability of mind.
- Problem solving Skills

The paper will focus on the importance of these skills for the development of SME in India.

Keywords: SME, Management Skills,

INTRODUCTION

The Concept of management has acquired a special significance in the competitive and complex business world. Management concept is a comprehensive and covers all aspects of business. Management is all about achieving the organizational or business goals/objectives with available resources. To understand the role of management skills in SME it is equally important to understand SME and Management. The objective of paper is to throw light on these terms.

Everywhere in modern society wherever there is an economic activity or social activity or political activity or any other type of activity undertaken by human beings for realizing certain specific objectives we find people working together in groups. The growing popularity of group endeavor is due to the fact that individuals have multiple needs and due to physical, mental, financial and other common limitations no one individually can plan and organize his/her actions to realize all the needs operating single handedly. To overcome these limitations and limited skills of an individual in intention to avail the maximum outcome from the available limited resources there is emergence of group-endeavor. However when groups are formed the group has its own objectives to achieve these objectives and based on the requirement of numbers of group members and investment involved the endeavors are classified into various types as follows:

- Micro
- Small
- Medium

The abbreviation SME is used to study and understand the contribution of these group-endeavors in the economic development of the country. The abbreviation SME is also used in European Union's and the international organizations such as World Bank, and World Trade Organizations.

In Europe there are three broad parameters which define SME:-

- Micro entities are the companies that employ Maximum 10 employees.
- Small entities are the companies that employ 11-50 employees.
- Medium entities are the companies that employ 51-250 employees.

The Government of India enacted the Micro Small Medium Enterprise Act 2006 includes the definitions of MSME as follows:-

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

(i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722 (E) dated October 5, 2006.

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

(i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

(ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and

(iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

MSME contributes near about 8% in GDP. Also it is second largest employer after agriculture sector in India. MSME is widely dispersed across the country and produce and provide diverse products and services to the requirements of local, national and international market. The SME is very important and contributing sector in growth of the country. While performing such important task and contributing in the growth of the country there is requirement of certain business management skills. There are various management skills some are inherent and some can be adopted by formal education and training. It is very important to understand the term management and various skills of management before defining role and importance of those skills in development or growth of SMEs in India.

Management is the art of getting work done out of others, working in a group. Management is the creation of an internal environment in an enterprise; so that people associated with the group are helped to give their best contribution towards the attainment of common goal of the group. Management is a distinct process consisting of:

- Planning
- Organizing
- Staffing
- Directing
- Controlling.

Performed to determine and accomplish the organizational goal.

The list of Management Skills can be enlarged from various sources. The requirement of number of management skills , the intensity of the skill may vary product to product, service to service business to business , situations to situations but it is certain that it is important and required for improvement of SME sector and by that the growth of the our nation.

Following are some of the basic management skills which will help for the development of SME in India

- | | |
|-----------------------|-------------------------------|
| • Independence | • Directing |
| • Risk Bearing | • Controlling |
| • Creativity | • Communication |
| • Flexibility | • Coordination |
| • Honesty | • Marketing skills |
| • Self-confidence | • Financial Know-How. |
| • Innovation | • Decision Making |
| • Interpersonal skill | • Analytical ability of mind. |
| • Leadership | • Problem solving Skills. |
| • Planning | |
- **Independence:** - Most of the entrepreneurs from SME are of that opinion they prefer to be their own boss they like to work for themselves and want to be responsible for their own decisions.
 - **Risk Bearing:** - As business environment is very dynamic it required to face various challenges and consequences accompany a risk. So the never giving up and continuing the task by considering calculated risk is important.
 - **Creativity:** - The term creativity may represent artistic talent or cultural proficiency it has particular and unique meaning in business environment it is a ability to quickly recognize the problem and their proposed resolution using available resources and in advance of other market entrants.
 - **Flexibility:** - Like creativity flexibility is equally important for the growth of SME. Flexibility means adaptability or ability to adapt the various changes in the business environment right from Business idea generation to offering product and service to the consumer.
 - **Honesty:** - As a business person Honesty is important for the growth for any business. An entrepreneur must be honest or true to himself, to the society, government, business partners, employees and all stake holders of the business.
 - **Self-confidence:-** Belief in one's capabilities is very important in achieving any goal or objective in life so it is equally important for growth of SME in India.
 - **Innovation:** - Innovation is life blood of any business and Something New, Better Than What Exist, Economically Viable, Widespread Appeal are ingredients or components of Innovation.
 - **Interpersonal skill:** - During the various act of the business entrepreneur come across and have to interact with

suppliers, customers, bankers etc. for different activities for successful completion or execution of those activities interpersonal skill is important.

- **Leadership:** - Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goal. Entrepreneur must be able to motivate inspire and direct the members of the group.
- **Planning:** - Planning is an intellectual approach to solution of various problems. It is act of deciding in advance what, who, when, where, how, why the things will take place in future.
- **Directing:** - Influencing and guiding the people and organizational resources towards the attainment of objective or pre-determined goal of the organization.
- **Controlling:** - Ability to compare the outcome with pre-determined objective and reduce the deviation if any by taking corrective measures.
- **Communication:** - Both written and oral communication skills are very important for successful operation of any enterprise or business.
- **Coordination:** - Ability to direct all the efforts and people toward the achieving or attainment of business objective.
- **Marketing skills:** - Knowledge about product positioning, selection of best channel of distribution, advertising and publicity programme for the products.
- **Financial Know-How:-** When in Business knowledge of finance is must knowing how to check/prepare balance sheet, and keep track of numbered invoices scheduling for funds etc. but these skill are not mandatory.
- **Decision Making:-** The ability to choose a particular course of action out of several alternative course of action available at that time to achieve specific or desired goals of the business.
- **Analytical ability of mind:** - The ability to address Business problems by keeping personal likes and dislikes aside and avoiding emotional and sensitive attitude and select experts rather than friend and relative.
- **Problem solving Skills:** - Ability to solve business problems and knowledge of various problem solving tools and techniques like brain storming and consensus building.

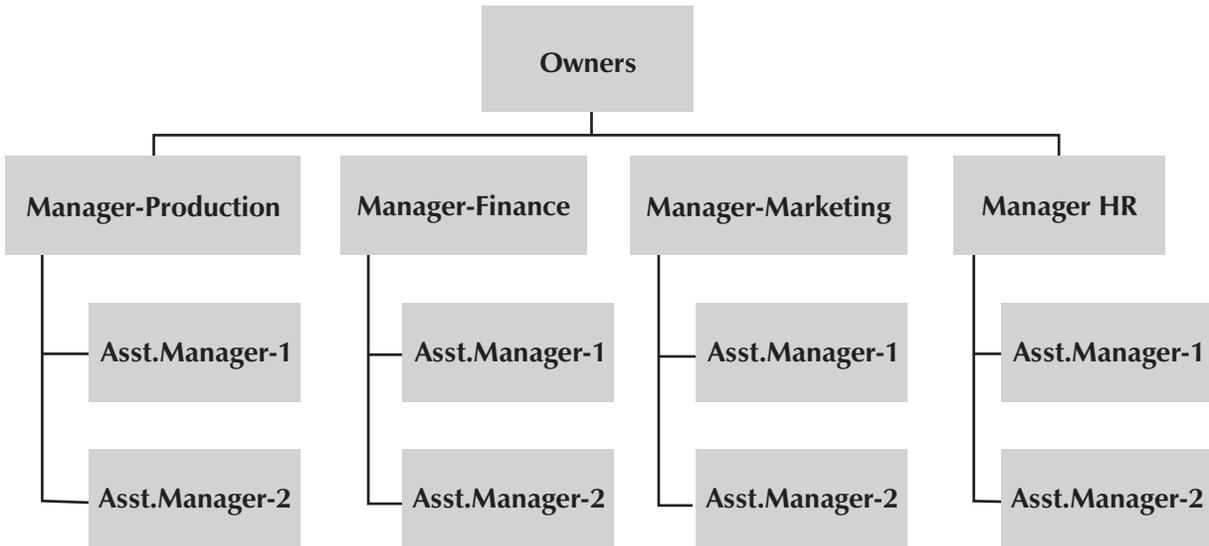
Even though the list can be enlarge if SME can focus on some of the skills which will helpful to achieve their goals and increase the contribution in country economy. The skills can be summarized as basic management skills are as follows:

- Planning:- Planning comprises the following components :-
 - ⊙ Basic planning which is concerned with the determination of the objectives of the organization.
 - ⊙ Route Planning which is concerned with the selection of best alternative course of action; travelling through which, the attainment of objective is desired.
 - ⊙ Operational Planning wherein, the planner would analyze the technical, financial, personnel and other aspects involved in implementing the pre-selected course of action.



- Organizing:-Determination of the roles and responsibility of the group members. There are various types of organizations like: -
 - ◉ Line Organization
 - ◉ Functional Organization
 - ◉ Line and Staff Organization.

Shows the representation of Line & Staff Organization



- Staffing: - Staffing means Right Man at Right Job at Right Time Which is also known as 3R of Staffing. It leads to Motivate the members to attain the group goal effectively an efficiently.

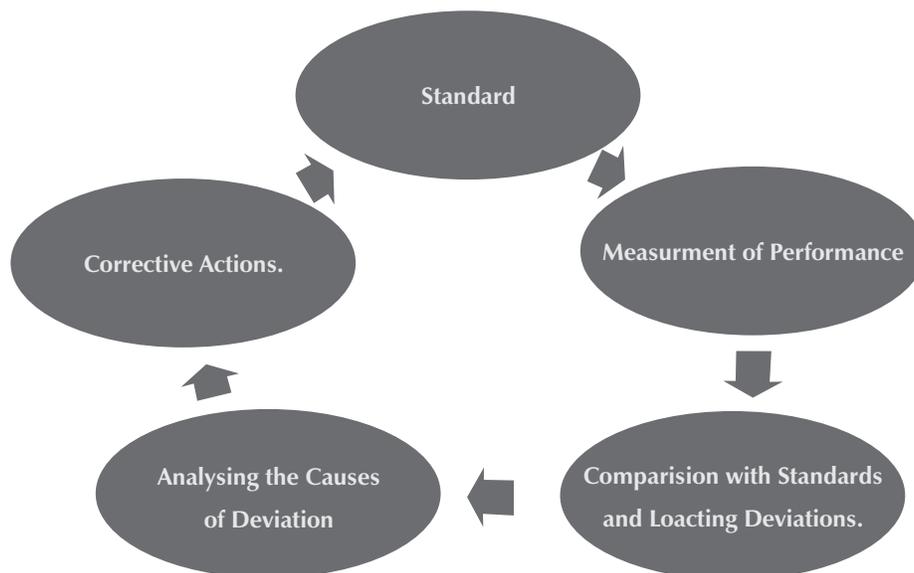


- Directing: - Directing is comprehensive managerial function which consists of following components.



- Controlling is a process of measuring the performance and comparing with the standards and finding deviations if any.

Following diagram represents the various steps involved in controlling process.



THE ROLE OR IMPORTANCE OF THE ABOVE SKILLS:-

- Planning:** - Planning can helps SMEs to focus attention on objectives and face future with greater strength. It will help to guide the decision making process which can lead the direction and coordination of all the resources and enables the SMEs to control and organizing the resources which are limited with the SMEs.
- Organizing:** - Organizing helps to determine and define authority and responsibility relationships between the various group members who are specialized in specific function of business. That way it facilitates staffing in SMEs.
- Staffing:** - Staffing concerned with acquisition, utilization and maintenance of human factors and employing right man at the right job at the right time. These 3Rs (right man at the right job at the right time) of staffing are crucial for successful functioning and attainment of the goals of SMEs.
- Directing:** - Planning, Organizing, Staffing, alone do not ensure the attainment of SMEs objective what is required is action on the part of all the group members to take the organization to its destination i.e. accomplishment of organizational goals/objectives.
- Controlling:** - Controlling can give insurance towards the attainment of the goals of organization. Controlling helps to Improve the decision making process in the organization. Controlling leads to maximize production at minimum cost. Controlling provides tools to improve the quality of the product/service, to check moral of employees.

CONCLUSION

After understanding the concepts SME, Management, Basic management skills, and Role of each skill/function of management it can be conclude that SME is the sector which comprises the micro, small, medium enterprises. This comprises group of small people for achieving business objectives with limited resources. They need proper direction and guidance to raise their efficiency. Planning is needed for guidance and to direct their efforts in right direction and to coordinate all other activities towards the attainment of business goal.

If SMEs focused on basics management skills the utility of limited manpower and investment can be utilized to enhance the performance of SME sector. Management skills can help for successful and efficient business in competitive and complex business world.

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ROLE OF MANAGEMENT SKILLS IN SMES

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ABSTRACT

In India, Small and Medium Enterprises is the base of Indian Economy. The life of Indian peoples is very much dependent on the production of this sector. In Indian Economy are progress & developed the Small and Medium Enterprises and such in these sector are developed in India, before and after independence. The training and skills ecosystem workshop verified the results of the field research and provided explanations about the reasons for the key findings: for example, the workshop participants explained that the majority of the SMEs are family-owned enterprises which, in general, are not institutionalized. It depends on the vision and/or willingness of the owner of the company to invest in training. Most of the time, SME owners think that investment in training equals a waste of money but at the same time never consider the cost of continuing to employ staff without proper training/skills. There is the fear that trained personnel would leave the company when their skill levels increase after training. The workshop revealed the need for collaboration and communication between the public organizations and NGOs responsible for training/skills development in SMEs, as well as the need for enhancing the governance system at local, regional and national level in order to eliminate overlaps and fill the gaps in the system. Studies have shown that SMEs focus on management skills to ensure a long run performance of their firms. The world, in the twenty first century, is unprecedentedly embracing entrepreneurship development as a more sustainable way of ensuring employment generation and economic development. This came to be against the back drop of the shrinking ability of governments and big organizations to create and provide job opportunities for the ever increasing job seekers.

Keywords: Entrepreneur, Entrepreneurial Capabilities, Entrepreneurial Success, Management Skills, Small and Medium Enterprises (SMEs), Developed Economy, Job Opportunity etc.

INTRODUCTION

In India, Small and Medium Enterprises is the base of Indian Economy. The life of Indian peoples is very much dependent on the production of this sector. In Indian Economy are progress & developed the Small and Medium Enterprises and such in these sector are developed in India, before and after independence. The training and skills ecosystem workshop verified the results of the field research and provided explanations about the reasons for the key findings: for example, the workshop participants explained that the majority of the SMEs are family-owned enterprises which, in general, are not institutionalized. It depends on the vision and/or willingness of the owner of the company to invest in training. Most of the time, SME owners think that investment in training equals a waste of money but at the same time never consider the cost of continuing to employ staff without proper training/skills. There is the fear that trained personnel would leave the company when their skill levels increase after training. The workshop revealed the need for collaboration and communication between the public organizations and NGOs responsible for training/skills development in SMEs, as well as the need for enhancing the governance system at local, regional and national level in order to eliminate overlaps and fill the gaps in the system. Studies have shown that SMEs focus on management skills to ensure a long run

performance of their firms. Thus, owing to the increase in SMEs in the trade sector in akurdi town, Benue State, this study examined the relative contribution of management skills to the success of these SMEs. A survey research method was adopted for the study, while systematic sampling technique was employed to gather data using questionnaires. The generated data were analyzed using Principal Component Analysis (PCA) and regression analysis. It was found that the highest relative contribution was made by skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, skills to focus on product quality so as to capture a sizeable market share, and management expertise skills to attract and keep competent employees. The study recommends that trade entrepreneurs should be sensitized to concentrate on learning and developing the identified skills.

CONCEPTUAL BACKGROUND

In India, Entrepreneurship is the base of Indian economy. The entrepreneur is an economic man, who tries to maximize his profits by various innovations. Entrepreneurship innovation includes the solving problems and entrepreneur gets satisfaction from using capabilities in attracting various crises. Every entrepreneur plays an important role in the economic growth and also development of nation. It is a purposeful activity includes in planning, controlling, promotion and also distribution of various goods and services. For more than two centuries, entrepreneurs have generated property for society by pursuing their own financial self-interest. Now a new generation of business leaders is taking a more direct approach to solving social problems.

This research paper aims to highlight the various contributions to the entrepreneurship literature and entrepreneurs as role of Management Skill in SMEs in India. The world, in the twenty first century, is unprecedentedly embracing entrepreneurship development as a more sustainable way of ensuring employment generation and economic development. This came to be against the backdrop of the shrinking ability of governments and big organizations to create and provide job opportunities for the ever increasing job seekers. Thus, owing to the mass unemployment, low productivity, high inflation and widespread poverty in Nigeria, the government according to Awogbenle and Iwuamadi (2010), in the first instance introduced vocational courses in the educational curriculum and currently entrepreneurship development programme. To this day, the focal points of these policies have been to promote self-dependence and self-reliance in the generation of gainful self-employment through the establishment of business organization. In spite of the prevailing initial challenges in setting up new business organizations, some enterprising Nigerians have floated Small and Medium Enterprises (SMEs) thereby gainfully employing themselves and to some extent, others. However, as observed by Ottih (2008), these business organizations do not exist separate and apart from the rest of the society. This implies that the operations of these business organizations as going concerns are influenced by the business environment in the society where they are located. Entrepreneurship is a management agent. This is because in the course of entrepreneur, the entrepreneur performs all the functions of management. This therefore makes management skills a necessity for the success of business enterprises. To support this stand point, Jones and George (2008) defined management as planning, organizing, leading and controlling of human and other resources to achieve organizational goals efficiently and effectively. Jones and George further noted that an organization's resources among other factors include management skills and that both education and experience helps the managers to be successful. This study therefore focuses on management skills as an entrepreneurial success factor.

OBJECTIVES OF RESEARCH STUDY

1. To study the conceptual background of Management Skill in SMEs.
2. To study the Role played by Management Skill in SMEs.
3. To study the supporting development of leadership and management skills in SMEs.

RESEARCH METHODOLOGY

For the present research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. Some Government offices were also visited for getting office record and statistical data. The secondary data is also collected from various websites.

With the above objectives keep in mind the instructed Interview Method and Desk Research Method was basically adopted. The Secondary Data is collected from various reference books related to Small and Medium Enterprises, Entrepreneurship, Entrepreneurship Management Skill, Commerce and Management, and Marketing and Finance etc. For said research study secondary data is also collected from the National and International Research Journals which are related to Commerce, Management, Marketing and Management Skill.

HYPOTHESIS

H1 Most of the time, SME owners think that investment in training equals a waste of money but at the same time never consider the cost of continuing to employ staff without proper training/skills.

ROLE PLAYED BY MANAGEMENT SKILL IN SMEs

Entrepreneurial learning capability and proactivity have been identified as key dimensions of management skills. Entrepreneurial learning capability has been emphasized in different ways in literature about entrepreneurial capabilities: high-level learning involving the identification and use of new combinations of resources (Sharma and Vredenburg, 1998); the entrepreneurial obligation to innovate and develop workers'skills; discovery of talent, ideas and exterior technologies (Russo and Foute, 1997). Young and Tiller (2006) defined it as entrepreneurial capability to generate and generalize ideas that impact multiple frontiers and business practices, by means of specific business administration initiatives. This capability is composed of three fundamental parts: (1) acquiring, discovering, creating and promoting ideas; (2) sharing ideas internally in the enterprise and; (3) detecting and correcting problems that may lead to failures in the two previous parts.

The proactivity of a business enterprise is considered to be a favourable contribution to the achievement of entrepreneurial success (Barba-Sanchez and Atienza-Sahuquillo, 2010; Agbim and Oriarewo, 2012). A proactive strategy promotes the adoption of a more advanced entrepreneurial stance. Knowledge, which can be considered the most important strategic resource, is among the resources generated by entrepreneurial learning capability. The ability (entrepreneurial learning) to share this knowledge is the most important factor in achieving and sustaining entrepreneurial success. Entrepreneurial learning capability does not only lead to the development of management skills but also to entrepreneurial success in terms of improve deficiency, cost reductions, higher productivity and it also triggers personal entrepreneurial skills. Enterprises with higher learning capability are more sensitive to changes and tendencies in the market. They are usually more flexible and answer more quickly than their competitors to such changes because entrepreneurial learning provides for the creation of new useful Knowledge for making decisions in the enterprise, allowing for more complete adaptation to the environment and increased efficiency capabilities (Fiol and Lyles, 1985; Snell et al., 1996; Brockmand and Morgan, 2003). Drucker (1985) suggested that to be successful, a business must meet four requirements of management skills which are: (1) marketing activities and an active business, (2) a strong financial base; (3) building effective top management teams; and (4) active role played by entrepreneurs. Sarasvathy (2001) also listed management skills as one of the factors that affect entrepreneurial performance apart from knowledge, relationships and social networks.

Richter and Kemter (2000) examined the factors that determine the success of small businesses. Their study compared successful and less successful organizations. Among the criteria for success are the change in the number of employees since the firm was established, market share, the valuation of economic development and sales issues. Richter and Kemter found that having the ability and competence to control and plan the whole business is an important management skill for business success. In addition, Richter and Kemter stated that more successful business owners have good management skills by offering a special service and paid attention to quality and design of their products or services. Cooperation with similar companies, a flat organizational structure, delegation of responsibility and nurturing management capabilities are also management skills that determine business success. Appostilidis (1977) outlined six characteristics for successful entrepreneurs. All six cases were on management skills. The characteristics are the ability to detect and respond quickly to market changes and the appropriate changes in buying habits, having an attractive product range to gain market share which is in accordance with the firm's size and ability, to have sufficient capital, possess management expertise and create a master plan for growth. All these business management skills are essential for the success of entrepreneurs.

SUPPORTING DEVELOPMENT OF LEADERSHIP AND MANAGEMENT SKILLS

Raising leadership and management skills is not simply a case of providing good quality development programmes – if it was we would be further advanced in our relative position to our competitor countries. Even the best development programmes and qualifications designed to improve leadership skills are regularly beset with problems over defining the key traits of leadership and clearly differentiating between leadership and management skills. Furthermore, there is no clear consensus on the most effective forms of delivery which engage managers in SMEs. Within the UK, the need to improve publicly-funded provision for leadership and management support is clear. There is no single or cohesive approach and, despite the efforts of brokerage services such as Business Link, employers are often either unaware of the offer or are unable to access appropriate levels of support due to the complexity of the offer. Furthermore, there is limited evidence to demonstrate that the current provision is clearly valued by employers and that it can demonstrate true impact upon business performance. BIS are addressing this through the provision of five Employee Engagement Guides, including one on leadership and management, which provide information and practical guidance to help employers adopt employee engagement techniques in their workplaces.

Moreover, with the downward pressure on public expenditure, any recommendation for improving leadership and management support must be considered in the context of achieving more and better for less public expenditure.

Employer networks

There is growing evidence to support the role of employer networks as a mechanism through which employers can invest in their own skills and, ultimately, those of their workforce. There are a number of bodies and agencies which already represent employer issues such as Chambers of Commerce, the Federation for Small Businesses, the Institute of Directors and Sector Skills Councils. However, employer networks represent an opportunity for employers to directly engage with other employers to address issues around leadership and management.

Employers who were engaged in this review were unanimous in their opinion that peer-to-peer learning was a particularly effective way of developing their leadership and management capabilities. Employer networks can exist on a spatial or sectoral basis they form as a result of a series of drivers, but they usually coalesce for the purposes of accessing a specific skills need or to address wider business challenges. Networks of this nature provide an ideal environment for employers to share ideas, experiences and information which support the development of leadership and management skills. Collectively, employers have an enhanced capacity to navigate issues which surround leadership and management as well as an enhanced ability to navigate complex offers of support, such as the existing publicly-funded leadership and management offer.

RECOMMENDATIONS

Developing leadership and management skills has clear value in stimulating business productivity and overall economic competitiveness. Failing to ensure that businesses have the ability to effectively harness the skills of their workforce and identify areas for innovation and business growth puts at risk the UK's ambition of becoming a world leader in employment and skills.

Employer networks present a new opportunity for Government to create an environment which would truly stimulate effective leadership and management development, where employers can interact and share experiences of leadership and management as well as experience an enhanced capacity to navigate and explore the overall skills offer presented by Government. It is essential within the programme design of employer networks that Government adopts a facilitative role in supporting the establishment of networks, and ensures that ownership truly sits with the group's employer members. We therefore recommend that Government should:

Initiate action to raise awareness and promote the benefits of employer networks, e.g. through road shows, existing employer engagement channels and support programmes.

Provide seed-corn funding for groups of employers wishing to establish employer networks, e.g. through the development of repayable network 'start up' loans. A modest amount should be allocated from existing support programmes such as the Train to

Gain programme in England to support the establishment of networks. Co-financing from employers should be a key feature of any funding support.

Invest in improved information, advice and guidance for employers, e.g. by building strong inter-network links with the Leadership and Management Advisory Service in England enabling employers to make the right choices about where to invest in developing their leadership and management skills.

CONCLUSION

Management skills have been identified as one of the key factors for entrepreneurial success. It was found that entrepreneurial success in the trade sector is most associated with skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, and management expertise skills to attract and keep competent employees. The study therefore recommends the sensitization of the trade entrepreneurs who wish to develop their management skills to concentrate on the identified factors either through training or short courses. Also, the entrepreneurs can alternatively seek the services of a more skillful and committed employee. Further, future studies can focus on sectors such as manufacturing and services, and other skills that enhance entrepreneurial success such as technical skills and personal entrepreneurial skills.

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ROLE OF SMALL SCALE INDUSTRIES IN THE ERA OF GLOBALIZATION

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ABSTRACT

The present paper deals with globalization as an economic process and its implication on development of Small Scale Industries in India. The paper also discusses how Small Scale Industries are positioned in the globalized era in Indian context.

Key Words: Globalization, Challenges of Globalization, Small Scale Industries.

INTRODUCTION:

The world is changing very rapidly. Many new economic ideas are being implemented for development of the economy. However, certain key institutions have played a major role in the economic development of the economy.

Small scale industries are one such vital institution that addresses the key issues of economic development through systematic planning, resource utilization and balancing the objectives of regional development.

The role of small scale industries in economic development of India is very significant. Indian economy is growing on multiple fronts. However, the contribution and role of Small Scale Industries cannot be undermined. From this point of view, it is appropriate to evaluate; how Small Scale Industries are contributing in the era of globalization to the Indian economy.

STATEMENT OF PROBLEM:

The present paper deals with the concept of globalization and its impact on economic development of India with special reference to the contribution of Small Scale Industries.

Globalization has definitely influence various industrial segments including Small Scale Industrial Unit. From this point of view, it is appropriate to study the impact of globalization on Small Scale Industrial Unit.

The present paper deals with how the process of globalization has influences the development and contribution of Small Scale Industries.

OBJECTIVES OF THE PAPER:

The present paper has following objectives:

- (i) To understand the role and importance of Small Scale Industries in the era of Globalization.
- (ii) To identify the problem and issues related with development of Small Scale Industries in India.

GLOBALIZATION

Globalization which is nothing but the global competition i.e. worldwide competition. This competition is observed in business practices of one nation to another at universal level. And naturally for the survival, it is bit compulsory for the each nation to participate in this Global competition. By concentrating on quality assurance and pricing policy factors. It is the long term procedure of the expansion as well as extension of the market including buyers, sellers and the competitors for the goods produced anywhere to sale it freely at any market place in any of the country. Globalization means to invite foreign capital, technical know-how, technology, automation and fully mechanization which leads the entire development of the nation.

IMPACT OF GLOBALISATION

Privatization and liberal policies, free trade practices GATT & WTO which makes serious impact on the Industrial practices. It remains compulsory to provide change in the policies, rule and regulation framework. And at the same time the multinational

companies, who are fully automation, well equipped and with modernized manufacturing process producing maximum quantity of finishes goods which reduces the cost of production and increases the profitability ratio.

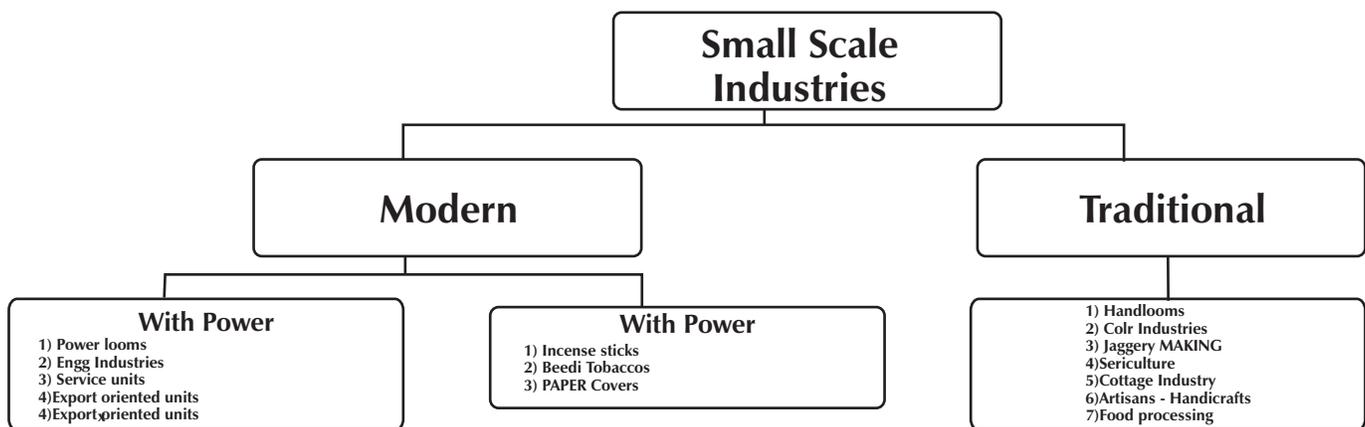
OBJECTIVES OF SMALL SCALE INDUSTRIES

Small Scale Industries provides maximum emphasis on Industrial entrepreneurial activities, which creates & provides more and more employment job opportunities. The same will be resulted in the achievement of economic & social aims and objectives.

- 1) An increase in percapita income, per capita expenditure
- 2) Reduction in poverty
- 3) Prevents the Regional Imbalance
- 4) Includes economic cultural, social as well as socio-Economic Development
- 5) Reduces educated and uneducated unemployment problem.
- 6) Promotes and ancillary to the cottage, Tiny and rural- agro based industrial entrepreneurship.
- 7) Complimentary to Agricultural Economic development

For the achievement of all these objectives, Govt. has established Khadi Gramodyog Mandal, State Handicrafts, DIC, PMRY, Vasantnao Naik Mahamandal, Annabhau Sathe Mahamandal & Mahatma Phule Mahamandal, etc.

CLASSIFICATION OF SMALL SCALE INDUSTRIES



PROBLEMS OF SMALL SCALE INDUSTRIES

Our small scale Industrial sector suffering from lot of problems and the same will be affecting the development of small units;

1. Problems in financial assistance.
2. Selection of location, area.
3. Availability of Raw Material.
4. Transport & Communication.
5. Labour problem, skilled, semiskilled or unskilled labourers.
6. Lack of modern – mechanical manufacturing plants and machineries increases the overheads
7. Problems in Marketing and sales of the finished goods due to the high price.
8. Govt. Taxes, rule and regulations etc. & complicated licensing system.

9. Lack of positive entrepreneurial approach
10. Global competition.
11. Effect of privatization and liberalization policies.
12. Heavy rate of Interest on loan.

ROLE OF SMALL SCALE INDUSTRIES

The small-scale sector is the major contributor to the industrial economy of the country. It accounts for 95 per cent of the country's factory ownership, contributes nearly 45 per cent of the total industrial production and export from this sector account for 45 per cent of total Indian exports. Apart from direct exports, products of a large number of small – scale enterprises are exported indirectly. Small scale industries are playing a significant role in the Indian economy due to the following reasons:

- a) Small scale industries are less capital intensive and therefore, found ideal for developing economy like ours with scarce resources for heavy capital investments.
- b) Small scale industries are labour intensive and so provide innumerable employment opportunities. Investment in small industries can provide 10 to 15 times more employment than the same investment in a large scale industry.
- c) Local resources and skills can be effectively exploited. Small scale industries have least pollution and helps in the protection of the environment
- d) Management in small business is independent in the sense that owners themselves act as managers. As ownership and management are closely related, decisions are not delayed.
- e) A small unit is generally owned and organized by a single entrepreneur or a group of persons. Personal character is an outstanding feature of small business. Thus, it builds entrepreneurial characters.

DEVELOPMENT OF SMALL SCALE INDUSTRIES:

Remedies suggested;

1. Large scale production with minimum labour and raw material for the cost control.
2. To reduce the overheads by product planning and development.
3. Quality oriented production which is at reasonable price, standard, durability attractive colours, packaging, size, shape weight easy availability etc.
4. Prompt marketing and sales policy
5. Mechanisation of Industrial Plants.
6. Easy sanctioning and disbursement of loan, easy and in time financial services, reasonable rate of interest and appropriate repayment schedule.
7. Easy licensing system.
8. Liberal Govt. policies, Govt. taxes and duties and Govt. rules and regulations in order to promote Industrial entrepreneurial practices.

CONCLUSION

In this paper the author has discussed various issues related with Small Scale Industries in India. Also the different implications of globalization are also narrated in this paper. Thus, the author has dealt with few different aspects of Small Scale Industrial Unit, their role and contribution in the globalized world.

PROBLEMS OF ENTREPRENEURSHIP DEVELOPMENT IN PUNE DISTRICT

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ABSTRACT

An Agriculture is the backbone of Indian economy. Near about 70 percent of the population of India depend upon agriculture. Though the whole economy of the nation depends upon agriculture, the improved technologies are not utilized in the agriculture for cultivation and all other activities. Farming activities are depending upon the natural resource i.e. each farmer depends upon the rain, the natural resources of a country are of primary importance for economic development. Now agriculture has enhanced the remunerative occupation. The outmoded and tenure system, traditional technology, poor agriculture and infrastructure are the strong barriers in the process of agricultural development. Institutional and technological changes were introduced to create the favorable conditions for the development of agriculture. They primarily are initiated for improvement of crop production and productivity. Crop production and productivity and cropping intensity have increased, during the planning period. In the era of liberalization, privatization and globalization, Indian agriculture has much protection to get the advantages of globalization with the help of modern technologies in production and marketing of agriculture produce. The India can become a superpower in the world in respect of agriculture production. But the Indian agriculture has many problems which can be grouped in the functional areas of management such as production, personal, finance and marketing etc.

INTRODUCTION :-

The present study is related with Entrepreneurship especially with "A study of Entrepreneurship Development in SSI Engineering units in the rural area of Pune District (established from 2001 to 2006). Pune District which is one of the leading district in the state of Maharashtra. The main taluka's in this District are Baramti, Bhor, Daund, Indapur, Junnar, Khed, Purandar, Shirur, Haveli and Mulshi etc.

Pune District is famous for the production of small scale entrepreneurs in Maharashtra. As such the small productions are marketed in Pune City and other district in nearby market. Pune city and rural part of Pune district are important market places for small entrepreneurs and producers in all over Maharashtra.

Small entrepreneurs situation, position and problems of their business is the main focus of the study. Several important aspects of entrepreneurs like location, climate, feature, infrastructure, cultivation, historical background, rainfall, agriculture scene, production, problems and Engineering units situation in Pune districts are broadly mentioned here to provide the necessary background. The location of Pune district is situated in the western part of Maharashtra state. It is bounded on the north by Thane District on the east by the Ahmednagar District, on the south by Satara District, on the west by Raigad District.

If we want to apply modern technology in the agriculture sector, we require modern equipments and implements. In the rural areas these equipments and implements are prepared by the engineering units. For the overall development of rural area the SSI entrepreneurs are playing very dominant role. In the rural area the main engineering units which support overall development are such as – fabrication work, domestic appliances, still furniture, agriculture implements and equipments etc.

DEFINITIONS OF THE WORD:

Entrepreneur, Entrepreneurship and small scale industries are as follows :

Entrepreneur:- The word entrepreneur in English originated from the French word 'entreprendre' meaning 'to undertake'. The Lexicon Webster Dictionary (1971) explains the term entrepreneur is applicable to 'one who organizes, manages and assumes the risks of a business or enterprise'. The Oxford English Dictionary (1978) describes entrepreneur as 'one who undertakes, a manager, controller, champion'. The Encyclopedia Britannica (1979) elucidates that entrepreneur is an individual responsible for operation of a business, including choice of a product, mobilization of necessary capital, decisions on product prices and quantities, employment of labour and expansion or reduction of the productive facilities. The word entrepreneur, states the BBC English Dictionary (1993), refers to 'a person who sets up business.'

In the opinion of Irish economist Richard Cantillon (1680 – 1734), entrepreneur is someone who takes the risks of running an enterprise by paying certain price for securing and using resources for a product and reselling it at an uncertain price. According to Adam Smith (1723 – 1790), the famous Scottish Moral Philosopher and classical economist of the 18th century, entrepreneur is an individual who can visualize the market needs for goods and services and exploit that opportunity by starting an enterprises or business for profit. Economist R. T. Ely says in his work entitled 'Political Economy,' We have obliged to resort to the French language for a word to designate the person who organizes and direct the productive factors, and we call such a one as an Entrepreneur."

"Entrepreneur" is a person who creates an enterprise. The process of creation is called as "Entrepreneurship". The word "entrepreneur" has been taken from French, where it was originally meant to designate an organizer of musical and other entertainment.

The word "entrepreneur" is derived from the French verb *entreprendre*, which means to undertake. This refers to those who "undertook" the risk of new enterprises. In the earlier part of 16th century, the French men who organized and led military expeditions were referred to as entrepreneurs. French tradition regarded an entrepreneur as a person translating a profitable idea into a productive activity. During the year 1700, the architects and contractors of public works were called entrepreneurs. Quensnay recognized a rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence and wealth.

Entrepreneurship:- The concept of entrepreneurship is an age – old phenomenon that relates to the vision of an entrepreneur as well as its implementation by him. Entrepreneurship is a creative and innovative response to the environment. It is also the process of setting up a new venture by the entrepreneur. Entrepreneurship is a composite skill that is a mixture of many qualities and traits such as imagination risk taking, ability to harness factors of production i.e, land, labour, technology and various intangible factors.

Entrepreneurship was a common topic in economic essays for much of the 18th and the 19th centuries. People having different interest in a number of ways have defined the concept.

- Economic focus on " what happens when entrepreneur act"
- Psychologists and sociologists are interested in why they act.
- Management experts focus on how the entrepreneurs act, the characteristics of entrepreneurial managers and the manner in which entrepreneurs achieve their goals.

The word entrepreneur was first used in the writing of french economist, Richard Cantillon. He described an entrepreneur as a person who pays a certain price for a product to resell it at an uncertain price there by making decision about obtaining and using resources while assuming, "the risk of enterprise." As per Cantillon, entrepreneur's function is to combine factors of production into a producing organism. Entrepreneurs consciously make decisions about resource allocation. Smart entrepreneurs always look for the best opportunity of using resources for high commercial gain.

Small Scale Industries:- The interpretation of small business varies across countries and continents, what precisely should be the universally acceptable comprehensive definition of small business is a matter of debate. Different countries identify small business by different rules, principles, and standards. Regardless of these rules, principles and standards. The expression of small business is widely applicable to private trading, commercial or industrial enterprises characterized by small investment, assets, operation, output, sales, number of employees and scope. In simple words, small business generally refers to private enterprises managed on a small scale. These include manufacturing and processing units, workshops, distribution houses, wholesale or retail stores, advertising agencies, professional and personal service firms, construction and interior decoration firms, tailoring shops, hotels and restaurants, and many more of diverse description that are owned and run independently by private individuals.

In India small business is categorized primarily into such broad groups as cottage industry, tiny, ancillary, export oriented units, rural industry (village industry) women entrepreneurs, small scale business, small scale service and small scale industrial units etc.

Definitions of Micro, Small and Medium Enterprises Development (MSMED Act, 2006)

Table No. 1 Manufacturing Sector

Enterprises		Investment in plant and machinery
Micro Enterprises	:	Does not exceed twenty five lakh Rupees.
Small Enterprises	:	More than twenty five lakh rupees but does not exceed five crore rupees.
Medium Enterprises	:	More than five crore rupees but does not exceed ten crore rupees.

Service Sector

Enterprises		Investment in equipments
Micro Enterprises	:	Does not exceed ten lakh rupees.
Small Enterprises	:	More than ten lakh rupees but does not exceed two crore rupees.
Medium Enterprises	:	More than two crore rupees but does not exceed five crore rupees.

Definitions of Engineering :**The term 'engineering' is defined by various sources in the following ways:**

According to the Directory of Technical Terms, 'Engineering' means the art and science relating to expert planning construction in various industries

Webster's Third New International Dictionary of English Language indicates that 'Engineering' means the science by which the properties of matter and sources of energy in nature are made useful to man in structure, machines and outputs.

Accounting to McGraw-Hill Encyclopedia of Science and Technology, Vol 4 'Engineering' has been defined as the art of directing a great sources power in nature for the uses of convenience of man.

Definitions of Rural Development :

The Rural Development sector Policy Paper of the World Bank (1975) observes that "Rural development is a strategy designed to improve the economic and social life of a specific group of people - the rural poor. It involves the extension of the benefits of development to the poorest among those who seek a livelihood in the rural areas. The group includes small scale farmers, tenants and the landless."

World Bank publication defines rural development as "Improving the livings standards of the low-income population residing in rural areas and making the process of their development self-sustaining". It consists of development of Villages in to healthy, self-sufficient and prosperous units of living and also provides the basic requirements for a healthy and comfortable living.

According to International Bank for Reconstruction and Development (IBRD):

"Rural development is a strategy designed to improve the economic and social life of a specific group of people the rural poor. The group includes small and marginal farmers, tenants and landless labourers."

OBJECTIVES OF THE STUDY

The following objectives have been identified for the purpose of carrying out the research work.

- 1) To understand the scope, nature and background of Entrepreneurship Development in Pune District.
- 2) To study the situation of Entrepreneurship Development in Pune District, Maharashtra and India.
- 3) To study the problems of Entrepreneurship Development in the engineering units in Pune District.

COLLECTION OF PRIMARY DATA & SECONDARY DATA

For collecting the primary data & secondary data researcher decided to visit personally to a small scale engineering industrial units in rural parts of Pune District. The researcher visited to the entrepreneurs personally, and attended annual general meetings of various industries and rotary clubs i.e. Pune, Pimpri –Chinchwad, Chakan, Jejuri, Junnar, Shirur, Indapur, Saswad, Maval, Mulshi, Kurkumbh and Rajgurunagar etc., with the help of the visits and the discussion with all these entrepreneurs the data was collected.

GROWTH IN TOTAL NUMBER OF UNITS IN PUNE DISTRICT FROM 2001 TO 2006

Table No.2

Sr. No.	Year	No. of Industrial units in Pune District	Target period unit
1.	1985	4529	
2.	1990	6766	
3.	1995	5838	
4.	2000	6670	2830
5.	2006	9500	

Source: - Maharashtra chamber of Commerce ,Industries and Agriculture profile and Analysis of Pune Manufacturing Industries Book Feb -2008.

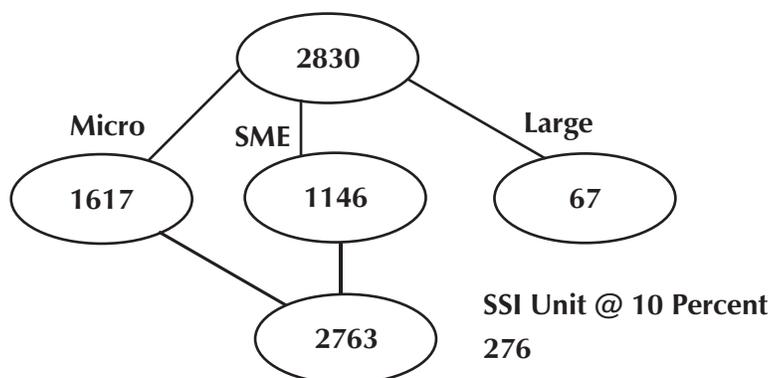
PUNE DISTRICT CATEGORY WISE SMALL, MEDIUM and LARGE UNITS FROM 1985 TO 2006

Table No. 3

Sr. No.	Year	SMALL	MEDIUM	LARGE	TOTAL
01	1985	4439	36	54	4529
02	1990	6643	45	78	6766
03	1995	5593	73	172	5888
04	2000	6407	86	177	6670
		MICRO	SME	LARGE	TOTAL
05	2006	4790	4600	110	9500
		(- 1617)	(4514)	(- 67)	(2830)

Source:- Maharashtra chamber of Commerce ,Industries and Agriculture profile and Analysis of Pune Manufacturing Industries Book Feb -2008.

SAMPLE SIZE AT A GLANCE



MSMED Act, 2006 : -

The recently enacted new Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act henceforth) has changed the investment limits for classifying the industries. The following table indicates clearly a comparison between the erstwhile norms and the MSMED norms.

Investment in plant and machinery by Manufacturing Units

Comparison of norms for classification of Industries**Table No. 4**

Particulars	Earlier Norms	MSMED norms
Micro	<10 lakhs	<25 lakhs
SSI	10 lakhs - 1 cr.	25 lakhs - 5 cr.
Medium	1 - 5 cr	5 - 10 cr.
Large	> 5 cr.	> 10 cr

Source : MCCIA, Profile Pune

Thus, a unit investing between Rs.25 lakhs and Rs. 5 crores gets classified to be an SSI unit and one investing between Rs. 5 crores and Rs. 10 crores is treated to be a medium scale unit. All units with investment of more than Rs. 10 crores are treated to be large-scale units.¹³

SALIENT FEATURES OF THE MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 : -

- It provides the first ever legal framework for recognition of the concept of “enterprise” (comprising both manufacturing and services) and integrating the three tiers of these enterprises, viz., micro, small and medium.
- Under the Act, enterprises have been categorized broadly into those engaged in (i) manufacturing and (ii) providing /rendering of services. Both categories have been further classified into micro, small and medium enterprises, based on their investment in plant and machinery (for manufacturing enterprises) or in equipment (in case of enterprises providing or rendering services) as under :

i) Manufacturing Enterprises :

Micro Enterprises - investment upto Rs. 25 Lakh

Small Enterprises - investment above Rs. 25 Lakhs and upto Rs. 5 crore.

Medium Enterprises - investment above Rs.5 crores upto Rs. 10 crore.

2) Service Enterprises :

Micro Enterprises - investment upto Rs.10 lakh.

Small Enterprises - investment above Rs.10 lakh and upto Rs.2 crore.

Medium Enterprises - investment above Rs.2 crore and upto Rs. 5 crore.

PROBLEMS OF ENTREPRENEURS : -

The Entrepreneurs face number of problems in promotion of units during production, marketing, distribution, procurement of raw material and availing the incentives offered by the State Government.

The problems of Entrepreneurs may be divided in to three groups Internal, External and General Problems etc.

Internal Problems of Entrepreneurs:

The internal problems of entrepreneurs are choice of an idea, feeble structure, faulty planning, poor project implementation, poor management, poor production, poor quality, marketing, financial crunch, labour problems, capacity utilisation, lack of vertical and horizontal integration, inadequate training in skills, poor and loose organization, lack of strategies, lack of vision, inadequate connections, lack of motivation.

External Problems of Entrepreneurs :-

The external problems of entrepreneurs are location, power, water, post office, communication, capital, marketing, taxation, raw material, industrial and financial regulations, inspections, technology, government policy, administrative hurdles, rampant corruption, lack of direction, competitive of volatile environment etc.⁸

General Problems:-

- 1) Inadequate technical support to the Entrepreneurs in respect of product identification and machinery installation from SISI. The difficulty has been in breakdowns, upgradation of technology and R and D quality control.
- 2) Non-availability of suitably updated handbooks about the various industries in small industries service institutes (SISI)
- 3) The hire purchase scheme of providing assistance to SSI helped only the larger entrepreneurs in the small scale sector, leaving smaller units financially deprived.
- 4) Delays in provision of infrastructural facilities like sheds, water, raw material, etc.
- 5) Delay in payment of Bills creating liquidity problem for SSI units.
- 6) Low recovery of bank funds because of difficulties in identifying genuine Entrepreneurs.
- 7) Lack of co-ordination between banks and state financial corporations and other agencies in assisting SSI units.
- 8) Lack of expertise on the part of small scale Entrepreneurs in the maintenance of records and books.
- 9) Innumerable laws relating to labour, excise, taxes and other areas required to be complied with by the unit holder.
- 10) Lack of professionalism on the part of bankers in rendering timely and adequate financial assistance and consultancy to SSI Entrepreneurs.
- 11) Overlapping of many items reserved for purchases from the small sector.⁹

PROBLEMS OF SMALL SCALE INDUSTRIES:-

The various policy measures taken by the government to foster the growth of small-scale industries have resulted in enormous growth of small units. However, many problems of production, distribution and finance still continued with the small-scale sector. The problems and difficulties faced by the small industries are discussed below:

1) Finance :-

Inadequate finance is the major problem for small scale units. Since most of the SSI units are either proprietary concerns or partnership firms their internal resources are small. The credit provided by the various institutional agencies such as banks, SFCs and SIDBI are inadequate to meet the requirements of small units. The initial investment of small units comes from relatives, friends, non banking and non-government sectors. The institutional agencies are still reluctant to advance money to small industries as they are unable to offer security/ guarantee required by them. The shortage of funds makes it difficult to install modern. Machinery and maintain well organized and fully equipped factories. They are unable to buy and store required raw materials or stock of finished goods, have their own sales organization. Despite the liberal credit provided by the institutional agencies, the problem of finance exists still in small-scale sector.

2) Raw Materials :-

The availability of raw materials is a great problem for small scale units. These units use either local raw materials, or imported raw materials. For the small units making use of local raw materials, the problem is not a serious one. The industries that use imported raw materials face acute raw material problem. The shortage of right type of raw materials at standard price affects the capacity utilization and production programme. The efforts taken by the government to ensure adequate supply of raw materials has met with partial success. The raw materials supplied by the government is hardly enough to meet 30 Percent to 40 Percent of the installed capacity of the SSI units. As a result the small industries have to resort to open market purchase at high prices which in turn increases the cost of production and adversely affects the profit.

3) Marketing :-

In marketing their products, the small units have to face competition from other small-scale units and also from large industries. The small units do not possess their own marketing organization. They do not have the resources and expertise to market their products effectively. Further, their products are often not standardized and of variable quality. Therefore, the small industries suffer from a comparative disadvantage vis-à-vis large scale units, financial constraints compel the small units to sell their products at unremunerative prices. Many small units sell their products to large selling houses at low prices.

4) Technology :-

Most of the small-scale units use only obsolete and outdated technology and old machineries and equipment. Adoption of latest technology alone can ensure good quality and higher productivity. Due to limited capital, the small industries find it difficult to modernize their plant and machinery. As a result, the cost of production tends to be higher and quality of products lower as compared to the products of large industries. The small industries are financially weak to undertake research and development activities.

5) Underutilization of Capacity :-

The small industries have an inherent problem of underutilization of capacity due to two reasons i.e. frequent power cuts and inability to go for alternatives like generators and installation of thermal units. On an average 40 percent to 50 Percent of the capacity is not utilized in small units.

6) Recovery :-

One of the basic problem of small – scale industry is recoveries from sales. The buyers do not pay their dues in time, most of the 'Principals' do not pay the ancillaries for six months or even longer after purchase of goods. The financial assistance obtained from a bank is taken advantage of by the customers of small-scale units.

7) Institutional Constraints :-

The entrepreneurs face many constraints in availing themselves of the various concessions and facilities extended by various financial institutions and government agencies. The small entrepreneurs have to approach several agencies to get their requirements. As a result they are not able to get the assistance in time.

8) Other Problems :-

In addition to the problems enumerated above, the small-scale industries face problems. Such as imperfect knowledge of market conditions, lack of infrastructure facilities, deficient managerial skills and lack of effective co-ordination among various supporting institutions. All the above problems have put the small-scale sector at a disadvantageous position in domestic and export markets.¹⁶

SUGGESTIONS :

In order to expand the scope for entrepreneurship development in SSI Engineering units in the rural area of Pune District, various suggestions can be given. These suggestions will be useful for exploiting rural opportunities to the fullest extent. The following suggestions are worth noting in this regard.

I) Entrepreneurship Development Programme

- 1) The operational problems faced by the entrepreneurs need to be urgently looked into. The SSI units lack proper insight as to managerial functions. They require a change in orientation to increase their productivity.
- 2) Various specific and non-specific training programmes should also be conducted at various levels especially at district level, so as to promote entrepreneurship development programme.
- 3) Assistance should be provided in the form of low interest loans to skilled, educated young inhabitants of the region where there is scope to develop the education level by setting up an institute that will operate by skilled youth to provide training to unskilled youth which will further develop entrepreneurship.
- 4) As self employment breeds entrepreneurship, more and more self employment programmes should be undertaken and proper training should be given to both the rural and urban youths including women.
- 5) Management programmes, vocational guidance programmes and SSI Engineering Programmes should include credit of entrepreneurship developments in the course so as to inculcate entrepreneurial urge in the youth.

II) Banks And Financial Facilities

- 1) More and More persons should be inspired to set-up industrial units. This can be done by locating new aspirants and giving them various incentives for industrial ventures. The financial assistance should also be offered on instalment basis.
- 2) There is a tendency to expand and diversify the small-scale sector instead of going out of it. Financial institutions should provide loans liberally and on priority basis for establishing new units in the SSI sectors.
- 3) A financial corporation should be set-up for providing adequate finances to SSI units as no such body exists exclusively.
- 4) Bank and financial institutions are lending more freely to rural entrepreneurs today. Yet, government has to lend more subsidy to these entrepreneurs.
- 5) Small Industries Development Bank of India (SIDBI) should provide finance to small scale industries for acquiring ISO certification in liberal way. Bureau of Indian Standards may also organize awareness programme to SSIs.
- 6) The banks and other financial institutes should make their loan application easier, especially, the provisions of government employee as a guarantor while giving loan.
- 7) Banks need to come forward and lend loans of considerable amount to such enterprise on long term low interest rates to enable them to set up their own SSI units.
- 8) Bank should leave their traditional attitude of cut-offs in the loans applied for. They should sanction as per the unit cost forwarded by DIC's.

III) Infrastructural Facilities

- 1) It was expressed by entrepreneurs that MIDC should have a liberal attitude towards entrepreneurs, if should not do real estate business, Simplified procedures should be followed. It should have very cordial relations with other governmental agencies like MCED, MITCON, Directorate of Industries, etc. It should provide additional borewells for supply of sufficient water. It should provide sound and high quality of infrastructure facilities, Political interference should be reduced, All the support services like transportation, post office, banks, schools, housing facilities, canteen, health centre and police station should be provided at the estates and full support should be extended by MIDC to Entrepreneurs Associations regarding maintenance of estates and areas.
- 2) Lack of infrastructural facilities is one of serious problem faced by the entrepreneurs in the estates. Therefore, steps should be taken to provide the infrastructural facilities such as post office, banks, watch and ward canteen, recreation center, industrial housing, formation of roads, avenue plantation, drainage system, water and power supply, influent treatment facility, hospitals, schools, colleges, entrepreneurship development centers, training center etc. These

facilities were stated to be substandard. The maintenance of the estates was also said to be very poor. Therefore these need to be improved to a great extent.

IV) Availability of Raw Materials

- 1) It is observed that the rules for purchasing products of SSI units exclusively by various government departments are flouted very often. Besides government departments and public sector undertakings it should be made mandatory for the large scale units to make bulk purchases from SSI units. Another related problem, that harasses the SSIs are that of delayed payment by government departments. This trend should be checked by imposing time limit or else by awarding monetary compensation.
- 2) The government should arrange uninterrupted supply of raw materials to the rural entrepreneurs at concessional rate.

V) Marketing of SSI Goods

- 1) The entrepreneurs also face marketing management problems. The government should collect information about present and prospective markets for various products and disseminate it to the units at the earliest possible. The marketing information system should be evolved.

The rural entrepreneurs should gather various techniques and designs from other sources, and should incorporate in its enterprise to solve their production problems.

- 2) The SSI units should be made cost and quality conscious. The various quality marketing centre and technical institutes should carry out research in this regard. The SSI units should maintain the cost, quality and delivery schedule in agreement with WTO guidelines which are the important considerations to meet the challenges.
- 3) As rural entrepreneurs lack information as regards to their business, it is necessary to start information bureaus, to help them in getting the required information at taluka level.

VI) Labour problems – trade unions.

- 1) Comparative study of trained and untrained entrepreneurs makes it clear that EDPs have helped EDP beneficiaries. The employment growth sales turnover time taken for implementation of the project in case of trained entrepreneurs are showing better results than untrained entrepreneurs. This shows that training did help EDP beneficiaries that show better performance.
- 2) The study revealed that owners of the Auto Trade and servicing units are not willing to shift their units to the outskirts of the city or town concerned where autonagar's are developed. This trend is mostly due to the non-availability of sufficient facilities at autonagers. It requires immediate attention of the MIDC and Maharashtra State Government.
- 3) Organisation wise trade unions are to be encouraged for the purpose of industrial relations. The term organisation is to be defined in consultation with legal experts and an organisation is to be made a unit for industrial relations matters and trade union bargaining.

VII) Facilities Provided By Government Agencies (Single Window System)

- 1) There should be consultancy service for small-scale by Maharashtra State Financial Corporation or State Government. The SSI sector require export advice for solving their day to day problems.
- 2) The government agencies are engaged in giving financial assistance to small entrepreneurs. These are multifarious, before financing the project it should be ensured that the prospective entrepreneurs complete a training programme which will at least expose them to the required knowledge and skills.
- 3) The government should create a proper environment for promotion of entrepreneurship in the state. The policy as to the SSI sector should be changed so as to subserve the requirement of SSI sector. The venture funds should be set up to meet the needs of SSI unit.

- 4) The government should also carefully study the project viability of sick unit and select for rehabilitation. And open export cell in remote areas.
- 5) Apart from these, the government should also, give concession on licence fees, electricity and water charge, land revenue tax etc. to the rural entrepreneurs.
- 6) The DICs should give the leadership in the district as industry promoting agency. It should identify the training needs of entrepreneurs and accordingly design and conduct training programmes periodically.

VIII) Technological Upgradation

- 1) Review should be taken about workshop practice, drawing and project work and It is necessary suggest changes in EDPs training content and methodology, taking students nearer to the real life situation.
- 2) Institutional training is an absolute necessity to become a successful entrepreneur, hence state vocational institutions, polytechnic institutes etc. may undertake short-term certificate diploma courses to empower entrepreneurs.
- 3) There is need to have technological upgradation in the small scale Industries in Pune District where these units still use outdated technology.
- 4) The DICs documentation centres need to be updated with latest information about the availability of technologies, global market intelligence and use of information technology for product development and diversification etc.
- 5) It has been observed that some of the key functionaries in DICs have been discharging stereo typed functions, some times with bureaucratic approach. The top and middle level functionaries of DICs need to be trained for skill upgradation, application of information technology, managerial skills with professionalism, knowledge of global business environment etc.

IX) Impact Of Privatization, Liberalization, Globalization

- 1) Efforts should be made to identify the causes of industrial sickness so as to work out the remedial action and turnaround strategy in this regard.
- 2) It is important for DICs to have a panel of consultants to supplement the expertise available in the DICs to handle various roles.

X) Entrepreneurial Training At School, Graduation, And Post Graduation Level.

- 1) As it is necessary to provide practical knowledge of the business situation during secondary and college level education. Some schools and colleges are providing such knowledge during the education period.
- 2) The bank and other financial institution should organize workshop, seminar etc. for the rural entrepreneurs, to make them aware of banking knowledge.

XI) Entrepreneurship Development And Rural Development

- 1) The different government agencies should have a co-ordination among themselves to look after the sick units and foster growth of developing units in the industrial estates of the district, so that the total industrial development can be achieved.
- 2) The respective state government should open a separate ministry at cabinet level to deal especially with rural entrepreneurs.
- 3) Banks, financial institutions, various other developmental agencies and department concerned which are working for women and rural entrepreneurial development in the region should initiate such measures which would result in further promotion of rural entrepreneurs.
- 4) The Non-government organisation should also take active part in promoting entrepreneurs in the rural area of Pune District.

XII) Problem of Power Failure

- 1) Most of the industries suffer losses due to frequent power failure. The agencies in charge of industrial estates needs to set up separate captive plants for each estate along with other infrastructural facilities.

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ROLE OF SMES IN INDIAN ECONOMY

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ABSTRACT

SMEs have a crucial role in manufacturing sector and have become important part of economic growth in all over the world. Today, SMEs industry plays a significant contribution in terms of economic development and employment.

SMEs are more Innovative industry now a days and creates almost 90% of industrial units in India and 40% of value addition in the manufacturing sector.

'Micro, small and medium-sized enterprises (SMEs) are the backbone of the any country's economy. They create an essential source of jobs spirit and innovation. The present paper is a modest attempt to understand the concept of SMEs and its role in Indian Economy.

SMES ROLE AND RELEVANCE IN ECONOMIC DEVELOPMENT

SMEs plays a vital role in the development of any nation. They account for a large share of new jobs in countries which have demonstrated a strong employment record and are known as a primary driver for GDP growth in most countries. Empirical studies have shown that SMEs contribute over 55 percent of gross domestic product (GDP) and over 65 percent of total employment in high-income countries and also have contributed immensely to the economic growth of emerging markets.

The contribution of SMEs has been remarkable in the industrial development of the country. It has a share of 40% in the industrial production. 35% of the total manufactured exports of the country are directly accounted by this sector. Overall, the small industry sector has done quite well and has enabled the country to achieve considerable industrial growth and diversification.

How Micro, Small and Medium industries have been distinguish we can understand with this chart:-

EC SME Definitions			
Criterion	Micro	Small	Medium
Max. number of employees	9	49	249
Max. annual turnover	-	7 million euros	40 million euros
Max. annual balance sheet total`	-	5 million euros	27 million euros
Max. % owned by one, or jointly by several, enterprise(s) not satisfying the same criteria	-	25%	25%
Footnote: To qualify as an SME, both the employee and the independence criteria must be satisfied and either the turnover or the balance sheet total criteria			

SMALL AND MEDIUM ENTERPRISES DEFINED

According to new THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 the MSME Definitions are as follows: In the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, as

Micro Enterprise - A micro enterprise is, where the investment in plant and machinery does not exceed twenty five lakh rupees;

Small Enterprise - A small enterprise is, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or

Medium Enterprise - A medium enterprise, where the investment in plant and Machinery is more than five crore rupees but does not exceed ten crore rupees.

The definition of small and medium enterprises varies from country to country. In general, the industries all over the world are defined in terms of number of employees or capital investment or both. The employment potential criterion was dropped from Small and Medium Enterprises definition in India due to the following reasons:

The role of SMEs of a country can be explained with relevant parameters." Increase in the number, production, employment, and exports over a period of time could be common parameters to adjudge the role played by small enterprises in the country."

STRENGTH AND WEAKNESSES OF SMEs

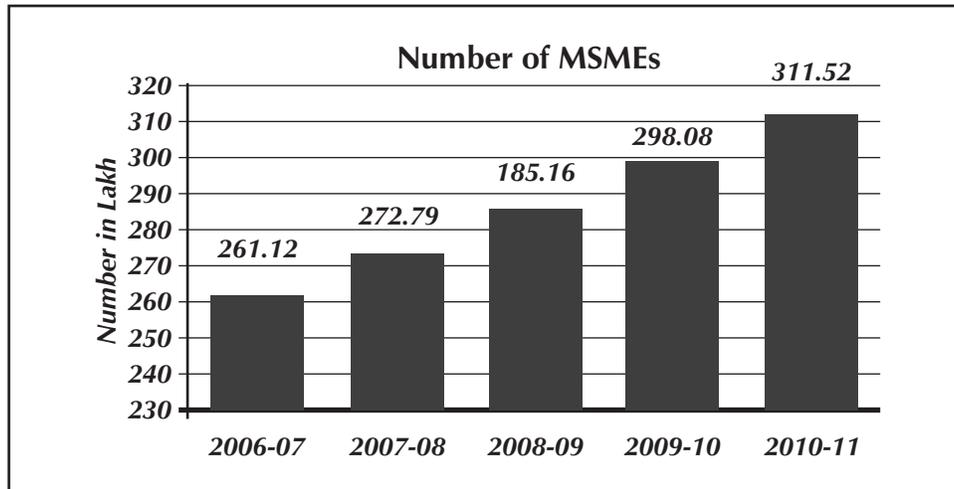
- Small and Medium Enterprises can easily absorb new innovation and adapt new method.
- In Small and Medium Enterprises due to presence of owner management, which ensures quick decision making which this ensures speed and reduces all other hassles.
- SMEs face a lot of trained workers problem because when they hire new workers they train them and then those trained workers leave them for new jobs for more money. This problem can be sort out by giving them fair wages as compared to other industries.
- SMEs can get cheap labor and less overhead which is also the main reason for sickness of large scale industry is its labor problem and escalating wage bill. Small and medium enterprises strength is its cheap labor.
- The major weakness of the small industries is small and Medium Enterprises pay less attention to total quality programme and hence importance is less felt leading to quality problem (Derrick).
- Lack of Industrial Work Culture Labors give more weight-age to their personal work and don't maintain regularity, discipline in reporting on time. Getting and continuing with trained workers and satisfying them is difficult. Study reports show that in India many small and medium enterprises are sick and some are closing down. The main reason is lack of quality and increasing competition. It is necessary for Small and medium enterprises to face new challenges by adopting best strategies hence the SMEs should take immediate step to create quality awareness, and adoption of continuous improvement techniques.
- Small and medium enterprises are more innovative than large firms in the country even as the degree of innovation has increased across the economy, according to a study by National Knowledge Commission (NKC).

THE SMES IN INDIA: PRESENT SCENARIO

In the recent past, small companies have shown better performance than their larger counterpart. SMEs in India is expected to grow 8 % P.A until 2020 and will be second largest in world ahead of US. Since 2000, there is a uninterrupted increase in number of units, employment, production and in exports. The average annual growth in the number of units was around 4.1%.

Today, some of the SMEs are also acquiring companies in foreign countries as part of their growth strategy and globalization process.

GROWTH PERFORMANCE OF SMES OR MSMES IN INDIA



Business standard 5th march 2014

KEY GROWTH CONSTRAINTS FOR SMES IN INDIA

- | | |
|----------------------------------|-----|
| 1. Inadequate market linkages | 32% |
| 2. Lack of Infrastructure | 29% |
| 3. Lack of managerial competence | 24% |
| 4. Inadequate Finance | 28% |
| 5. Obsolete technology | 22% |

Broad classification of SMEs in India

Total number of MSMEs	29.8 Million
Registered MSMEs	1.8 Million
Unregistered MSMEs	28 Million
Unorganized sector	30 Million

In India, SMEs contribute about 20 per cent to GDP, 45 per cent of industrial output, 40 per cent of exports, employ 60 million people, create 1.3 million jobs every year and produce more than 8,000 quality products for the Indian and international markets.

The study growth of the SMEs sector may be difficult because there are many organization are running under unorganized sector and not following regulations and taxes.

In 2008 total number of SMEs were noted 39.1 and now in 2013 it has increased to 48.8 (numbers in Million). We can see the number has increased in past recent years which is really good for our economic development.

BCG surveyed 4,000 SMEs in these five countries, which included 750 surveyed in India, during July 2013.

"The research revealed nearly 90% of SMEs in India have no access to the Internet, compared with only 22% of SMEs in China and 5% of SMEs in the US," the research said.

The risk of a growing technology gulf is relevant to governments looking to maximizes economic growth and it is an opportunity for policymakers and the IT industry to implement strategies to remove barriers to IT adoption by addressing concerns of small businesses about using technology, it added.

GROWTH OF SMES IN OTHER COUNTRIES

The potential of SMEs to promote domestic-led growth in new and existing industries and to strengthen the resilience of the economy in a competitive and challenging environment is inarguable. According to the Department of statistics of Malaysia, the economic growth in developed countries such as Korea, Japan, Taiwan and many others, was significantly generated by SME activities. The percentage contribution of SMEs to Gross Domestic Product (GDP)/total value added ranges from 60 percent in China, 57 percent in Germany, 55.3 percent in Japan and 50 percent in Korea, compared to 47.3 percent attained by Malaysia. The SME growth is assessed by SME contribution to the three (3) main sectors of the economy; manufacturing, services and agriculture.

This shows that small and medium enterprises (SMEs) have been the backbone of economic growth and driving industrial development. Due to their sheer numbers, size and nature of operations, the role of SMEs in promoting endogenous sources of growth and strengthening the infrastructure for accelerated economic expansion and development has been recognized.

Small and medium-sized enterprises (SMEs) are increasingly being recognized as productive drivers of economic growth and development for African countries. For example, it is estimated that SMEs account form 70 percent of Ghana's gross domestic product (GDP) and 92 percent of its businesses. They also make up 91 percent of formalized businesses in South Africa and 70 percent of the manufacturing sector in Nigeria. SMEs can also contribute to economic diversification through their innovations regarding the unsaturated sectors of the economy. Innovative and technology-based SMEs can provide an interesting platform for expanding outside of domestic borders, and entering intra-regional and international markets.

CONCLUSION

As all of us has seen a lot of development in Indian economy with the help of Small and Medium sectors .ButstillSMEs are facing many problems due to government regulations and little knowledge with latest technologies. SMEs already has shown many social and economic benefits, including new businesses, new jobs, innovative products and services.

The important thing is that Government has to encourage SMEs with the help of aiding finance, supportive government policies and the opportunities for education and training in entrepreneurship and providing opportunities for education for a developed nation. Global competitiveness is also needed to be involved to increase high-tech innovations and organization of labour toward increasing productivity. Proper attention has to be laid to the employment generation in India so that it can also give added advantage in addition to poverty alleviation, unemployment, and underemployment and disguised unemployment, so characteristic of the past Indian economy are annihilated. Entrepreneurs may fall on accumulation of capital or transfer of technology, but an innovation-driven scenario beats them all. All the more, the future of industrial prospects in India largely depends on the self-interested small capitalists and innovative entrepreneurs.

In last, the problem of unemployment which daunts not only India but many other countries can be removed only if we understand the reason behind the problem and the options available to become an trained entrepreneur. Entrepreneurs can fulfill the dream of any country that does not have any kind of unemployment problems. They also help the governments in implementing several plans by funding the schemes through the different taxes that their businesses pay to the government treasury.

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ROLE OF THE SMALL BUSINESS ENTREPRENEURS IN INDIAN ECONOMY

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INTRODUCTION :-

The Small Scale business is the natural habitat of entrepreneurs. Most entrepreneurs start small and then nurture their units into industries. The SSI Sector provides an opportunity for them to hone their skills and talents, experiment, to innovate transform their ideas into goods and services needed by the society. Over the last six decades the Small Scale Industry sector has emerged as a highly vibrant and dynamic sector. It has acquired a prominent place in the socio economic development of the country. Mostly this sector exhibited positive growth trends even during periods when other sectors of the economy experienced either negative or nominal. Today sector accounts for 95 percent of the industrial units, provides nearly 80 percent of manufacturing employment and contributes around 35 percent of exports. It produces 7500 items and provides employment to more than 195 lakh 17 persons. It is a well-recognized fact that a vibrant small-scale sector holds the key to economic prosperity in an economy like India. Importance of the small business in National Economy: Small business has played a very crucial role in transforming the Indian economy from a backward agrarian economy to its present stature. Its benefits range from creating job opportunities for millions of people. Including many with low levels of formal education. It has nurtured the inherent entrepreneurial spirit in far flung corner of the nation resulting in the growth and development of all regions. It has been instrumental in raising the standard of living of the multitudes.

OBJECTIVE OF STUDY :

- 1) To Know and understand structure of small scale industries
- 2) To study role of small business in Indian Economy

METHODOLOGY

The present paper is based on secondary source of data. The Secondary data has been collected from varies books, Journals & web sites.

The small scale has contributed specifically in the following areas

- a) Employment Generation : The SSI sector in India is the second largest manpower employer in the country next only to the agriculture sector. India is characterized by abundant labor supply and is plagued by unemployment and underemployment. Under these circumstance the small-scale sector is a boon. For every R.S.0.1 million of investment, the small-scale sector provides jobs to 26 people as compared to 4 jobs created in large scale sector.
- b) Law initial capital investment: Another feature of the Indian economy and most of the developing economies is the scarcity of capital. The modem large-scale sector required colossal investment whereas the small sector is just the opposite. Not only is the employment capital ratio high for the SSI but the output capital ration is the high.
- c) Balanced Regional Development: Dispersion of small business in all part of the country helps in removing regional imbalances by promoting development of industries. It helps in industrialization of rural and backward area. It also helps to reduce problem of congestion, pollution, housing, sanitation etc.
- d) Equitable Distribution of income :This is natural corollary of the above. when entrepreneurial talent is tapped in different regions and areas the income is also distributed instead of begin concentrated in the n=hands of the few individuals or the business families.

STRUCTURE OF SMALL SCALE INDUSTRIES

The structure of SSI has undergone a considerable change from the first SSI census in 1972 to the Second Census In 1987-88. An Average Employment Per Units Has Gone Down From 12 To 6. Employment Per Rs. 1 Lakh Of Investment (At 1972- 73 Prices) Has Gone Down Perceptibly From 21 Persons In 1972- 73 Prices, The Average Investments Per Unit In Fixed Assets, Plant And Machinery, And Net Value Added Have Also Gone Down, Though To Lesser Extent- This May Be Mainly Due To Inclusion Of Very Large Number Of Artisan Type Units In The Second Census. The Average Production Gas, However, Gone Up During The Same Period. Net Value Added Per Employment Has Also Gone Up. Capital Productivity Of Units Rises With Employment Size, So Is The Case With Labour Productivity but Only Up To Size 20 To 49 Workers.

The Small Scale Industrial Units Are Functioning In All The States In India According To The Third All India Census Of Small Scale Industries, There Are 10.52 Millions Functioning In India . The Total Employment Contribution Of The Sector Is 24.93 Million, With A Per Unit Contribution Of 2.37 Table 1.1 Indicates The State- Wise Distribution Of The Sector Is 24.93 Million, With A Per Unit Contribution Of 2.37. Table 1.1 Indicates The State-Wise Distribution Of SSI Units In India. It Is Infused From Table- 1.1 That, The State Of Uttar Pradesh Tops The List With More Than 17 Lakh SSI Units Followed By Andhra Pradesh, Maharashtra, Madhya Pradesh And Tamil Nadu. Sikkim Has The Lowest Number Of Small Scale Units Like 368. The State- Wise – SSI Units Are Shows In The Table- 1.1 Which Is As Follows:-

ROLE OF SMALL BUSINESS IN INDIAN ECONOMY

Small Business Has Played A Very Crucial Role In Transforming The Indian Economy From A Backward Agrarian Economy To Its Present Stature. Its Benefits Range From Creating Job Opportunities For Millions Of People. Including Many With Low Levels Of Formal Education. It Has Nurtured The Inherent Entrepreneurial Spirit In Far Flung Corner Of The Nation Resulting In The Growth And Development Of All Regions. It Has Been Instrumental In Raising The Standard Of Living Of The Multitudes. The Small Scale Sector Has Contributed Specifically In The Following Areas.

1. Employment Generation: The SSI Sector In India Is The Second Largest Manpower Employer In The Country Next Only To The Agriculture Sector. India Is Characterized By Abundant Labor Supply And Is Plagued By Unemployment And Underemployment. Under These Circumstance The Small – Scale Sector Is A Boon. For Every RS.O 1 Million Of Investment, The Small- Scale Sector Provides Fobs To 26 People As Compared To 4 Fobs Created In Large Scale Sector.
2. Low initial capital investment :another feature of the Indian economy and most of the developing economies is the scarcity of capital. The modern large- scale sector required colossal investment whereas the small sector is just the opposite. Not only is the employment capital ratio high for the SSI but the output capital ratio is the high.
3. Balanced regional development : dispersion of small business in all part of the country helps in removing regional imbalances by promoting decentralized development of industries. It helps in industrialization of rural and backward area . it also helps to reduce problem of congestion,pollution, housing, sanitation etc.
4. Equitable Distribution of income :This is natural corollary of the above when entrepreneurial talent is tapped in different region and areas the income is also distributed of begin concentrated in the n=hands of the few individuals or the business families.
5. Promotes inter sector linkages : SSI units are supplementary 5. Promotes inter-sect oral linkages: SSI units are supplementary and complementary to large and medium scale units as ancillary units. nay small units produce sub parts, assemblies, component and accessories for the large sector especially in the electronic and the automotive sector.
6. Exports:the most significant contribution of the SSI has been in the field of export. There has been a significant increase in the exports from this sector of both traditional and non-traditional good including jewellery, garments leather, hand tools, engineering goods, software etc.

CLASSIFICATION OF THE SMALL BUSINESS

An industry in which the investment in plant and machinery, whether held on ownership terms or on lease/hire-purchase basis, does not exceeds. 10 million (Rs. 1 crore) is regarded as a small-scale undertaking. These include manufacturing and service units.

ANCILLARY INDUSTRY :

An industry which is engaged or is proposed to be engaged in the manufacture or producing of parts, components, sub-assemblies, tooling or intermediates; or the rendering of services is termed as an ancillary business. The ancillary is required to supply or render or propose to supply not less than 50 percent of its production or services, as the case may be. The investment in plant and machinery, whether held on ownership basis or on lease or on hire purchase, should not exceed Rs. 10 million. Over the years the following sub-sectors have been identified within the overall small-scale sector:

TINY ENTERPRISE :

A unit is treated as a tiny enterprise where the investment in plant and machinery does not exceed Rs. 2.5 STD booths in your vicinity are all examples of tiny units.

SMALL SCALE SERVICE AND BUSINESS ENTERPRISE [SSSBES]:

An industry related service/business enterprise with investment up to Re.0.5 million (5 Lakhs) in fixed assets, excluding land and building, is treated as an SSSBE. E.g. advertising agencies, Marketing consultancy, Auto repair, services and garages, Tailoring, Desktop printing etc. The service sector has emerged as the major segment of the economy.

WOMEN ENTERPRISES :

A Women Entrepreneur's Enterprise is termed as an SSI unit/industry-related service or business enterprise, managed by one or more women entrepreneurs in proprietary in proprietary concerns, or in which she/they individually or jointly have a share capital of not less than 51 percent as partners/shareholders/directors of a private limited company/members of a cooperative society.

EXPORT ORIENTED UNIT [EOU]

A unit with an obligation to export at least 30 percent of its annual production by the third year of commencement of production and having an investment ceiling up to RS. 10 million (Rs. 1 crore) in plant and machinery is termed as an export oriented SSI unit.

- Conclusion.
- 1) The small business entrepreneurs plays a vital role in the national economy hence the set up should be provided by the central and state government and also the training should be to the entrepreneurs to motivate them.
 - 2) The technical support should be provided so as to make them updated with the current technologies
 - 3) The entrepreneurship Development programmes should be conducted periodically.
 - 4) The entrepreneurs should be encouraged to actively participate in Government stores purchase programmes by giving them necessary guidance, market advice Assistance.

LIMITATIONS OF SSI UNITS IN INDIAN ECONOMY

the main features of limitations of SSI units are as follows :-

- Limits on Maximum Fixed Capital Investment-In congress period-Rs. 60 lakhs, in the period of Prime Minister of India Mr. Devegonda-Rs. 3 crores in the period of BJP government-Rs. 1 crores up to down.
- Limitations on Manufacturing of Products
- Limits on Large Scale Productions
- Traditional Machinery and Techniques

- Labour Oriented Production
- Major Problems of the Production Resources like non-availability, raw material, capital skilled labour, disavailability of working capital, problems fuel, gas and water etc.

It is clear that easily start of SSI has easily and permanently close down of SSI due to the existence of SSI on only paper. End to existence of SSI means failures of Entrepreneurship development process.

SUGGESTIONS

Govt. should have insurance schemes need to be linked to the Small Scale Sector both to the unit & employees.

Accountability & transparency need to be brought in the implantation of Govt. to support aspiring entrepreneurs.

Exhibition cum sales could also be arranged frequently in different parts of the district by DICs. Monthly teleconferencing/Video conferencing must be organized enabling entrepreneurs through out the state to interact with senior Officers & professionals.

A system of providing testing & certification facilities to small Scale & units, specially those which want to contribute in the field of exports, should be established by the state Government.

There is need for formation of Industrial Co-operatives which can be useful as tool in solving the problems of SSIs. By organising SSIs as co-operatives they can overcome their difficulties.

The following promotional measures are-ban on entry of medium and large units, excise and sales tax concessions, adequate infrastructure facilities like land and building and small units can adopt a group approach to ensure efficient management with a view to reduce the cost of production.

CONCLUSION

Small Scale Industries offer multiple like India. That's why SSI has been assuming increasing attention of the policy makers since independence. The small enterprise has emerged as a dynamic & vibrant sector of the economy. At present it accounts for 55% of manufacturing & employment. One of the most prominent features of the small-scale industries is assuring large scale employment opportunities for skilled, semi skilled & unskilled labour force in the region. The workers in the region. The workers in SSI are no less deprived of any kind of service as compared to the large scale industries.

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ROLE OF WOMEN ENTREPRENEURSHIP IN SME.

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ABSTRACT

The present paper is an attempt to analyze the role of women entrepreneurship using indicators like education, empowerment and Enterprise. Entrepreneurship development among the women is one activity that promises encouraging results. Unlike the traditional role of women, today women are more multi faceted and go hand in hand in all walks of her life in male dominated society. Today they not only handle the house hold chores but also create new horizons and arenas for themselves in professional domain. In accordance to small and medium enterprise this article includes the prospects and challenges faced by woman entrepreneurs.

Keywords: Women Entrepreneurs, education, challenges, empowerment and enterprise.

INTRODUCTION

In India, the present policy of encouraging growth of small scale industries is based on several promotional measures, one of which is reservation of products for exclusive manufacture in the small scale sector. Large/Medium units can, however, manufacture such reserved items provided they undertake to export 50% or more of their production.

The reason for special emphasis on this sector is that it plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

A small enterprise is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

A medium enterprise is where the investment in equipment is more than two crors but does not exceed five crores.

The opportunities in the small-scale sector are enormous due to the following factors:-

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Funding - Finance & Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Tooling & Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion

- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products
- Growth in Requirements for ancillary units due to the increase in number of greenfield units coming up in the large scale sector. Small industry sector has performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification

Micro, Small and Medium Enterprises (MSME) contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. They provide the largest share of employment after agriculture. They are the nurseries for entrepreneurship and innovation. They are widely dispersed across the country and produce a diverse range of products and services to meet the needs of the local markets, the global market and the national and international value chains.

OBJECTIVE:

1. To study the role of women entrepreneurs in SMEs in India.
2. To study women entrepreneurship using key indicators like education, empowerment and enterprise.
3. To study problems faced by women entrepreneurs in India.

WOMEN ENTREPRENEUR

Women Entrepreneurship in India is still at nascent stage. Women are often heavily discriminated. In some situations this may actually encourage women to start their own ventures because they may not secure employment. In other situations, certain crafts may not be socially acceptable for women. There is a great struggle for equality in many countries which is usually test identified as the equal opportunity for the job skill a position and the same pay.

Education and awareness programmes have encouraged women entrepreneurs. Women have set up established to manufacture solar cookers in Gujarat, small foundries in Maharashtra and TV capacitors in Orissa. These are non-traditional industrial units. Women also engage themselves in the traditional sectors of embroidery, lace, toys, doll making, mat weaving and the production of fancy-cum-utility articles. Some women employ technicians and managerial personnel as well.

Of late, a few organizations have been set up especially in the NGO sector to provide support and assistance to women entrepreneurs and bring about attitudinal change in them. These include organizations such as Indian Council of Women Entrepreneurs, association of Women Entrepreneurs of Karnataka (AWK) and Self-Employed Women's association (SEWA). Organized efforts have provided the much needed attitudinal and skill training.

Women Entrepreneurs may be defined as women or a group of women, who initiates, organizes and operates a business enterprise. Women are expected to innovate, initiate or adopt an economic activity to be called women entrepreneurs.

CLASSIFICATION OF WOMEN ENTREPRENEURS IN INDIA

The proposed classification recognizes four types of entrepreneurs which have been tentatively known as young achiever entrepreneurs, block entrepreneurs, family-driven entrepreneurs and financial need entrepreneurs.

- **Young Achiever Entrepreneurs**

They start enterprises at the age of 25 or so, directly out of college, by the time they are 30, they could go for the second round of entrepreneurship and by 45 could emerge in charge of growing businesses.

- **Block Factor Entrepreneurs**

Entrepreneurs of this type opted for business either because they could not get promotions fast enough, because of low satisfaction in their jobs (glass ceiling factors), or because they could not get jobs commensurate with their skills, due to late entry into the workforce for gender reasons. They could be early drifters who end up self-employed, because of lack of suitable opportunities in the work place. They are most likely to persist in business until they reach the success-disengage stage given their low-commitment to entrepreneurial ideals. They either choose to spend more time on family and home

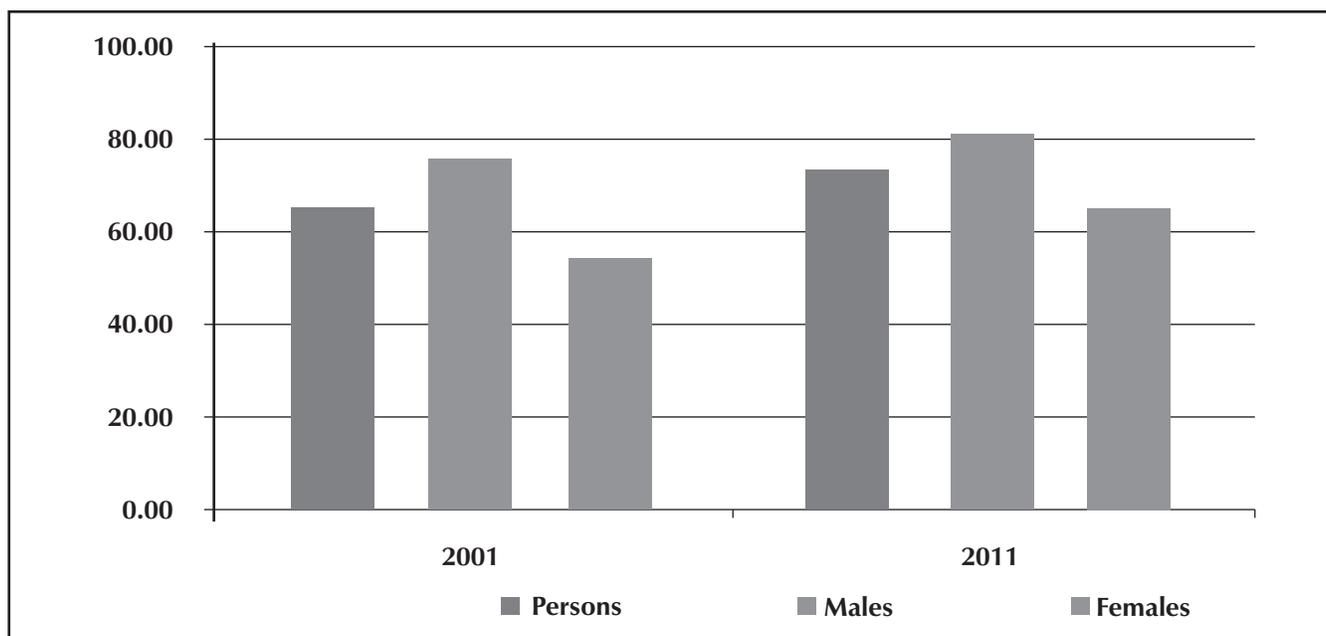
related activities, keeping their business small and stable, or opt out and join the formal workforce if that offers a better equilibrium in terms of their personal, financial, family and community related goals. Lack of resources at the start-up stage often locks them into low potential ventures and firms that would typically exhibit a low growth potential.

- **Family-Driven Entrepreneurs**

For these entrepreneurs, business choices and decisions are substantially influenced by family considerations. Business comes after family and is run more like a hobby for self-fulfillment. Given a strong relational support in the 35-40 age group when work-home conflicts have tapered off. Once again, a low commitment to entrepreneurial ideals would see the enterprise being run as hobby by largely.

EDUCATION

- Education is the key for women to move up the ladder of society. The idea that women is inferior than men has been embedded in our culture, even though there are people out there that believe women are as smart and strong enough to handle all the things that men do, but this number is just not enough.
- Many women has strive their best to be equal as any men out there, and the main element that enable them to slowly change the bias view of the world is through education. A woman with knowledge is a respectable woman, she has the power to make people listen to her and the charisma that makes people follow, and otherwise they will be exploited.



Total	2001	2011
Persons	64.84	72.99
Males	75.26	80.89
Females	53.67	64.64

EMPOWERMENT OF WOMEN

1. Poverty Eradication

Since women comprise the majority of the population below the poverty line and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination, macroeconomic policies and poverty eradication programmes will specifically address the needs and problems of such women. There will be improved implementation of programmes which are already women oriented with special targets for women. Steps will be taken for mobilization of poor

women and convergence of services, by offering them a range of economic and social options, along with necessary support measures to enhance their capabilities.

2. Micro Credit

In order to enhance women's access to credit for consumption and production, the establishment of new and strengthening of existing micro-credit mechanisms and micro-finance institution will be undertaken so that the outreach of credit is enhanced. Other supportive measures would be taken to ensure adequate flow of credit through extant financial institutions and banks, so that all women below poverty line have easy access to credit.

3. Women and Economy

Women's perspectives will be included in designing and implementing macro-economic and social policies by institutionalizing their participation in such processes. Their contribution to socio-economic development as producers and workers will be recognized in the formal and informal sectors (including home based workers) and appropriate policies relating to employment and to her working conditions will be drawn up. Such measures could include:

Reinterpretation and redefinition of conventional concepts of work wherever necessary e.g. in the Census records, to reflect women's contribution as producers and workers. Preparation of satellite and national accounts. Development of appropriate methodologies for undertaking (i) and (ii) above.

4. Globalization

Globalization has presented new challenges for the realization of the goal of women's equality, the gender impact of which has not been systematically evaluated fully. However, from the micro-level studies that were commissioned by the Department of Women & Child Development, it is evident that there is a need for re-framing policies for access to employment and quality of employment. Benefits of the growing global economy have been unevenly distributed leading to wider economic disparities, the feminization of poverty, increased gender inequality through often deteriorating working conditions and unsafe working environment especially in the informal economy and rural areas. Strategies will be designed to enhance the capacity of women and empower them to meet the negative social and economic impacts, which may flow from the globalization process.

5. Women and Agriculture

In view of the critical role of women in the agriculture and allied sectors, as producers, concentrated efforts will be made to ensure that benefits of training, extension and various programmes will reach them in proportion to their numbers. The programmes for training women in soil conservation, social forestry, dairy development and other occupations allied to agriculture like horticulture, livestock including small animal husbandry, poultry, fisheries etc. will be expanded to benefit women workers in the agriculture sector.

6. Women and Industry

The important role played by women in electronics, information technology and food processing and agro industry and textiles has been crucial to the development of these sectors. They would be given comprehensive support in terms of labour legislation, social security and other support services to participate in various industrial sectors.

Women at present cannot work in night shift in factories even if they wish to. Suitable measures will be taken to enable women to work on the night shift in factories. This will be accompanied with support services for security, transportation etc.

7. Support Services

The provision of support services for women, like child care facilities, including crèches at work places and educational institutions, homes for the aged and the disabled will be expanded and improved to create an enabling environment and to ensure their full cooperation in social, political and economic life. Women-friendly personnel policies will also be drawn up to encourage women to participate effectively in the developmental process.

ENTERPRISE

Women entrepreneurs are looked upon as an important untapped source of economic growth since a lot of them have not got the right opportunities to launch their own enterprise.

They are known to bring innovative ideas to the table when it comes to business management and experts have predicted that their active involvement at a larger scale would be a blessing for the SME sector.

Women-owned businesses are generally younger and smaller in size than other businesses. Some studies have pointed to the trend of women being more visible when it comes to the services or cottage industry sector.

Several conferences and meetings on SMEs in the past few years have called for the promotion of new women entrepreneurs and support to existing ones.

But they have to battle many constraints before they can launch their own enterprise. These include lack of access to finance and avenues for proper training.

An EU study concluded that women's obstacles to innovative entrepreneurship are of 3 types:

- 1. Contextual obstacles:** educational choices, traditional views and stereotypes about women, science and innovation;
- 2. Economic obstacles:** innovation sector requiring substantial investment and women being seen less credible financially than men;
- 3. Soft obstacles:** lack of access to technical scientific and general business networks, lack of business training, role models and entrepreneurship skills.

TYPES OF ORGANIZATION

Women entrepreneurs may have business units individually or with their friends and relatives. Hence the details of the type of organization are shown in table for analysis.

Types of Business unit Types of organization	Agro & Food based Products	Forest Based Products	Total
Sole Trader	62 (51.67)	58 (48.33)	120 (50.00)
Partnership	37 (30.83)	41 (34.17)	78 (32.50)
Company - Private	21 (17.50)	21 (17.50)	42 (17.50)
Total	120.(100.00)	120.(100.00)	240.(100.00)

Table 5.8 shows the type of sample business units. It is found that among agro and food based sample respondents, 51.67 percent are sole traders; 30.83 percent have partnership firm and 17.50 percent have company form of business unit. Among forest based sample respondents, 48.33 percent are sole traders; 34.17 percent have partnership firm and the rest 17.50 percent have company form of business unit. In general, 50.00 percent are sole traders; 32.50 percent have partnership firm and the rest 17.50 percent have company form of business units.

WOMEN ENTREPRENEURS IN INDIA

States	No. of Units Registered	No of Women Entrepreneurs	Percentage
Tamil Nadu	9618	2930	30.36
Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujarat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Other states & UTs	14576	4185	28.71
Total	57452	18,848	32.82

Example:

"IBM has created a world-wide organization focused on women entrepreneurs (headed by CheriePiebes). IBM's four priorities in this field are:

- working with policy makers to improve data and statistics on women business owners (WBOs);
- partnering with associations of women entrepreneurs on the strategic use of technology to gain competitive advantage and to help WBOs to expand into new markets;
- forming global strategic alliances of corporations interested in fostering the growth of WBOs;
- Accelerating the diffusion and identification of best practices relevant to women."

PROBLEMS FACED BY WOMEN ENTREPRENEURS

• Lack of confidence and motivation:

The educational qualifications do not give the confidence. Invariably, the family members cause de motivation.

- **Lack of knowledge about business opportunities:** A majority has no information about the market place.
- **Lack of knowledge of formulating a business plan:** Involving market survey, project finalization, business projection.
- **Lack of information:** About procedures and sources of assistance in setting up a business, including funding, legal formalities etc.
- **Problems in offering margin money and guarantees:** To avail of institutional funding. It is difficult to raise margin money unless the woman has some savings of her own. Normally a woman has some savings of her own. Normally the woman has 'streedhan' in the form of gold jewelry, which she would never offer as a security. It is also difficult to find a guarantor.
- **Marketing:** it is another weak area for women entrepreneurs. Though they may be able to match the product quality and service levels as compared to male entrepreneurs, when comes to aggressive marketing they fall short.
- **Lack of infrastructure:** majority of women work from home, which limits the scope of business. An industrial estate situated far away from home puts physical strain on women entrepreneur.

- However talented and hardworking a woman entrepreneur is, she still has a double duty-of managing house and the business- which puts considerable strain on her.
- Psycho- Social Barriers impeding the growth of women entrepreneurship as under:
 - 1) Poor self image
 - 2) Inadequate Motivation
 - 3) Discriminating Treatment
 - 4) Faulty socialization
 - 5) Role Conflict
 - 6) Cultural Values
 - 7) Lack of courage and self confidence
 - 8) Inadequate Encouragement
 - 9) Lack of courage and self confidence
 - 10) Inadequate encouragement
 - 11) Lack of social acceptance
 - 12) Unjust socio economic and cultural system
 - 13) Lack of freedom of expression

POLICIES AND SCHEMES FOR WOMEN ENTREPRENEURS IN INDIA

In India, the Micro, Small & Medium Enterprises development organisations, various State Small Industries Development Corporations, the Nationalised banks and even NGOs are conducting various programmes including Entrepreneurship Development Programmes (EDPs) to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills. The Office of DC (MSME) has also opened a Women Cell to provide coordination and assistance to women entrepreneurs facing specific problems. There are also several other schemes of the government at central and state level, which provide assistance for setting up training-cum-income generating activities for needy women to make them economically independent. Small Industries Development Bank of India (SIDBI) has also been implementing special schemes for women entrepreneurs. In addition to the special schemes for women entrepreneurs, various government schemes for MSMEs also provide certain special incentives and concessions for women entrepreneurs. For instance, under Prime Minister's Rozgar Yojana (PMRY), preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the MSE Cluster Development Programme by Ministry of MSME, the contribution from the Ministry of MSME varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be upto 90% of the project cost. Similarly, under the Credit Guarantee Fund Scheme for Micro and Small Enterprises, the guarantee cover is generally available upto 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/ or owned by women.

EXAMPLE OF WOMEN ENTREPRENEUR

Shobha Warriar in Chennai

Two years back when her daughter Denise asked Cheryl Huffton to quit her job as a school teacher of 16 years to start her own enterprise, she was shocked and more than a little worried.

After several fights and lots of tears, the daughter convinced her mother to launch their own enterprise. Dream Weavers started with just Rs 500 and a lot of dreams. Dream Weaver makes eco-friendly textiles. They design and make bras, panties, aprons, and other items used in spas, beauty parlors, et cetera, using eco-friendly disposable material. These are for one-time use.

They have also plans to design and make gowns and other operation theatre supplies needed in hospital on the same material. Cheryl and Denise are also event mangers. The enterprise had a turnover of Rs 12 lakh (Rs 1.2 million) last year, which has now burgeoned to Rs 25 lakh (Rs 2.5 million). Now, the new entrepreneurs' dream is to capture the international market.

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SMALL AND MEDIUM ENTERPRISES - PROBLEMS AND INCENTIVES

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ABSTRACT

SMEs form the backbone of the Indian manufacturing sector and have become engine of economic growth in India. SMEs are providing immediate large-scale employment, with lower investments and prove to be a second largest manpower employer, after agriculture and occupy a position of prominence in Indian economy. The study confirms that the significant growth of SMEs which push the Gross Domestic Product (GDP), employment and exports in Indian economy. Paper looks into the present scenario of SMEs and the problems they phases like lending, marketing, licensing issues in detail. The biggest challenge before Small Scale Industry (SSI) is not only to survive but also to grow and compete on a sustainable basis. This paper analyzes the performance of Small Scale Industry in India and focus on policy changes which have opened new opportunities for this sector. Technology development and strengthening of financial infrastructure is needed to boost SSI and thus growth target can be achieved.

INTRODUCTION

Migrating people from agriculture to industry and further to services should be the strategy for a sustainable growth and development of nation. Given the great potential of small and medium sized enterprises to bring about social and economic development. Small and medium sized enterprises in both developing and developed countries plays important roles in the process of industrialization and economic growth. The strategic importance of SMEs has been identified as the following:

- They are responsible for growing employment at a faster rate than larger organizations
- They increase the competitive intensity of the market and reduce the monopolistic positions of large organizations
- They encourage the development of entrepreneurial skills and innovation.

Starting in the late 70s and early 80s SMEs started to become more innovative and were flexible in terms of reducing costs. Due to the increases in education levels, business skills and reduction in job security, entrepreneurial activities increase worldwide. Most of the foreign countries are realizing the fact that SMEs contribute a major portion of the country's GDP and economic activity and they hold an important place and get the similar effects. One of the most important roles of SMEs in this context includes poverty alleviation through job creation.

The SME sector itself can be classified into micro enterprises, small enterprises and medium enterprises. However, SMEs have their significant effect on the income distribution, tax revenue, and employment, efficient utilization of resources and stability of family income.

LITERATURE REVIEW

Bala Subrahmanya (2004) he suggested that the focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and contribute to national income and employment.

Dixit and Pandey (2011) applied co integration analysis to examine the causal relationship between SMEs output, exports, employment, number of SMEs and their fixed investment and India's GDP, total exports and employment (public and private). Their study revealed the positive causality between SMEs output and India's GDP.

Singh et al. (2012) analyzed the performance of Small scale industry in India and focused on policy changes which have opened new opportunities for this sector. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.

Venkatesh and Muthiah (2012) found that the role of small & medium enterprises (SMEs) in the industrial sector is growing

rapidly and they have become a thrust area for future growth. They emphasized that nurturing SME sector is essential for the economic well-being of the nation. The above literature highlights the various aspects viz. performance, growth & problems of SMEs in Indian economy and induces for continuous research in this field.

METHODOLOGY

The study is based upon secondary information collected from various annual reports of MSME and SSI, some information is also collected from different issues of economic survey published by government of India and certain other important books and journals.

OBJECTIVE OF THE STUDY

- 1) To study the problems faced by SSI units.
- 2) To study the concession and reliefs given by government.

DEFINITION OF SME

Section 7 (1) of the Micro, Small and Medium Enterprises Act – 2006 takes in to account 'enterprise' in place of erstwhile 'industry'. Enterprises have been classified broadly into two categories:

- (1) Enterprises engaged in the manufacture / production of goods.
- (2) Enterprises engaged in providing / rendering of services.

The first has been classified in following manner in terms of investment in plant and Machinery (excluding land and buildings)

Size of Unit	Investment Limit - Manufacturing Enterprises	Investment Limit - Service Enterprises
Micro Enterprises	Up to Rs. 10 lakh	Up to Rs. 25 lakh
Small Enterprises	Rs.10 lakh to Rs.2crore	Rs.25 lakh to Rs.5crore
Medium Enterprises	Rs.2 crore to Rs.5 crore	Rs.5crore & up to Rs.10crore

MAJOR INITIATIVES TAKEN BY THE GOVERNMENT

- 1) Implementation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006
- 2) A "Package for Promotion of Micro and Small Enterprises" was announced in February 2007. This includes measures addressing concerns of credit, fiscal support, cluster-based development, infrastructure, technology, and marketing. Capacity building of MSME Associations and support to women entrepreneurs are the other important features of this package.
- 3) To make the Credit Guarantee Scheme more attractive, the following modifications have been made:
 - a) Enhancing eligible loan limit from Rs. 25 lakh to Rs. 50 lakh;
 - b) Raising the extent of guarantee cover from 75 per cent to 80 per cent for
 - i) Micro enterprises for loans up to Rs. 5 lakh,
 - ii) MSEs operated or owned by women and
 - iii) all loans in the North-East Region;
 - c) Reducing one-time guarantee fee from 1.5 per cent to 0.75 per cent for all loans in the North-East Region.

CONCESSIONS AND RELIEFS BY THE CENTRAL GOVERNMENT

Central Government facilitates the decentralization of economic power by encouraging prospective entrepreneurs to take up industrial ventures and assist in the dispersal of industries over the country. They facilitated the transformation of a traditional technology, which characterized by low skill, low productivity and low wages into a modern technology, which is characterized by improved skills, high productivity, rising wages and a higher standard of living. Some of the important measures of assistance available for the entrepreneurs in the industrial sector are:

- Technical Assistance through industrial extension service, Assistance for obtaining raw materials, Supply of machinery on hire-purchase basis.
- Marketing assistance, Assistance to small entrepreneurs, Technology assistance.

In addition to the above, the central government is operating three major schemes namely central investment subsidy scheme, transport subsidy scheme and central assistance scheme for infrastructure development in no-industry districts.

PROBLEMS FACED BY SMALL SCALE INDUSTRIES

The small and medium scale enterprises are suffered with many severe problems, which are mainly depending on the level of economic and social development of the country. India as a developing country is not an exceptional one to the above condition. Though, there are unlimited problems connected with SSIs they are:

- Difficulties in obtaining credit, competing with imported products, identifying appropriate technology & technical assistance, investment promotion and maladjusted project preparation and evaluation.
- Inability to offer liberal credit terms in the sale of their products, obscene of management expertise, under capitalization and bureaucratic red tapism and regulations.
- Lack of industrial training & skill formation, quality control & testing facilities, proper market promotion both domestic & export, scientific & industrial research, lack of management & reorganization of small & medium scale enterprises through various schemes and productivity increase through modernization.

Thus the problems of SSIs are multi-dimensional. These can be solved by the coordinated efforts of entrepreneurs, coordinated functioning of promotional agencies. The entrepreneur has to be educated, and he/she should have a proper training in acquiring the necessary skill in running an enterprise.

CONCLUSION

We can say that Small and Medium Enterprises (SMEs) have emerged as an engine of growth in Indian economy. They have emerged as a dynamic component of the economy by virtue of their significant contribution to GDP, industrial production and exports. To face the competition in the long run, the SME sector needs to improve its productivity and quality, reduce costs (given the higher qualities) and innovate.

Government should play a vital role by giving them favorable environment and creating favorable policies which lead to success of entrepreneurship i.e. easiness to get business permit, funding scheme from government. Now the world environment is rapidly changing due to technological change so businesses and manufacturers should be more innovative and creative in delivering product and service. Entrepreneurs should adapt new technology system in their business. Government should start training program at free of cost especially for small entrepreneurs. It is necessary for the enhancement of small entrepreneur's skill. By taking careful decisions, one can overcome the negative shades of the bottleneck competition and can expect better future for small and medium scale enterprises.

In nutshell SMEs plays vital role in creation of employment opportunities & wealth of nation. Balance regional development will be possible only after the sufficient growth of small scale units in the rural backward and no industry districts and states in India.

Mobilization of resources in the form of capital purchases of raw material, sales and marketing of SSI products will require continuous and plant efforts from concerned financial and Government authorities. There should be co-ordination in different agencies such as District Industry Sector (DIS), Small Industry Development of Bank of India (SIDBI), Western Maharashtra Development Corporation (WMDC), Maharashtra Industries Development Corporation (MIDC), Marketing Information Training Consulting (MITCON), State Industrial & Investment Corporation of Maharashtra (SICOM) Maharashtra Agro Industries Development Corporation (MAIDC) etc.

For providing seed capital and the required resources for the smooth functioning of SSI units Single Window concept must be implemented at every district level. Local resources, skilled and unskilled labour force along with sufficient infrastructure and

incentives are necessary for the growth of SMEs. Stable Government policies and proper training is necessary for the development of entrepreneurship in SMEs. Scientific principle methods and techniques of management must be introduced and effectively implemented to have proper role of SMEs in future economic development.

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SMALL BUSINESS AND ENTREPRENEURSHIP

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INTRODUCTION & CONCEPT OF SMALL ENTERPRISES

The definition of small enterprises varies from one country to another. In most of countries of the world, the criterion for defining a small enterprise is related to the size of employment. For instance, in USA, small business is one which has employment of less than 500 people. In U.K. it is than 20 skilled workers, in Germany less than 300 workers, in Sweden and Italy less than 50 and 500 people respectively. In some countries, both employment and investment are taken into account. In Japan, the investment in industrial undertaking should not exceed 100 million employing not more than 300 employees. In South Korea, investment limit is 2 lakhs dollars and employment limit being 200 people.

The definition of the small industry is an important aspect of the government policy as it identifies the target groups. The first official criterion for small-scale industry dates back to the Second Five Year Plan when it was in terms of gross investments in land, building, plant and machinery and the strength of the labour force. Subsequently, on the recommendation of the Federation of Association of Small Industries of India (FASII), an apex level organisation of the small-scale industry, was set up under the aegis of the Ford Foundation team, wherein only the investment in fixed assets in plant and machinery, whether held in ownership terms or by lease or by hire purchase, instead of fixing the limit on overall investment, was considered for granting the status of a SSI unit. From time to time, there have been many changes in the ceiling limit of investment in plant and machinery. In the beginning, for a small-scale industry, the investment level was Rs. 5 lakhs and employment limit of less than 50 persons when using power and less than 100 persons without using power.

The term 'small-scale industries' has been defined in three ways. The term 'small-scale industries' has been defined in three ways. The conventional definition includes cottage and handicraft industries which employ traditional labour – intensive methods to produce traditional products, largely in village households. They employ none or only a few hired hands. The handloom textile industry is an example. Though once famous, this sector has been steadily declining..

On the whole, majority of businessmen have chosen Powders and Pickles, Garments, Dairy Kirana and Tea Stalls and Handicraft activities for starting their business.

OBJECTIVE OF THE STUDY

- 1) To know and understand concept of small enterprise
- 2) To study the characteristic of small enterprise
- 3) To study the quality of small entrepreneurs

METHODOLOGY

The present paper is based on secondary source of data. The Secondary data has been collected from various books, Journals & web sites.

CHARACTERISTICS OF SMALL ENTERPRISE

Although there is no such thing as the typical small industries, they do share many unique characteristics. Small is a relative term. These characteristics are.

- 1) Capital investment is small.
- 2) Most have fewer than 10 workers.
- 3) Generally engaged in the production of light consumer goods, processing etc.
- 4) Located in rural and semi-urban areas.

- 5) There is plethora of one-persons firms.
- 6) Virtually all these firms are privately owned and are organised as sole proprietorships.
- 7) Proprietor and family workers generally form the largest component of small-industry labour force.
- 8) Hired workers are unorganised.
- 9) The average person does not work full-time in one activity over the entire year.
- 10) Fixed assets form the largest component of small units.
- 11) Most of the funds come from the entrepreneur's savings.
- 12) According to the available evidence, the small-scale industrial activity has been growing at a faster rate even than large-scale industries.
- 13) The incidents of infant mortality are also highest.
- 14) Very few of the small-scale industries have grown up to medium and large industries.
- 15) Small-Scale industrial activity is a beehive of entrepreneurship.

ADVANTAGES

Small enterprises have distinct advantages : both economic and social. Some of there are :

- 1) Some small-scale industries do not require a high level of technology,
- 2) They are generally labour-intensive and do not require a large amount of capital. The energy of unemployed and underemployed people may be used for productive purposes in an economy in which capital is scarce.
- 3) Projects related to these industries can be undertaken in as short period and hence can increase production both in the short and the long run.
- 4) Most developing countries are rich in certain agricultural, forest and mineral resources; and small-scale enterprises can be based on the processing of locally-produced raw materials.
- 5) It is possible both to save and to earn foreign exchange by producing and exporting goods from local resources.
- 6) Small-scale industrial enterprises are the training ground for local entrepreneurs on decision-making. From small-scale industrial enterprises, knowledge and skills can be transferred to other enterprises ; and small enterprises may grow into medium-sized enterprises.
- 7) By Creating opportunities for the small business, small industrial enterprises can bring about a more equitable distribution of income which is socially necessary and desirable.
- 8) These enterprises in developing countries help to create economic stability in society by diffusing prosperity and by checking the expansions of monopolies.

ENTREPRENEURSHIP MEANING AND DEFINITION

An entrepreneur is one of the important segments economic growth basically, an entrepreneur is a person who is responsible for setting up a business or an enterprise. In fact, he is one who has the initiative, skill for innovation and looks for high achievements. he is a catalytic of change and works for the good of people.

The word ' entrepreneur' is derived from the French verb entrepreneur. It means ' to undertake'. In the early 16th century, Frenchmen who organised and led military expeditions were referred to as ' entrepreneurs' Around 1700 A.D. the term was used for architects and contractors of public works. Quesnay. F. (1694-1774) regarded the rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence, skill and wealth.

Peter Drucker defines an entrepreneur as one who always searches for change, responds to it and exploits it as an opportunity. Entrepreneurs innovate.

Peter Drucker has aptly observed that, "Innovation is specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for different business or a different service. It is capable of being presented as a discipline, capable of being learned and capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principle of successful innovation."

Systematic innovation, according to him, consists in the purposeful and organised search for changes and in the systematic analysis of the opportunities, such changes might offer for economic and social innovation.

According to Drucker, three conditions have to be fulfilled :

- Innovation is work. It requires both knowledge and ingenuity. It makes great demands on diligence, persistence and commitment.
- To Succeed, innovation must build on their strengths.
- Innovation always has to be close to the market, focused on the market, indeed it market-driven.

Specially, systematic innovation means monitoring six sources for innovative opportunity.

SOME QUALITIES OF SMALL ENTREPRENEURS

According to research studies, are more than 50 personality traits and all these traits and attitudes constitute the characteristic of a successful entrepreneur. Though all the characteristics cannot be found in single entrepreneur yet the presence of greater number of these characteristics in an individual makes him an entrepreneur and only then it is possible for him to be successful to achieve the goals of entrepreneurship. Some of the characteristics or qualities of an entrepreneur are discussed below :

- 1) **Need for achievement** : The urge to achieve or the urge to excel others is the forceful psychological factor which is an essential characteristic found in almost all the individuals enterprising qualities.
- 2) **Risk taking** : Risk taking is another attribute of entrepreneurs. Entrepreneurs like to take risks which are calculated and not extreme ones. They undertake challenging risks which are difficult to overcome but are not impossible.
- 3) **Need for Independence and Autonomy** : The strong need to be an independent or autonomous individual is another driving force associated with the entrepreneurs.
- 4) **Sense of Effectiveness** : Entrepreneurs like to see the problem solved through their involved efforts.
- 5) **Decision making** : Entrepreneur has to take decisions about their products, process, and sale etc. during uncertainty.
- 6) **Organisation Skill** : Entrepreneur should organise the different factors of production in a systematic way so that easy operation or functioning is possible.
- 7) **Skillful Management (Knowledge of the Result)** : Management means taking work done from others and seeking proper results out of business operations. This of entrepreneurship is not important for achieving effectiveness and efficiency in achieving business goal.

IMPORTANCE OF TRAINING

Training is an integral input of managerial development. The lack of adequate and skilled personnel is one of the bottlenecks in a developing economy. Staff training is essential for entrepreneurs and workers employed in small enterprises.

Training is the systematic instruction of staff at all levels in new attitudes or new skills; random bits of continuing education or mere learning on-the-job cannot be called training.

The importance of training employees results in the following advantages :

- I. It makes sure the availability of skilled workers at all levels of management.

- II. It increases the potential abilities of workers and thus to improve their performance in the maximum attainable level through the training process.
- III. It enables the workers to perform the work more efficiently and precisely so as to maintain the quality of products.
- IV. It minimises excessive scraps, defects and wastage in the production process.
- V. It minimises the number of accidents, as unskilled and semi-skilled workers are more prone to industrial accidents.
- VI. Training reduces fatigue.
- VII. Training enables the workers to work speedily and thus increases the earning of employees.
- VIII. When the speed of production increases, overtime work can be avoided and therefore, the payment of overtime does not arise.
- IX. A trained worker does not feel the need to join factories and thus reduces the labour turnover.
- X. To impart basic knowledge about the industry, product and production methods;
- XI. To build the necessary skills of new entrepreneurs and workers;
- XII. To assist the entrepreneur/worker to function more effectively in his present position by exposing him to the latest concept, techniques and information;
- XIII. To build up a second line of workers and prepare them to shoulder additional responsibility and/or watch on the production of a new product, if there is any diversification;
- XIV. To expose the entrepreneur to the latest developments which directly or indirectly affect him,

CONCLUSION

In Developing countries, small-scale industries can play a main role in the achievement of national economic and socio-political objectives. The principal economic objectives of a number of developing countries include an increase in the supply of manufactured goods, promotion of capital formation, development of indigenous enterprises and skills and skills and creation of employment opportunities.

Small-scale industries play a key role in the industrialisation of a developing country. This is because they provide immediate large-scale employment and have a comparatively higher labour, capital ratio; capital ration; they need a shorter gestation period and relatively smaller markets to be economic; they need lower investments, offer a of ensuring a more quotable distribution of national income and facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised; and they stimulate the growth of industrial entrepreneurship of promote a more diffused pattern of Ownership and location. Small enterprises present the fountain head of vitality for the national economy.

Entrepreneurs play an important role in the development of society. The role of entrepreneurs in economic development varies from economy, country to country, depending upon its material resources. Entrepreneurship is key driver of economic growth. However, entrepreneurial attributes are under threat in wake of international competition. Entrepreneurship, the de facto barometer of overall economic, social and industrial growth, has brought revolutionary changes in the society.

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SMES AND INNOVATION: A FORMULA FOR ECONOMIC GROWTH

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ABSTRACT

SMEs play an important role in the economic growth of any country by promoting self-employment, generating employment and giving a tough competition to the foreign companies usually MNCs. As the SMEs innovate, they start growing, expanding and generating more revenue, which in return creates various employment opportunities and contributes in the Economic growth of a nation. It can be said that SMEs and Innovation is the path or formula for economic growth.

The Government of India enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 including definitions of micro, small and medium enterprises as follows:

- (i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;*
- (ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore and*
- (iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.*

Keywords: - Economic Growth, Generating Employment, Opportunities, Contributes, Innovation.

INTRODUCTION:-

Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs) are companies whose personnel numbers fall below certain limits. Small enterprises outnumber large companies by a wide margin and also employ many more people.

SMEs are also said to be responsible for driving innovation and competition in many economic sectors.

'Innovation is defined as a process by which varying degrees of measurable value enhancement is planned and achieved, in any commercial activity. This process maybe breakthrough or incremental, and it may occur systematically in a company or sporadically; it may be achieved by:

- introducing new or improved goods or services and/or
- implementing new or improved operational processes and/or
- implementing new or improved organizational/ managerial processes

in order to improve market share, competitiveness and quality, while reducing costs.'

Innovation and competitiveness have a dynamic, mutual relationship. Innovation thrives in a competitive environment and in turn, plays a key role in the achievement of such an environment. Innovation generates economic value, new jobs in the economy and cultures of entrepreneurship. By virtue of its relationship with competitiveness, Innovation emerges as a factor in promoting economic growth.

Small and medium enterprises play a very important role in the economy of any country and it is more so in a developing country like India. They play a role in boosting the economy of a country. The role of small and medium enterprises in the economic and social development of the country is well established. SME s emerges leaders during the period of recession, restoring jobs and business activity lost during the time despite a slow and fragile economy. The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

SIGNIFICANCE OF THE STUDY:-

This study mainly see the Small and medium enterprises to Innovation and then the Innovation covert into economic growth

OBJECTIVES OF THE STUDY :-

1. To study Small and Medium Enterprises
2. To study the Innovation in Small and Medium Enterprises
3. To study how the Small and medium enterprises help in economic growth

LITERATURE REVIEW :-

INDIAN SMEs :-

SME sector of India is considered as the backbone of economy contributing to 45% of the industrial output, 40% of India's exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. With approximately 30 million SMEs in India, 12 million people expected to join the workforce in next 3 years and the sector growing at a rate of 8% per year, Government of India is taking different measures so as to increase their competitiveness in the international market.

There are several factors that have contributed towards the growth of Indian SMEs. Few of these include; funding of SMEs by local and foreign investors, the new technology that is used in the market is assisting SMEs add considerable value to their business, various trade directories and trade portals help facilitate trade between buyer and supplier and thus reducing the barrier to trade

With this huge potential, backed up by strong government support; Indian SMEs continue to post their growth stories. Despite of this strong growth, there is huge potential amongst Indian SMEs that still remains untapped. Once this untapped potential becomes the source for growth of these units, there would be no stopping to India posting a GDP higher than that of US and China and becoming the world's economic powerhouse.

Manufacturing Enterprises - Investment in Plant & Machinery		
Description	INR	USD(\$)
Micro Enterprises	uptoRs. 25Lakhs	upto \$ 62,500
Small Enterprises	aboveRs. 25 Lakhs &uptoRs. 5 Crores	above \$ 62,500 &upto \$ 1.25 million
Medium Enterprises	aboveRs. 5 Crores&uptoRs. 10 Crores	above \$ 1.25 million &upto \$ 2.5 million

Service Enterprises - Investment in Equipments		
Description	INR	USD(\$)
Micro Enterprises	uptoRs. 10Lakhs	upto \$ 25,000
Small Enterprises	AboveRs. 10 Lakhs &uptoRs. 2 Crores	above \$ 25,000 &upto \$ 0.5 million
Medium Enterprises	AboveRs. 2 Crores&uptoRs. 5 Crores	above \$ 0.5 million &upto \$ 1.5 million

DEFINING INNOVATION

There is a widely held view that Innovation is primarily driven by high-end technology and R&D. However, high-end technology and R&D are only two of several sources of Innovation. The reach and impact of Innovation is seen across the value chain to also include other sources of Innovation such as various processes and services, marketing, branding, trade, entrepreneurship, market research, customer surveys, etc. The National Knowledge Commission (NKC) therefore defines Innovation in a more comprehensive sense, where along with products and services, processes and economic value enhancement are also paramount.

NKC defines Innovation in the following manner for the purposes of this countrywide survey : 'Innovation is defined as a process by which varying degrees of measurable value enhancement is planned and achieved, in any commercial activity. This process maybe breakthrough or incremental, and it may occur systematically in a company or sporadically; it may be achieved by:

- introducing new or improved goods or services and/or
- implementing new or improved operational processes and/or
- implementing new or improved organizational/ managerial processes

in order to improve market share, competitiveness and quality, while reducing costs.'

Innovation and competitiveness have a dynamic, mutual relationship. Innovation thrives in a competitive environment and in turn, plays a key role in the achievement of such an environment. Innovation generates economic value, new jobs in the economy and cultures of entrepreneurship. By virtue of its relationship with competitiveness, Innovation emerges as a factor in promoting economic growth.

TYPES OF INNOVATION:-

Product/service: introduction in the market of new or significantly improved products or services, in what respects to their features and usability.

Process: implementation of new or significantly improved processes (manufacturing, logistics, and distribution).

Organizational: Innovation within the organization foresees the implementation of new organizational methods in business practice and in external relations.

Marketing: implementation of new marketing methods and tools, involving significant improvements in the product design, package, price, distribution or promotion.

KEY RESULTS:-

(1) Increase in Growth and Innovation

a) 'Innovation Intensity' (i.e. the percentage of revenue derived from products/services which are less than 3 years old) has increased for large firms and SMEs, with SMEs registering a greater increase in Innovation Intensity than large firms. 42% of the large firms and 17% of the SMEs are also 'Highly Innovative' firms (i.e. firms who have introduced 'new to world' Innovations during the course of business in the last five years.)

b) Nearly half of the large firms and SMEs attribute more than 25% of change in the following factors to Innovation: increase in competitiveness, increase in profitability, reduction in costs and increase in market share. For large firms Innovation has the most significant impact on competitiveness, while for SMEs,

Innovation has the most significant impact on increase in market share.

c) 17% of the large firms rank Innovation as the top strategic priority and 75% ranked among the top 3 priorities. All the large firms in our sample agree (of which 81% strongly agree) that Innovation has gained importance as being critical to growth and competitiveness since the start of economic liberalization in India. All the large firms agree (of which nearly half strongly agree) that they cannot survive and grow without investment in Innovation. An overwhelming 96% of large firms in our sample see Innovation spending increasing over the next 3-5 years.

(2) Innovation Strategy

a) Area of business: SME's, Innovation is most highly concentrated in Production, Manufacturing and getting new clients.

b) Factors influencing Innovation: More than half of the increase in marketshare, competitiveness, profitability and reduction in costs due to Innovation has occurred in SMEs due to three types of Innovation – new products, new processes and new services. At the same time, the customer is the primary external factor that leads more than half of the large firms to innovate.

c) Breakthrough and Incremental: 37.3% of large firms have introduced breakthrough Innovation, while 76.4% have introduced incremental Innovation, which may be an indication that large firms in India are still in the mindset of incremental Innovation as compared with breakthrough Innovation.

d) Timeframe: The average timeframe (from idea generation to market) of Innovation projects for half of the large firms are 1 – 3 years. Innovation projects in manufacturing firms have longer gestation period than in services.

BARRIERS :-

I. External:

The most important external barrier to Innovation, as perceived by both large firms and SMEs, is skill shortage due to the lack of emphasis on industrial Innovation, problem-solving, design, experimentation, etc. in the education curricula

Other prominent external barriers are lack of effective collaboration with research in universities and R&D institutions, excessive government regulation as well as insufficient pricing power to derive value from Innovations.

II. Internal:

The most important internal barriers as perceived by large firms are lack of organizational focus on Innovation as a strategy for growth and competitiveness; inefficient knowledge management systems within the company; and poor understanding of customer needs and market dynamics.

For SMEs, prominent internal barriers are skill shortages due to lack of effective in-house training programmes; inability to move beyond the first successful

Internal processes for Innovation such as maintaining a specific Innovation department, allocating funds, rewarding innovative employees, forecasting probabilities of success, formalizing processes and systematic attempts, maintaining physical locations for Innovation and constituting crossfunctional teams all lead to firms being more Innovative.

SMEs ADVANTAGES FOR INNOVATION:-

- SMEs are faster entering the market than large companies;
- Small companies can more easily explore niche markets
- New technologies usually start at the edge of markets, thus SMEs can take advantage of these business opportunities;
- SMEs can be better at specializing and offering customized services to customers;
- SMEs can offer new experiences to customers which take time and efforts to develop, adding value which is more difficult for large companies to offer.

Benefits of innovation (caused by SMEs and for SMEs)

BY SME's:-

- Increase profits/ margins;
- Product diversification;
- Product differentiation;
- Meeting the needs of consumers;

- Building customer loyalty;
- Maintenance or increase of market share;

FOR SMEs:-

- Maintenance of strategic position in the market;
- Exploitation of new business opportunities;
- Creation of new markets;
- Customization of service;
- Strengthening competitiveness in the market (e.g.: reduction of production

THE OPPORTUNITIES OF GROWTH IN THE SMES SECTOR:-

1. Less Capital Intensive
2. Extensive Promotion & Support by Government
3. Reservation for Exclusive Manufacture by small scale sector
4. Project Profiles
5. Funding - Finance & Subsidies
6. Machinery Procurement
7. Raw Material Procurement
8. Manpower Training
9. Technical & Managerial skills
10. Tooling & Testing support
11. Reservation for Exclusive Purchase by Government
12. Export Promotion
13. Growth in demand in the domestic market size due to overall
14. Increasing Export Potential for Indian products

FACTORS AFFECTING SMES: -SMEs in India face several problems such as-

1. lack of availability of adequate and timely credit
2. High cost of credit
3. Inadequate infrastructure facilities like power, water and roads, and lack of access to modern technology.
4. limited access to equity capital
5. problems in supply to government departments and agencies
6. procurement of raw materials at a competitive price
7. Issues of storage
8. Designing, packaging and product display

SMALL AND MEDIUM ENTERPRISES ARE THE BACKBONE OF INDUSTRIAL DEVELOPMENT

It is very important for both developed and developing country Small and medium enterprises always represented the model of economic development, which emphasized high contribution to domestic production, significant export earnings, low investment requirements, employment generation, effective contribution to foreign exchange earning of the nation with low import-intensive operations.

The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises.

SMEs sector has emerged as a dynamic and vibrant sector of the economy. The Indian economy is expected to grow by over 8 per cent per annum until 2020 and can become the second largest in the world, ahead of the United States, by 2050, and the third largest after China and the United States by 2032.

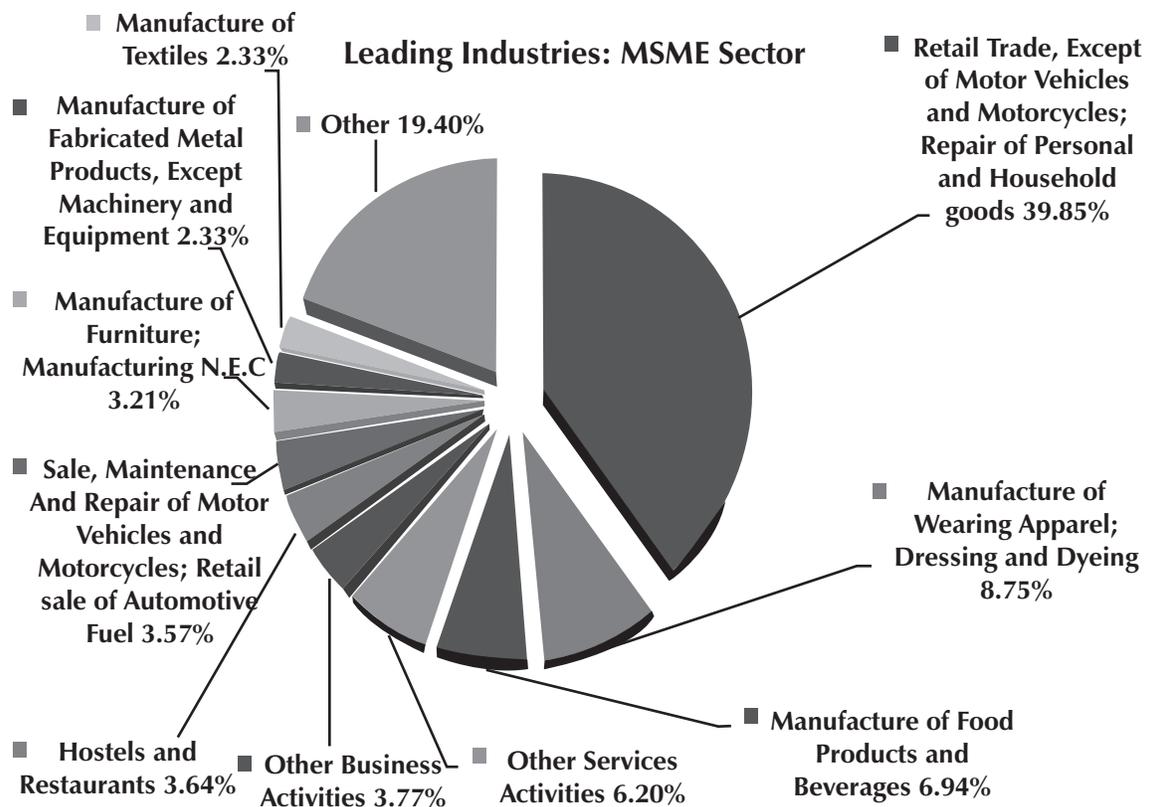
SUPPORTING AGENCIES OF SMES

Some of the important organizations that are associated with SMEs in India are: Small Industries Development Organization (SIDO), National Small Industries Corporation Ltd. (NSIC), Small Industries Development Bank of India (SIDBI), Confederation of Indian Industry (CII), Laghu Udyog Bharti (LUB), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), National Institute of Small-Industry Extension Training (NISJET), World Association for Small and Medium Enterprises (WASME), Small Scale Industries Board (SSIB), PHD Chamber of Commerce and Industry (PHDCCI), Federation of Indian Exporters Organization (FIEO), Federation of Associations of Small Industries of India (FASII)

ROLE OF SMES IN INDIAN ECONOMY

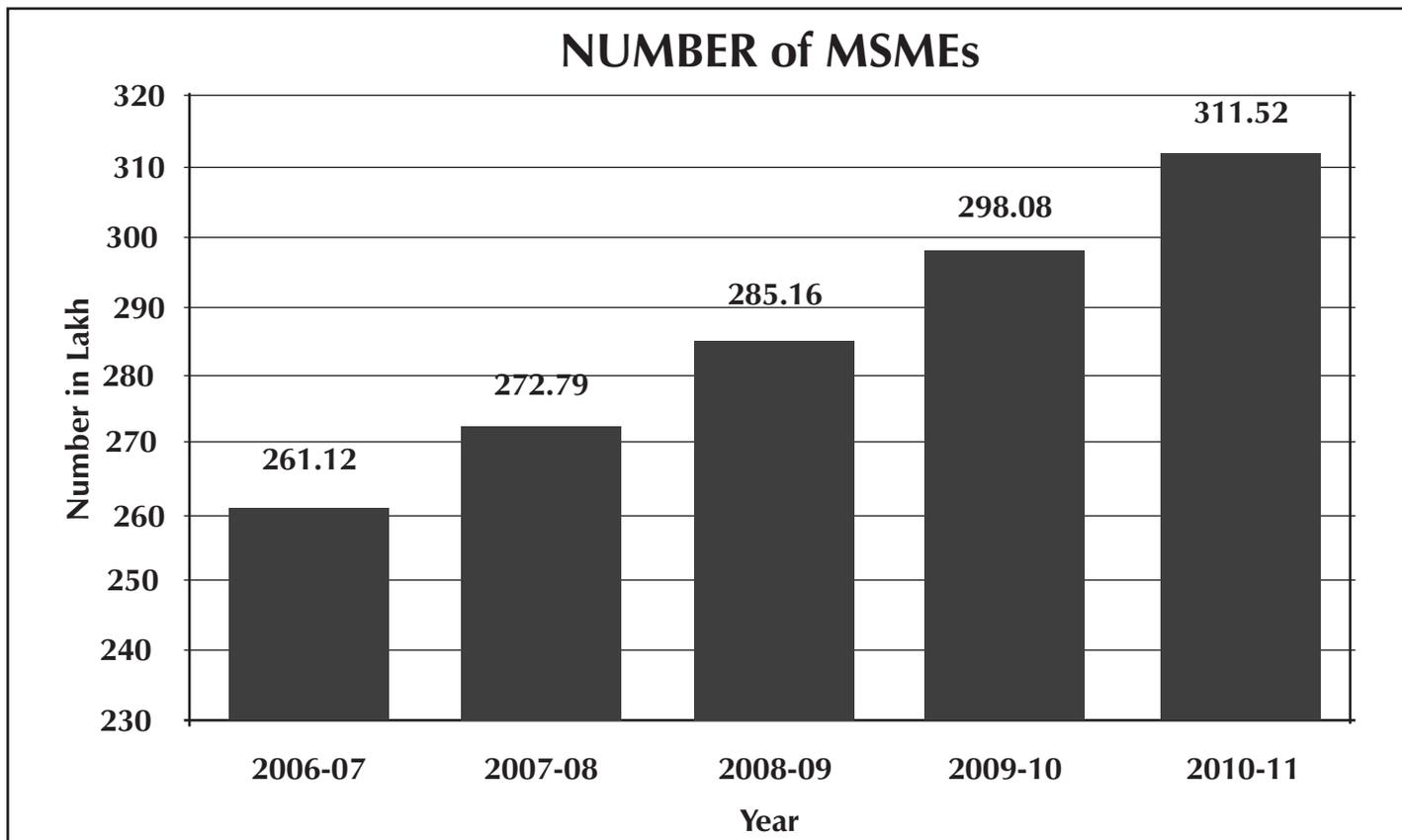
The Small and Medium Enterprises have been the back bone of the Indian economy. It employs nearly 40 percent of the India's work force and contributes 45 percent to the country's manufacturing output. There are no second thoughts that SMEs play an important role in generating millions of jobs. Some well-known successful SMEs in India are:-

In order to understand the impact of SMEs on the Indian economy; one must study the trend and pattern that have been prevalent in the preceding years. It gives us the vivid picture of what follows next. Following graphics help us to understand the present scenario and their contributions of SMEs in India.



It is well known that the sme's Provide the Maximum Opportunities for Both Self-Employment and Jobs after AgricultureSector.

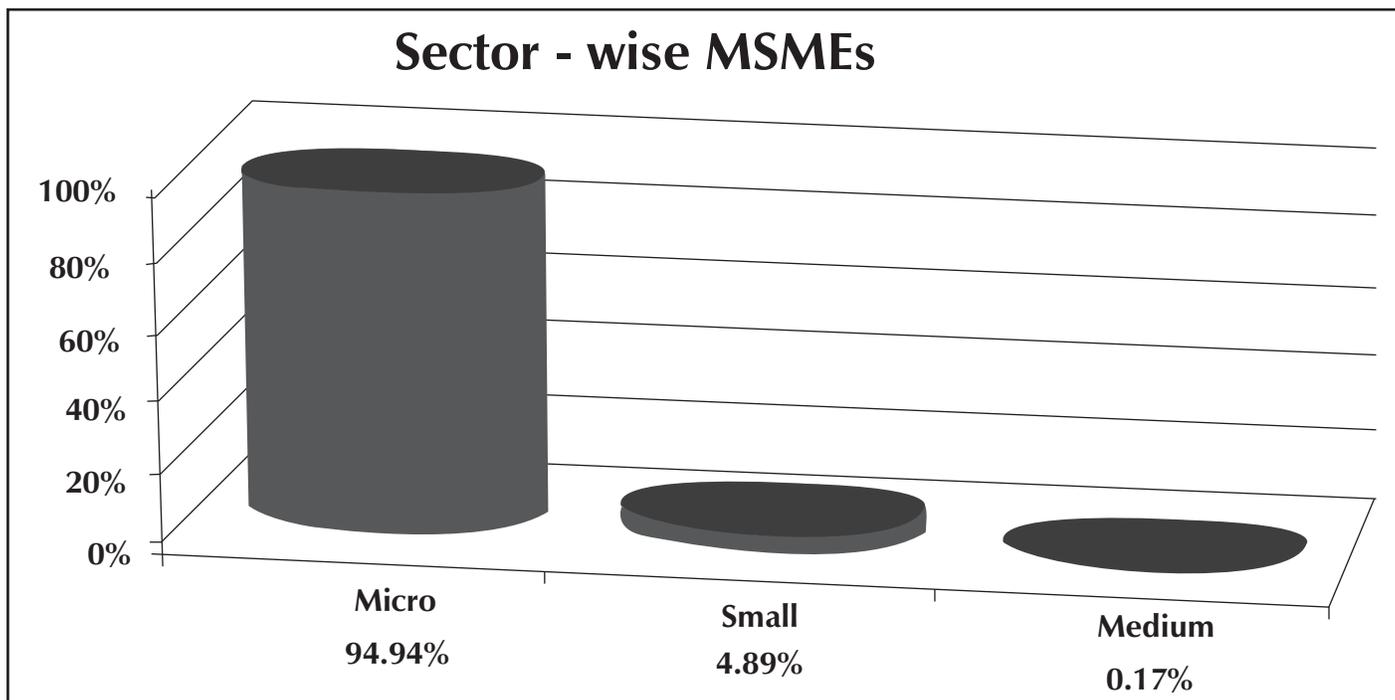
GROWTH PERFORMANCE OF SMES OR MSMES IN INDIA:-



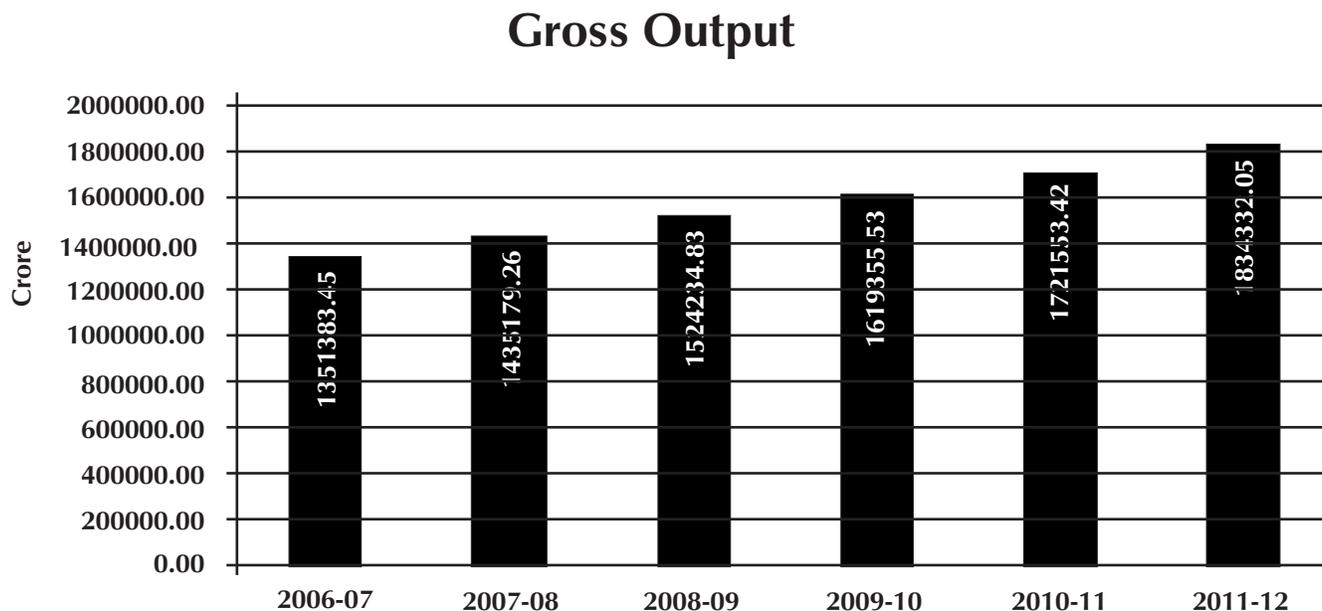
EMPLOYMENT IN SME SECTOR:-



**PROJECTED DATA FOR THE YEARS 2007-08 TO 2011-12.
SECTOR WISE MSME:-**



GROSS OUTPUT IN MSME:-



PROJECTED DATA FOR THE YEARS 2007-08 TO 2011-12.

CONCLUSION

In India SMEs has achieved steady growth over the last couple of years. The role of SMEs in the industrial sector is growing rapidly and they have become a thrust area for future growth. The Indian market is growing and the Indian industry is making rapid progress in various Industries like manufacturing, food processing, textile and garments, retail, precision engineering, information technology, pharmaceuticals, agro and service sectors. Under the changing economic scenario the SMEs have both the opportunities and challenges before them.

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SMES IN GREEN BUSINESS

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ABSTRACT

A green company acts, or claims to act, in a way which minimizes damage to the environment. As global warming continues apace and becomes an increasingly "hot" topic amongst world governments, many companies are doing their part to become environmentally more responsible or "green".

A green business, or sustainable business, can generally be defined as one that strives to reduce its negative impact on the local environment, community, society or economy while maintaining a profit. However, there is no standard definition and perhaps the best approach is for each business to define for itself what it means to be a green business and develop a list of actions or standards that it will adhere to.

SMEs play an important role in the Indian economy. The output by SMEs accounts for 45% of the total manufacturing output of India. The total contribution by small scale industries towards Indian exports is 40%.

Promoting Green Business through SMEs is an emerging trend which contributes both towards the Environment as well as encouraging growth of the Indian Economy.

Keywords: SMEs, Green Business, Indian Economy

INTRODUCTION

What is green business?

Sustainable business, or green business, is an enterprise to be that has minimal negative impact on the global or local environment, community, society, or economy—a business that strives to meet the triple bottom line. Often, sustainable businesses have progressive environmental and human rights policies. In general, business is described as green if it matches the following four criteria:

1. It incorporates principles of sustainability into each of its business decisions.
2. It supplies environmentally friendly products or services that replace demand for non green products and/or services.
3. It is greener than traditional competition.
4. It has made an enduring commitment to environmental principles in its business operations.

A sustainable business is any organization that participates in environmentally friendly or green activities to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. In other words, it is a business that “meets the needs of the present world without compromising the ability of the future

generations to meet their own needs." It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company's products perform with renewable resources.

Everyone affects the sustainability of the marketplace and the planet in some way. Sustainable development within a business can create value for customers, investors, and the environment. A sustainable business must meet customer needs while, at the same time, treating the environment well.

Green Business has been seen as a possible mediator of economic-environmental relations, and if proliferated, would serve to diversify our economy, even if it has a negligible effect at lowering atmospheric CO₂ levels. The definition of "green jobs" is ambiguous, but it is generally agreed that these jobs, the result of Green Business, should be linked to clean energy, and contribute to the reduction of greenhouse gases. These corporations can be seen as generators of not only "green energy", but as producers of new "immaterialities" that are the product of the technologies these firms developed and deployed.

SIX ESSENTIAL CHARACTERISTICS OF GREEN BUSINESS

Matthew Tueth, Ph.D. reiterates the ideas put forward by authors such as Paul Hawken (*The Ecology of Commerce and Natural Capitalism*), Bill McDonough and Michael Braungart (*Cradle to Cradle*), and Janine Benyus (*Biomimicry*) when he proposes that a mature and authentic sustainable business contains six essential characteristics.

1. Triple top-line value production

"The TTL Establishes three simultaneous requirements of sustainable business activities - financial benefits for the company, natural world betterment, and social advantages for employees and members of the local community—with each of these three components recognized as equal in status." Whereas many businesses use the triple bottom line, "triple top line" stresses the importance of initial design and is a term attributable to McDonough and Braungart in their book *Cradle to Cradle*.

2. Nature-based knowledge and technology

"This biomimicry-based principal [sic] involves the conscious emulation of natural-world genius in terms of growing our food, harnessing our energy, constructing things, conducting business healing ourselves, processing information and designing our communities"

3. Products of service to products of consumption

"Products of service are durable goods routinely leased by the customer that are made of technical materials and are returned to the manufacturer and re-processed into a new generation of products when they are worn out.(These products are mostly non-toxic to human and environmental health but toxic materials that are used will be kept within a closed loop type system and not be able to escape into the environment). Products of consumption are shorter lived items made only of biodegradable materials. They are broken down by the detritus organisms after the products lose their usefulness.(These are also non-hazardous to human or environmental health). This principal requires that we manufacture only these two types of products and necessitates the gradual but continual reductions of products of service and their replacement with products of consumption as technological advancements allow." See *Cradle to Cradle* for other thoughts on Technical (Products of Service) and Biological(Products of consumption) nutrients.

4. Solar, wind, geothermal and ocean energy.

"This principal advocates employing only sustainable energy technology—solar, wind, ocean and geothermal—that can meet our energy needs indefinitely without negative effects for life on earth." Other authors, such as Paul Hawken, have referred to this as utilizing current solar income.

5. Local-based organizations and economies

"This ingredient includes durable, beautiful and healthy communities with locally owned and operated businesses and locally

managed non-profit organizations, along with regional corporations and shareholders working together in a dense web of partnerships and collaborations."

6. Continuous improvement process

"Operational processes inside successful organizations include provisions for constant advancements and upgrade as the company does its business. The continuous process of monitoring, analyzing, redesigning and implementing is used to intensify TTL value production as conditions change and new opportunities emerge."

WHAT ARE SMES?

Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs) are companies whose personnel numbers fall below certain limits

The Government of India enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 including definitions of micro, small and medium enterprises as follows:

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

(i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006.

(b) Enterprises engaged in providing services are defined by their level of investment in equipment as follows:

(i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

(ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and

(iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

WHY A GREEN ECONOMY

India is increasingly being looked at as a hub for research and development for green solutions. This is due to its innovation in technology, low-priced manufacturing and services, and traditional knowledge and processes. India has the world's third largest pool of scientists and engineers and has instilled confidence in the global market through its significant achievements in information technology, professional services and communications in the past decade. The past few years have seen a rise in green innovation and increasing amounts of venture capital is flowing in, with India being rated as the third most attractive country for renewable energy investment. The transition has begun. Indian industry and MNCs have already started looking at corporate environmental impact, due to profitable opportunities, to avoid business risk, because of international investment pressure and their own corporate social responsibility.

If India capitalizes upon the potential of its green economy, not only would it promote a more sustainable and cleaner environment, but the Indian economy would see the generation of hundreds and thousands of downstream jobs. India is in a unique position to create a low-carbon green economy. India is on high path of growth. as it is yet to create a lot more infrastructure, services and jobs. It is the choices of Indian business that will shape the outlook of the country; if they choose to

incorporate environmental sustainability into their business, although immediate costs may be higher in some instances, they will sustain their business economically.

Furthermore, India can't afford not to transition towards a green economy. The Climate Disclosure Project says that the business as usual scenario on climate change shows that by 2100 India's GDP growth will be around negative 9-13% due to the impacts of climate change affecting business, livelihood and hence the economy. Although 2100 is far away, this is not the path for any aspiring superpower. The Indian economy and Indian business will have to transform. Furthermore, consumers and employees are becoming increasingly conscious of environmental issues, which are starting to reflect in their purchases leisure activities. Similarly venture capitalists and investors are becoming conscious of the financial and business risk associated with carbon and environmentally unfriendly practices, and hence are factoring these issues in when making a business investment decision.

Along with the change in stakeholder behavior, Indian business is quickly becoming involved in international carbon markets. In a matter of years we will see this involvement rapidly increase as India will be affected by a global climate agreement that will put a price on carbon that will affect businesses worldwide. This will pose both an opportunity and threat: for businesses that start accounting for their environmental impact and minimizing their carbon emissions, there will be cash to gain, for businesses that lag behind, there will be a price to pay.

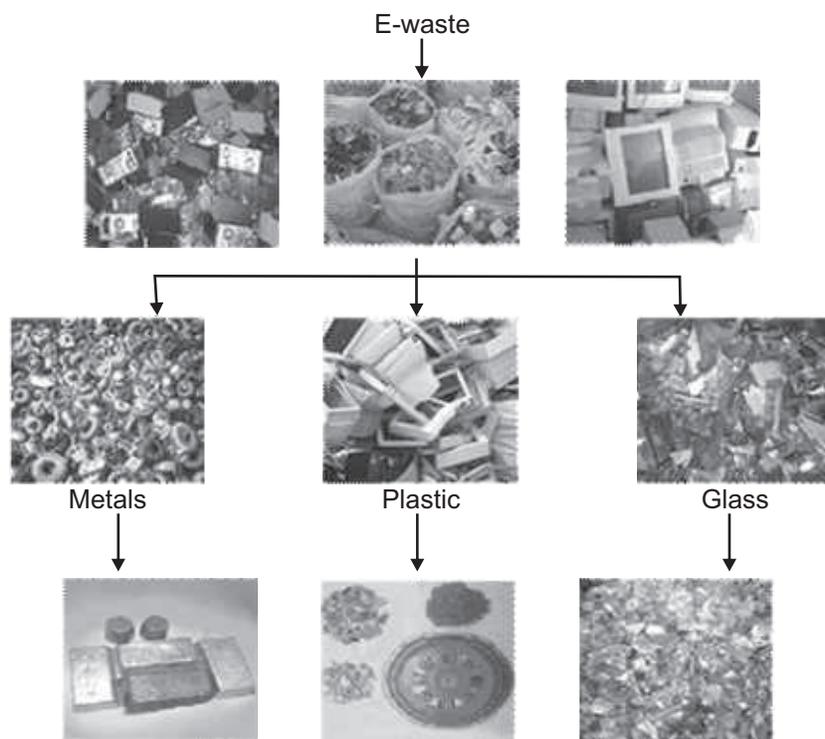
Finally shifting to a greener economy creates opportunity for job creation in all sectors and all companies, an opportunity to improve our education system to become more practically focused to suit industry. To make this shift we will need to create jobs in all sectors. Increasing environmental awareness is changing and increasing legislation supporting the environment, which will mean increased environmental litigation, lawyers and policy writers. Growth of global carbon markets will mean increase carbon financial consultants, analysts, financiers, an increase in carbon accountants, business risk analysts and more. A rise in green buildings and energy efficiency is increasing the demand for architects, engineers, technicians, plumbers, construction workers. And a shift towards renewable energy is resulting in increased employment per kilowatt per hour of energy produced when compared to fossil fuel energy, not only in large commercial plants but also in rural villages allowing for decentralized renewable energy systems. There are just a few sectors and jobs out of the hundreds of jobs that will be transformed and created.

At Green Economy India we aim to facilitate Greenjobs, Green education, promote green businesses, and provide training and consulting on the Indian green economy and leadership.

SMES DOING IN GREEN BUSINESS

E- Parisara Pvt. Ltd.,Bangalore

Electronic Waste recycling facility in Bangalore – SIDBI assisted E- Parisara Pvt. Ltd., Bangalore for electronic waste recycling project. The project caters to wastes generated by IT, Telecom & Electronic industries in and around Bangalore. The advantages accruing from the project includes helping more than 100 MSMEs to become compliant with regulatory requirements / environment audit, reduction in waste treatment cost and reuse & recycling of treated metals / materials.



Gujarat Environ Protection & Infrastructure Ltd.

Common Effluent Treatment Plant (CETP) - MSME textile dyeing & printing units in and around Surat – Gujarat Environ Protection & Infrastructure Ltd. has been assisted to set up Treatment Storage and Disposal Facilities (TSDF) in Surat to help MSME textile dyeing and printing units in proper waste disposal. Majority of 300 MSME member units have been able to become compliant with pollution control norms.

Eco Green Solution Systems (P) Ltd., Bangalore

CETP, Bangalore - Eco Green Solution Systems (P) Ltd. has been assisted for setting up of a Treatment Storage and Disposal Facilities (TSDF) facility for toxic waste generated from the electroplating, powder coating, metal finishing industries in and around Bangalore. It has helped more than 300 MSMEs in reuse and recycling of treated effluent, reduction in waste treatment cost per unit etc.

HOW CAN WE PROMOTE IT?

- Use only environmentally-friendly products when creating marketing materials for your green business.
- Go online to market your green business. The Internet is environmentally-friendly in that it doesn't waste any paper.
- Try your local natural and organic foods stores. Alternatively, connect with other green businesses in your area and promote each others' services.

CONCLUSION

Businesses are hopping on the going-green bandwagon because consumers are increasingly aware of environmental issues. Some businesses are even implementing "triple bottom line" policies -- taking into account people, planet and profit -- into their operations. Whether you are a business owner wondering where to start or a green-MBA student putting together a paper exploring the going-green challenges business owners face, consider the entire life cycle of products and services in your analysis.

SMALL BUSINESS ENTREPRENEURS : PROBLEM AND REMEDIES

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INTRODUCTION

Small businesses are an integral part of the industrial system. They play a critical role in economic development. The ability of small firms to grow depends largely on the economic condition of the country where they operate. During a business cycle, an economy grows, reaches a peak, and then begins a downturn followed by a period of negative growth it calls a depression that ends in a trough before the next upturn. A depression is a period down market where Small business houses has to face a problems of falling prices, restriction of credit, overproduction, decreased demand, and investment and a high level of unemployment.

Small businesses are tough livings. There is no reliable paycheck, no one pays benefits, and the buck always stops in owners shoes. Not only are the rewards very uncertain, the work is challenging, and a few people must fill all the same functions as large businesses: planning sales, product, finance/accounting, collections, management, IT etc. These businesses are already taking casualties from the financial crisis. They are freezing hiring, laying off employees, and cutting costs. Though a complete collapse of the financial system has been avoided, many small businesses are still feeling the pressure from the economic crisis. It has become clear that a quick recovery is not on the books. Customers are more nervous about their own income and spending. As this circles continues, it will continue to pressure small businesses to make the most of their resources and make some tough choices if they're going to survive the current crisis. Credit is more scarce for businesses and customers, so owners are going to need to make better decisions about the use of their limited credit, while maximizing cash flow. It is also a time to develop new products and plan for business after the credit crisis. "Understanding your industry and anticipating its future trends and directions gives you the knowledge you need to react and control your portion of that industry," Kenneth J. Cook explained in his book *The AMA Complete Guide to Strategic Planning for Small Business*.

OBJECTIVES :

- 1) To know the advantages of small business over large companies
- 2) To study the internal and external problem of small business Entrepreneurs
- 3) To reveal the remedies for small entrepreneurs

METHODOLOGY

The present paper is based on secondary source of data. The Secondary data has been collected from varies books, Journals & web sites.

ADVANTAGES OF SMALL BUSINESS OVER LARGER COMPANIES :

"When life hands you lemons, make lemonade." The same philosophy can be applied creatively by small business owners to take advantage of the financial conditions and possible slow down in their businesses. Sometimes it pays to be small. Owner might not realize it, but small business has several advantages over larger companies during a downturn. Such as:

1. **Flexibility** :Big companies move slowly; small business can adapt to new trends and market developments more quickly. Stay abstract of industry and market trends. it's often easier for small for small firms to alter their business strategy and even change direction. Smaller scale enables to quickly review and revamp business plan and adapt to changes in market conditions – including exploiting new sales channels.

2. **Financial control** :It's usually less problematic for small businesses to reduce outgoings and cut costs. Even something as basic as switching off lights and machinery to reduce energy bills is more easily managed in a small organization. but it's easier, too, to move to smaller premises and even to operate with a more flexible workforce.
3. **Rapid response** :The chances are owners are closer to customers than the managing Director of a big company. Businessmen can gauge their mood more swiftly and find out what they really want. This enables to make quick, accurate decisions about the measures required to retain customers.
4. **Access to support** :There is a great deal of government support, the new small Business Finance Scheme. Bigger firms don't have such transparent, easily accessible and even-handed support.

By making the most of these strengths they can increase chances of surviving the year ahead. any event that generates extra time for a small business owner is a gift that should allow time to reflect on the business and future growth plans, personal growth plans and how to take the business to the next level.

OPPORTUNITIES AND WAYS TO ENHANCE A BUSINESS

This insight discusses these opportunities and propose additional ideas that can be implemented now with the result of dividends paying off when the economy recovers. Each of the ideas is based on the assumption that the financial crises/recession has slowed business and allows the business owner to reflect on and follow-up on major business ideas that always seems to get pushed to the end of the line when business is operating at normal capacity.

There are a myriad of ways to enhance a business when one finally has the time to give the project full attention. For example, a slow down in business opens up time for the owners to modernize marking materials and technology, to cross train their employees for greater flexibility, or to shore up their own capital either by accepting an open line of credit or accepting the many offers of new business credit cards that arrive for businesses based on sound financial based on sound financial footing.

RESEARCH AND DEVELOPMENT

Research and development is nowadays of great importance in business as the level of competition, production processes and methods are rapidly increasing. Therefore the small business should take first step that is of focusing on "innovation", It does not mean that this is a time to come up with brand new business ideas, but it is a good time to simply do things better. By consistently looking for ways to innovate will add "VALUE" to the existing business and will also help to survive in the long-term.

Personnel :

while no business wants to eliminate positions or lay off staff, it may be an area which needs to be considered for the solvency of the business. Use this time to train employees in other job functions or the use of new technology so that the business employees are ahead of the competition in terms of terms of value to the customer and to the business, thereby providing a marketing and operational edge to the business. when business picks-up, as it inevitably will do, the owner will have a fresh, knowledgeable team that is ready to respond to the customer demands if they have used the down market as a time to relax, reflect and renew personally. This can allow small businesses to use employees more effectively on other projects or reduce workforce.

Purchase :

In a down market, the small business owner should go for negotiating lower prices without comprising on quality and payment terms which can offer a longer credit period, volume or off season discounts etc. or renegotiate. There's also never been a better time to line up long-term contracts at reduced rates, also should try to identify transportation alternatives whereby the cost can be reduced. Put your utilities and operational above all else. Electricity & water bills must be on top of all the needs. Since you already put aside the non-essentials from your budget it will be easier to put into a budget the things that you need to actually think about.

Production :

Business should try to improve the quality by using different tools like 6-sigma, TQM, Kaizen etc. also give proper attention towards maintenance and thereby reducing the 'downtime.' they can also take decision related to 'make or buy'.

Marketing :

"Good businesses are built around great customer service." even in times of uncertainty which we all face currently, providing great service will bring customers back. It is vital to focus on servicing 'loyal customers'. Great customer service means you should always look for ways to improve. The first place to look for these ways to improve can simply be done by canvassing your current customers for "feedback," and react to it in a timely fashion. Use staff down time to evaluate current products, develop new packages for the customers rather than discounting existing packages. These products can either span the gap between existing products or offer a trimmer, low cost alternative for customers. Therefore in a down market, the small business owner should carefully examine the business customer demographics and identify new customers and new marketing approaches to reach them. Focus on most cost effective marketing and advertising. Keep website up to date, while limiting promotional items or focusing on lower cost items. Increase profit margins by selling direct to customers and cut out the middle man whenever possible. Thus, concentrate on increased sales rather than new product development. Look for new channels, new customers, rather than investing heavily in development.

Finance :

"Building revenue is art, and cutting expenses is mechanics." when debtors are slow to pay, accounts receivable can get out of hand. If this condition is allowed to persist, the small business owner ends up providing free financing for them, who may not have the finances to pay all its bills. This is the time to collect on all invoices that have remained unpaid for 30 days or more. Reduce day to day operating costs. Alternative schedules can allow a business to meet its needs in fewer days per week, while reducing the operating costs. Smart financial planning can mitigate the problems, and help the wise avoid losing their shingle during the downturns. This includes having cash saving on hand, reducing spending early in a downturn, renegotiating rents, etc. To be clear, the suggestion is not to launch into the above businesses, but to add business lines to existing business, which can add new revenue streams. these revenue streams are complementary to other revenue, such that when original revenue is down, this revenue will be up. It's called hedging, and it's the best way to manage risk.

PROBLEM OF SMALL ENTREPRENEURS :

In rural area there are so many problems and these are obstacles in entrepreneurship development.

1. Internal Problems:

- i. Small entrepreneurs have shortage of capital. So the financial planning is poor. there may be adverse debt equity ratio, inadequate working capital.
- ii. Small entrepreneurs cannot obtain quality raw material at cheap price. This happens due to their limited capital, it increases high cost of raw material.
- iii. In rural area small businessman has to face problems relating to location. Inadequate facilities, poor transportation, lack of trained and skilled labour, poor labour productivity. It increases cost of labour.
- iv. Due to lack of knowledge of information technology traditional production system is utilized. There is lack of knowledge of marketing techniques and other factors.
- v. Rural entrepreneurs are mostly depends on single customer or limited number of customers they can't take market advantage due to weak market organization.
- vi. They have to face defective pricing policy.
- vii. Due to shortage of capital and adequate facilities they have to face storage problems.

viii. Due to inadequate technical know-how, and lack of trained and skilled labour, proper capacity utilisation is not possible; there may be high wastage, poor quality control lack of timely and adequate modernization.

2. External Problems :

- i. Supply of raw material is not regular.
- ii. In rural area the problem of shortage of power is very serious.
- iii. Also problems of water shortage.
- iv. In rural area there is inadequate transport facility, poor roads.
- v. problem of natural calamities.
- vi. Impact of political situation.
- vii. Non availability of adequate finance creates so many problems.

REMEDIES

The problem of small entrepreneurs must be solved for rural development. Following measures are suggested for the development of rural entrepreneurship.

1. Loan cum grant scheme :-

To solve the problem of finance loan schemes should be introduced. The long term loan should be given at low interest rate for rural area.

2. Protection to traditional trade :-

Village have many traditional crafts such as making agricultural tools, leather work, making ornaments. govt. protection is necessary for traditional trade.

3. Training Programme :-

Special training programmes should be arranged to improve skill of labour.

4. Education :-

Entrepreneurial education should be given in school, colleges, and universities. Some practical part is necessary.

5. E. D. P. Programmes :-

There is need to develop entrepreneurial attitude through E.D.P. Programmes.

6. Marketing Centres :-

In order to solve the problems of marketing in rural area, there is need for establishment of marketing of centres.

7. Providing Information :-

The Govt. help is required in providing information for small entrepreneurs for raising production, improving quality; such information is required to be published in Hindi and Regional language.

CONCLUSION

A multi pronged approach is to be adopted to motivate the people to pursue Entrepreneurial activities. Commitment and wholehearted support are crucial for any initiative intended to emancipate Indian's concerted effort must be put into the level of all peoples raising Entrepreneurship in SSI. Social activists, NGOs, Government agencies and corporate sector should play an active role in the transformation of peoples and in driving the peoples to explore Entrepreneurial opportunities in small scale industries (SSI).

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SMEs IN GENERATING INNOVATIVE IDEA

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ABSTRACT

Small & Medium Enterprises (SMEs) play a major role in global economic growth in terms of their contribution to industrial employment, output and exports. SMEs in India are adopting innovative practices and technologies to sustain competitive environment. There are many small and medium enterprises in India that are innovating and using knowledge as a source of success. But these small-scale enterprises however lose out to the big enterprises in terms of financial sustainability, range of products, marketing clout, brand and bargaining power. These barriers often act as road block for success of small and medium enterprises in India. But, it is observed that there are number of small and medium enterprises that find ways in overcoming these barriers and become innovative in the process. The present study focuses on identifying barriers that affect innovative behavior of small and medium enterprises in India.

The author discusses the meaning of SMEs and innovation. The author studies the innovation readiness of Indian SMEs. It highlights the examples of innovative SMEs in India. The authors surveys 20 SMEs to understand the barriers to innovation in SMEs.

Key Words: Innovation, Barriers, importance, innovative SMEs and innovation objectives

INTRODUCTION

SMEs occupy a place of strategic importance in the Indian economy as well. SME sector of India is considered as the backbone of economy contributing to 45% of the industrial output, 40% of India's exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. With approximately 30 million SMEs in India, 12 million people expected to join the workforce in next 3 years and the sector growing at a rate of 8% per year, Government of India is taking different measures so as to increase their competitiveness in the international market

In India, SMEs contribute about 45 percent of the gross turnover in the manufacturing sector and 40 percent of total exports. These small-scale enterprises however lose out to the big enterprises in terms of financial sustainability, range of products, marketing clout, brand and bargaining power. At the same time, it is observed that there are number of small and medium enterprises which are growing and becoming competitive. These enterprises operate in a niche area, produce better products and keep on innovating in their operations through improvement in technology and introduction of modern technology. But they face many barriers in adopting the modern technology

OBJECTIVES

1. To explain the concept and meaning SMEs.
2. To study the concept of innovation and its importance for SMEs.
3. To study innovation readiness of Indian SMEs.
4. To study the examples of innovative SMES.
5. To survey SMEs and study the barriers to innovation.

MEANING OF SMES

There are several factors that have contributed towards the growth of Indian SMEs. Few of these include; funding of SMEs by local and foreign investors, the new technology that is used in the market is assisting SMEs add considerable value to their business, various trade directories and trade portals help facilitate trade between buyer and supplier and thus reducing the barrier to trade. With this huge potential, backed up by strong government support; Indian SMEs continue to post their growth stories. Despite of this strong growth, there is huge potential amongst Indian SMEs that still remains untapped. Once this untapped potential becomes the source for growth of these units, there would be no stopping to India posting a GDP higher than that of US and China and becoming the world's economic powerhouse.

The investment in SMEs is as below:

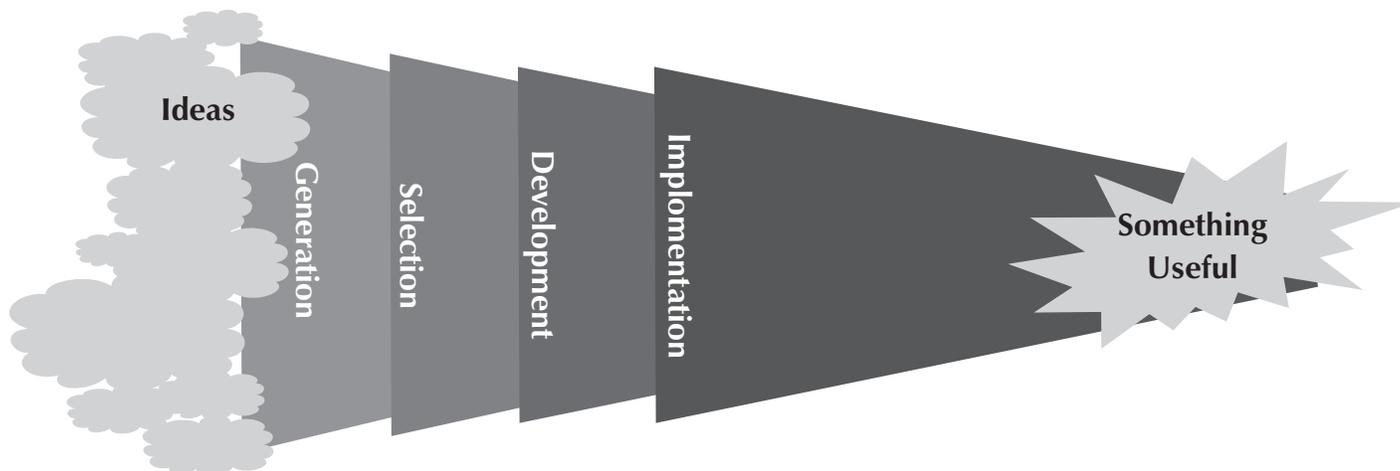
Manufacturing Enterprises - Investment in Plant & Machinery		
Description	INR	USD(\$)
Micro Enterprises	uptoRs. 25Lakhs	upto \$ 62,500
Small Enterprises	above Rs. 25 Lakhs & uptoRs. 5 Crores	above \$ 62,500 & upto \$ 1.25 million
Medium Enterprises	above Rs. 5 Crores & uptoRs. 10 Crores	above \$ 1.25 million & upto \$ 2.5 million

Service Enterprises - Investment in Equipments		
Description	INR	USD(\$)
Micro Enterprises	uptoRs. 10Lakhs	upto \$ 25,000
Small Enterprises	above Rs. 10 Lakhs & uptoRs. 2 Crores	above \$ 25,000 & upto \$ 0.5 million
Medium Enterprises	above Rs. 2 Crores & uptoRs. 5 Crores	above \$ 0.5 million & upto \$ 1.5 million

MEANING OF INNOVATION

Innovation is a process that takes ideas and transforms them into something useful. At FutureSME, we believe innovation is a holistic process that involves generating, selecting, developing and implementing ideas. To achieve innovation, your company environment must support the successful management of this innovation process.

Figure 1: Innovation Process



Innovation is recognised as a source of sustained competitive advantage, survival and growth. Innovative businesses are generally more profitable than non-innovative ones. Innovation can bring numerous strategic advantages to your business. These include delivering a unique product or service, changing the nature of competition by anticipating the emergence of a new technology, being first to market, or improving on competitor products or services.

The word innovation comes from the Latin word “Innovate” which means to “make new”. Innovations involve new methods of doing things and are associated with risks, failure, new ways of management thinking and unlearning of old ways. Innovation is the process of doing new things. It is important to recognize that innovation implies action, not just conceiving of new ideas.

According to Drucker “Innovation is the means by which the entrepreneur either creates new wealth producing resources or endows existing resources with enhanced potential for creating wealth. Arthur D. Little {5} has classified innovation further as:

- Product Innovation
- Process Innovation
- Organizational innovation

Product innovation is defined, as the creative development and commercialization of radically new products or services, using new technology and linked to unmet customer requirements.

Process Innovation is defined, as the development of new ways of producing or delivering services that lead to cost efficiencies or speedier deliveries. Organizational innovation is defined as the development of new business processes and new ways of conducting business, that provide competitive advantage.

OBJECTIVES FOR CARRYING OUT INNOVATION AT SMES

As per the FICCI, MSME Summit 2012, the Objectives for carrying out innovations at MSME are

- Improve product quality.
- Learn about new technology.
- Reduce production cost.
- Reduce labour costs.
- Extend product range.
- Improve cycle time.
- Increase market share.
- Improve production flexibility.
- Open up new markets.
- Reduce energy consumption.
- Fulfill regulations & standard.
- Comply with domestic regulation.
- Reduce environment effects.
- Improve work conditions for employees.

FACTORS AFFECTING INNOVATION CAPABILITIES:

Five input pillars as stated above capture elements of the national economy that enable innovative activities:

1. Institutions
2. Human capital and research
3. Infrastructure
4. Market sophistication
5. Business sophistication

AREAS OF INNOVATIONS WITNESSED IN INDIA SO FAR:

Innovations in India had been largely product centered. Not much thought has been applied to innovating business, marketing, and delivery processes that would give superior benefits to consumers. This focus is now changing. These days, world-class companies such as Microsoft, PepsiCo, IBM, Cisco, Nokia, GE, Xerox, and so on are using India as their research and development (R&D) base to pilot next-generation business models and organizational structures and to develop affordable and sustainable solutions that can then be marketed on a global scale. In doing so, these firms are synergistically integrating their India R&D operations into their global innovation networks. But that is only one part of the story: innovation in India is largely driven by Indian entrepreneurs. Innovations enabled through IT interventions Indian SMEs are also implementing new and innovative information and communication technologies on a large scale like Software as a Service (SaaS) and Infrastructure as a Service (IaaS). Through the dimensions of technological innovations, MSMEs intend to achieve cost-effective, improved versions of existing products to gain and maintain technological advancements. With 71% of India's population (742 million people) living in rural areas, the majority of Indian ICT innovation efforts are focused on the countryside. There have been projects to boost the livelihood of rural communities, targeted offerings to allow rural enterprises and farmers to enrich their productivity through ICT-enabled techniques that provide useful information at the click of a button. Tens of thousands of self-help groups—such as those comprising artisans in remote villages—are being enabled with mobile services so that they can market their offerings optimally and obtain an appropriate return on their time and effort. Project Shakti, co-created by Unilever and MART, and the e-Choupal initiative of the business conglomerate ITC are pioneering examples of innovative delivery and procurement models.

Project Shakti: an innovation in the business model In Project Shakti, to effectively increase the reach of fast moving consumer goods in rural areas, women from existing microfinance groups were hired as the last mile distributors for Unilever household products and links were established for credit from banks via the microfinance mechanism. Unilever provided a guarantee against default, thus validating the viability of the business model.

ITC's e-Choupal initiative is aimed at selling agri-products as well as sourcing raw materials. The company established an information technology (IT)-based exchange that provided information on agri-cultural prices, weather, and so on, gaining trust among farmers. Further, it persuaded the existing agricultural mandi (market) agents to be e-Choupalsanchalaks (operators), thus maintaining and working with existing rural relationships. Connecting the unconnected has been pushed globally by the GSM Association with programs such as the Emerging Market Handset development (ultra-low cost). Locally the Indian government has been playing a major role in uplifting the 600,000 villages with tools such as the Universal Services Obligation Fund.

The National Innovation Foundation (NIF) is leading several initiatives for rural innovations. With the Society for Research and Initiatives for Sustainable Technologies and Institutions (SRISTI) and Grassroots Innovations Augmentation Network (GIAN) programs, NIF has taken grass-roots innovations to a new level. The biggest IT-enabled innovation project in the world is the building of a unique identification (UID) for all Indian citizens. The unique identification project was initially conceived by the Planning Commission as an initiative that would provide identification for each resident across the country and would be used primarily as the basis for efficient delivery of welfare services. It would also act as a tool for effective monitoring of various programs

and schemes of the Government. This is poised to bring about a revolution for Aam-Aadmi (ordinary people) in India, whose transformation into e-nagrik (e-citizens) will improve the quality of their life

INNOVATIVE SMES IN INDIA

1. ZurePro is an online Warranty Claim solution provider, offering multiple warranty programs for customers, like Extended Warranty Packs and annual maintenance contracts. A privately held startup company software engineers and economist based in Mumbai, the team believes that the concept of Extended Warranty for Indian consumers will hit on the right note and will give greater value to consumer's money. Designed for today's customers and gadgets, the entire warranty service gives hassle free process.

ZurePro provides extended warranties and different coverage plans for electronic The length of the coverage may vary from certain years of plan, depending on the condition of the product. For consumers looking out for online repairing solution, ZurePro also has Onsite Repair Support section, especially for iPhones, Smartphones and Laptops. There is no limitation for brands; ZurePro has extended warranty claim plans for every brand available in market. This certainly will give a reason to go-ahead with the coverage plans offered by the company. Company has already tied up with number of authorized service centers in multiple cities to repair the product, also depending on the size and severity of the damage. The coverage or the claim can be only filed if the manufacturer's warranty comes to end. However, the entire claim service will be on first hand products.

The entire process of claiming warranty for the gadget is hassle free. The Process includes: Selecting the warranty that also includes brand, mode, item condition and purchase date. Getting a price Adding the product into shopping cart Get the claims done

2. Waste Management In Ahmedabad: Nepra was founded in 2006 for collecting the waste in Ahemdabad. The vision shared by Sandeep Patel and his partners Dhruvin Patel, Chirag Patel and Ravi Patel at the Ahmedabad-based Nepra Resource Management, the start-up behind Let's Recycle. Launched in December 2011, the venture has revolutionized dry waste collection and management in Ahmedabad. Today, about 80 per cent of the average 6-6.5 tonnes a day of dry waste comes from rag pickers; the rest comes from hotels, offices and residential complexes. The dry waste is brought to the company's multi-commodity material recovery facility, where it is segregated and passed through a stringent quality check to meet recyclers' needs and standards. Subsequently, these are sold to recycling firms. The company also has an exclusive plastic-processing facility. Of the dry waste collected, about 55 per cent is plastic, while 35 per cent is paper and cardboard.

Nepra has developed a cloud-based enterprise resource planning system and a smartphone application that connects its employees with clients. Last year, the company recorded a turnover of Rs 1.68 crore, against Rs 40 lakh in 2011-12, the first year of operations.

3. Foodpanda: Foodpanda, present across 34 countries, was brought to India in 2012 by investment banker-turned-entrepreneur Rohit Chadda and former McKinsey consultant Amit Kohli. The company provides a restaurant index that facilitates search by cuisine, restaurants or even price. Its website, Foodpanda.in, allows one to place order(s) online; the order is tracked by a call centre. Food panda is having revenue of 6-7 Cr. for the year 2012 – 13.

4. HealthCare at Home India(HCAH): HACH, a joint venture of the Burman family, promoters of Dabur, the consumer goods major, and Gareth and Charles Walsh, founders of the UK-based Healthcare at Home The company seeks to offer health care in oncology and post-operative and palliative care at home. The Burman family owns 65 per cent stake in the firm and Gareth and Charles Walsh the rest.

BARRIERS OF INNOVATION IN INDIAN SMEs

Barriers to innovation can be broadly classified as :

1. Managerial barriers: Inadequate management skills are often the cause of non-competitiveness of small enterprises.
2. Financial barriers : The non-availability of institutional finance on affordable and easy terms is hindering access to new technologies

3. Technological barriers: Technology is the key to enhancing a company's competitive advantage in today's dynamic information age. SMEs need to develop and implement a technology strategy in addition to financial, marketing and operational strategies, and adopt the one that helps integrate their operations with their environment, customers and suppliers.

RESEARCH METHODOLOGY

Research Methodology:

1. The research was conducted in Pune city.
2. 20 SMEs surveyed using simple random sampling technique.

Data Collection:

Besides secondary data, the primary data was collected using a structured questionnaire and the questions were close ended which were coded and cross-tabulated, keeping in view the context and objectives of the study.

Contribution:

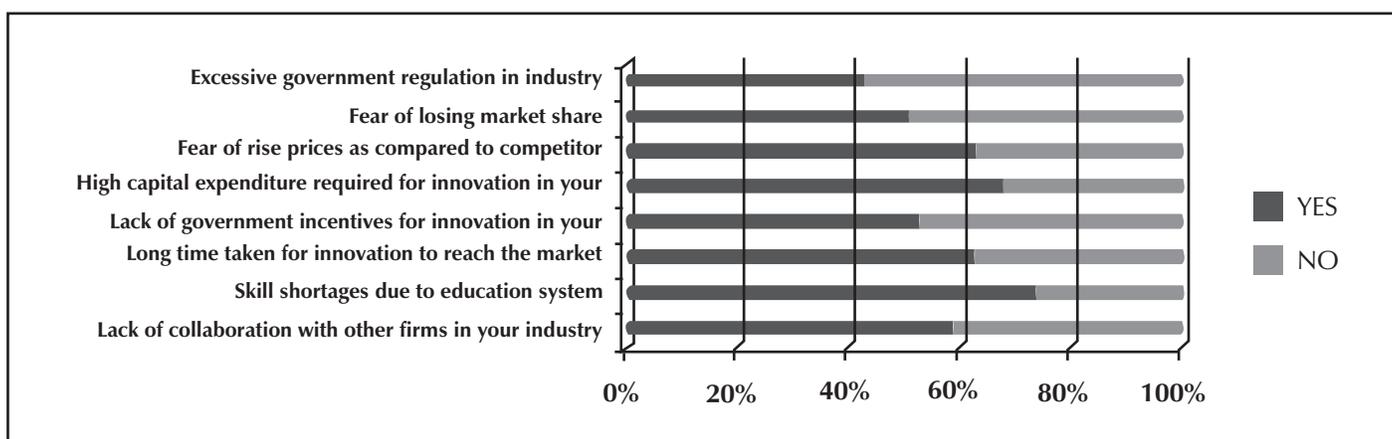
It will add value to the understand the barriers to innovate for SMEs

Data Analysis and Findings:

Table 1: External Barriers to Innovate for SMEs

External Barriers to Innovate for SMEs	Yes	No.
Lack of collaboration with other firms in your industry	59%	41%
Skill shortages due to education system	74%	26%
Long time taken for innovations to reach the market	63%	37%
Lack of government incentives for innovation in your industry	53%	47%
High capital expenditure required for innovation in your industry	68%	32%
Fear of rise in prices as compared to competitor	63%	37%
Fear of losing market share	51%	49%
Excessive government regulation in industry	43%	57%

Graph I: External Barriers to Innovate for SMEs

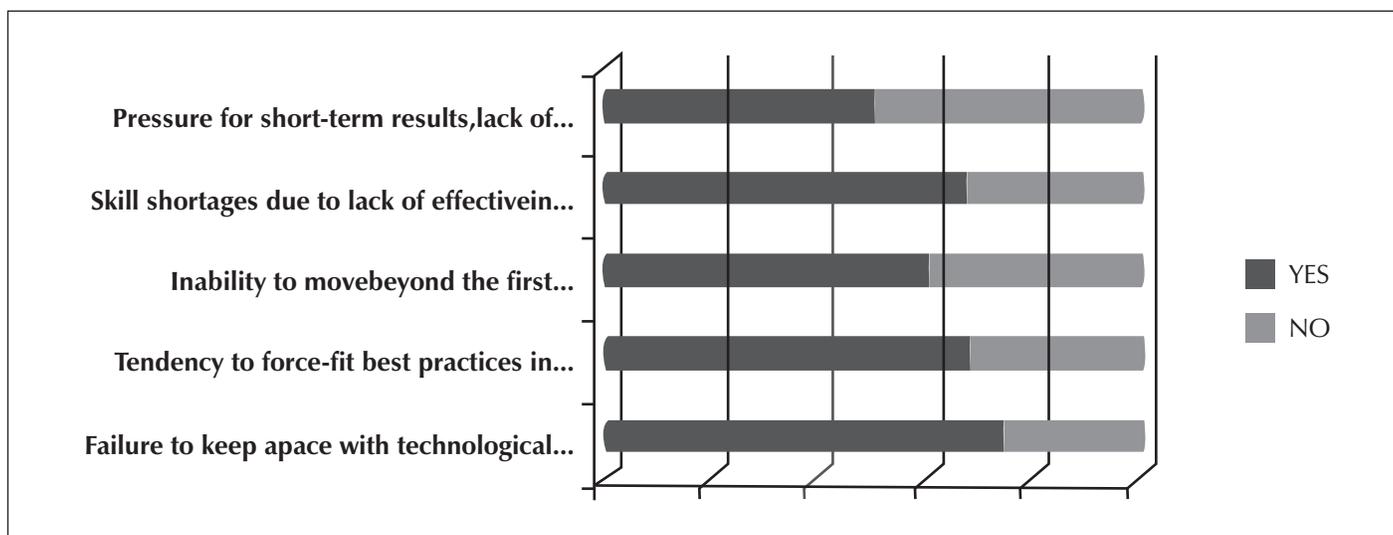


As per Graph 1 and Table I, External Barriers to innovate for SMEs are mainly high capital expenditure required for innovation, lack of Government incentives for innovation, skill shortage,

Table 2: Internal Barriers to Innovate for SMEs

Internal Barriers to Innovate for SMEs	Yes	No.
Failure to keep apace with technological changes	75%	25%
Tendency to force-fit best practices in innovation	69%	31%
Inability to move beyond the first successful innovation	61%	39%
Skill shortages due to lack of effective in-house training programmes	68%	32%
Pressure for short-term results, lack of long-term thinking	51%	49%

Graph 2: Internal Barriers to Innovate for SMEs



As per Graph 1 & 2 Table I & II, mainly internal barrier to innovate for SMEs are failure to keep a pace with technological changes, tendency to force-fit best practices in innovation.

CONCLUSION:

In India, small and medium enterprises face many barriers in innovating and they often lose out to the large enterprises in terms factors such as financial resources, quality of products, marketing and distribution, and also in negotiations. The main barrier to innovation is finance, technology and skilled manpower. Small and medium enterprises (SMEs) are regarded as the main source of entrepreneurship and innovation. These enterprises provide employment to large number of people and contribute significantly to growth and GDP of an economy. In the world economy, knowledge as a determinant of competitive advantage is gradually replacing traditional factors of production like labor and capital. In order to survive and compete in the globalized market, small and medium enterprises need to use knowledge to innovate. It is must for SMEs to innovate to survive in the competitive business environment.

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THE CASE OF ICELANDIC FIRMS WITH KNOWLEDGE MANAGEMENT IN SMES

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ABSTRACT

This paper presents findings from a survey on knowledge management (KM) in small- and medium-sized firms (SMEs) in Iceland. It analyses the extent, strategy and effects of KM. The results indicate that more managers in SMEs need to consider the strengths and weaknesses of KM, and implement a formal KM strategy. Only 24% of Icelandic firms have a KM program in place, and most of them have invested in simple information and communication technology technologies. The most common way of sharing tacit knowledge in Icelandic firms is encouraging face-to-face communication. The survey indicates that the benefits of KM programs are quite positive even in SMEs. Accordingly, the research findings indicate that KM could improve organizational and managerial as well as financial aspects of SMEs. This research was carried out in only one country, and is based on a questionnaire. Its results should therefore be interpreted with care.

INTRODUCTION

The popularity of knowledge management (KM) has increased rapidly, particularly since 1995, and it has become a central topic of management philosophy as well as a management tool. This popularity is reflected in the growing number of articles and books on the topic. Specialist journals have also been established on the subject, and conferences are held on KM every year. In addition, many organizations have introduced KM programs. A KPMG survey of 423 leading European and American companies found that 70% of the respondents were undertaking some kind of KM initiative (KPMG Consulting, 2000). Another recent U.K. survey found that 64% of responding firms had introduced KM while 24% of them were at the introduction stage (Moffett et al., 2003).

There is no one simple definition of KM. One reason for this lack of agreement stems from the fact that people working in the KM field come from a wide range of disciplines, such as psychology, management science, organizational science, sociology, strategy, computer sciences, production engineering and so on. Most definitions are, however, similar on one point; they take a very practical approach to knowledge, that is, how knowledge can contribute to organizational effectiveness (Hlupic et al., 2002). In most cases, the term is used loosely to refer to a broad collection of organizational practices and approaches related to generating, capturing and disseminating knowledge relevant to the organization's business (World Bank, 1998).

KM AND SMES

The economic vitality of most advanced economies in the world is related to micro firms, and SMEs (Daft, 2004; O'Regan & Ghobadian, 2004). In the European Union (EU), SMEs represent 99% of all enterprises, provide around 65 million jobs and are a major source of innovation (European Commission, 2006). In the United States, small businesses are estimated to constitute 95% of all American businesses, and account for approximately two-thirds of all newly created jobs. Small firms have, additionally, been vital for the flourishing of high-technology industries in the U.S.A. (Rutherford et al., 2001).

O'Regan & Ghobadian (2004) argue that there appears to be little consensus on the most appropriate definition of SMEs. They stress, moreover, that in the absence of a definitive classification, a consensus has developed around the European Commission's criteria for SMEs definition. This is despite the fact that the EC criteria emphasize only 'tangible' aspects, and leave out 'intangible' factors, such as knowledge and information technology. Given this, this paper relies on the new EU definition of SMEs entering into force on 1 January 2005. Accordingly, micro-enterprises have less than 10 employees, a turnover of max h2 million, and an annual balance sheet of max h2 million. Small enterprises have, on the other hand, 10–49 employees, a turnover of less than h10 million, and an annual balance sheet of max h10 million, while medium-sized firms have 50–250 employees, a turnover of max 50 million and a balance sheet of up to h43 million (European Commission, 2006).

McAdam & Reid (2001) argue that most definitions, research and practice on KM have focused primarily on larger organizations. Consequently, there was relatively little information available on KM in SMEs. In their survey of 296 small and large firms in Britain, they found certain differences regarding KM. Among these were that the SME sector appeared to be less advanced in terms of knowledge construction, having a more mechanistic approach to knowledge construction and relying less on social interaction. Also, the SME sector was weaker on formal and systematic discussion in order to share tacit knowledge than larger firms, who were, furthermore, stronger on formal KM strategy. Similar results were found by Matlay (2000) in his study of 6000 SMEs in Britain. His main conclusion is that strategic learning and knowledge orientation lead to survival and solid growth in the long run, although there might be other ways of obtaining short-term gains. Most of the SMEs in the study adopted short-term unstructured ways towards organizational learning:

In a similar manner, Beijerse (2000) found out in a study of 12 SMEs in the Netherlands that there was no explicit policy that was targeted at strategic KM. Most of the firms treated KM on an operational level – at the level of systems and instruments. Many such instruments were found within the firms, but they were often not seen as an instrument for KM within the companies. Corso et al. (2003) stress in a study of 47 Italian SMEs that small firms tend to place more emphasis on management of tacit knowledge than larger firms, and that communication channels in SMEs are more likely to be between firms, rather than internal to the organization.

Very few studies have focused on the benefits of KM for SMEs. In their study, McAdam & Reid (2001) emphasizes that the benefit of KM on studied organizations were mainly based on reduced costs, and improved quality and efficiency. The SMEs sector responses were less than the large sector responses. In a German survey on KM in German companies of different sizes, there was no systematic difference in the effect of KM programs between smaller and larger firms. The benefits of KM reported in the study were related to improved human resources and direct market effects (Edler, 2003). Interesting results on the correlation between KM and the growth of 108 Finnish SMEs were found in a study by Saloja & Viiri et al. (2005). They argue that firms that work with KM on a systematic basis, grow faster (annual sales growth) than firms that do not have a KM strategy and practice. Their results also indicate that KM-related activities are effective in creating value only if they are 'strategic', that is, part of a comprehensive program covering all aspects of the firm.

Finally, it has to be emphasized that studies regarding the advantages of KM in larger firms have revealed various benefits (KPMG Consulting, 2000; Kluge et al., 2001). These include increased profits, productivity, innovation, improved employee skills, better customer handling, sales growth and better decision making.

To summaries: SMEs tend to have a flat structure, are informal in nature and are non-bureaucratic. Formal strategies and policies are usually absent. These characteristics impact KM implementation and utilization. They rely on unsystematic ways of sharing and utilizing knowledge, tend to focus upon short-term gains and depend on rather unsophisticated ICT tools.

RESEARCH METHODS

A descriptive research design was selected for the research as its main objective was to reveal the application of management practices within Icelandic firms. The research was conducted in the form of a questionnaire that included 46 questions on KM and other management and strategic issues. The questionnaire was sent as an e-mail attachment to the Chief Executive or his/her substitute, and the Outcome program was used to manage the collection process. Data analysis was performed in SPSS, version 12. The survey was conducted in May and June 2004.

The method of using e-mails to distribute the questionnaire can impose some biases, such as the expectation of higher responses from younger, well-educated managers in larger firms. That was not the case regarding firm size, as 84% of the responding firms had fewer than 20 employees. However, 57% of the respondents had a university degree. The average age of the respondents was 45 years, and they had worked, on average, 14 years in the trade. No national register is available in Iceland on the education and age of managers making it very difficult to interpret whether the responding managers in this study are similar to the national average.

The questionnaire contained questions on management style, total quality management, strategy, organizational structure, networking and background variables (size, location, turnover, profit, education, sex and age of managers). Additionally, the questionnaire contained seven questions on KM. They are described later in the text. Most of the questions had multiple choice alternatives, some were yes and no questions, while few were designed to let the respondents fill in their age, seniority, etc.

Most of the questions were of nominal and ordinal scale characteristics. Descriptive statistics, such as frequency and percentages, were used in the analyzing stage, while in some cases cross-tabulations were applied.

THE FIRMS

With regard to the size of the firms in the survey, 36% had fewer than 10 employees, 42% had 10–49 employees, 15.4% had 50–200 employees, while only 6.5% had more than 200 employees. This well reflects the division of Icelandic firms in 2003 according to Statistics Iceland (2006). About half of the firms had 1–5 university-educated employees, while 23% had no university-educated employees. The annual turnover was less than 4 million on average. This falls within the European Commission's (2006) definition of a turnover of a small firm. The firms in the survey have a flat organizational structure. They have three levels of management on average (ranging from one to five). Of the majority of the responding firms, 59%, were private firms, 20% were cooperatives, and 7% were state or municipal organizations, while the rest had other organizational forms. Most of the firms in the survey, 53%, were service firms, while 27.5% were manufacturing firms and the rest of the firms belonged to different economic activities (see Figure 1).

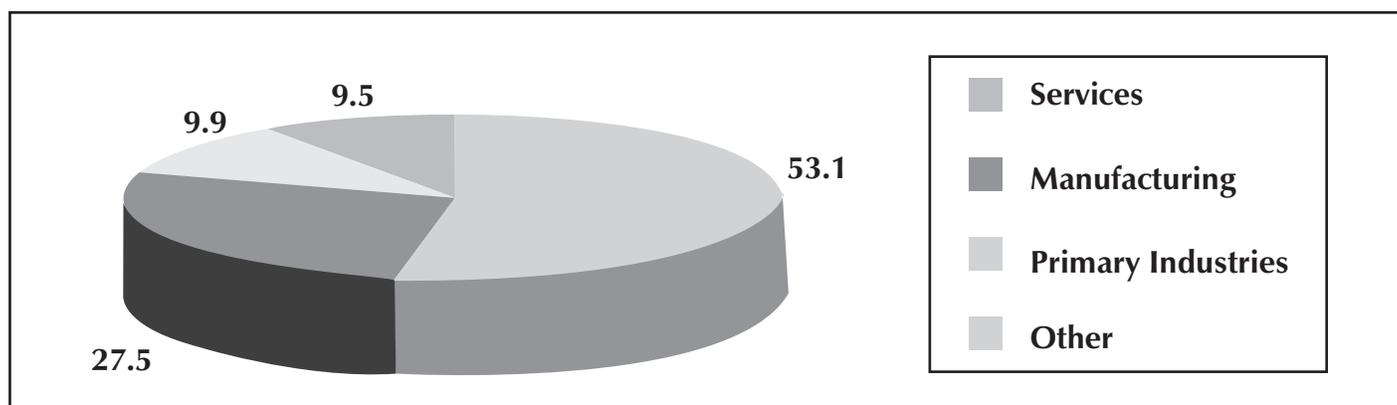


Figure 1 Economic activity of the firms in the survey.

KM IN ICELAND

In the survey, KM was defined as a systematic and organized attempt to use knowledge within the organization to improve performance. This definition, as well as some of the questions on KM was based on the KPMG 2000 survey in order to secure comparability (KPMG Consulting, 2000). Following the definition, the respondents were asked whether the firm had a KM strategy in place or not. They were allowed to answer with a yes or a no. In all, 21% of the firms participating in the survey had a KM strategy, while 79% had not. Interestingly, small firms in Iceland had developed a knowledge strategy as well as larger firms. Thus, 18.3% of responding firms with less than 50 employees had a knowledge strategy, while 30.6% of firms with more than 50 employees had such a strategy. This differs from former studies that have shown that it is primarily larger firms that have adopted KM (McAdam & Reid, 2001; Edvardsson, 2004).

One of the questions in the survey put forward five potential statements that best describe the firm (from no KM program in place to program in place). Of the respondents, 24.2% said their organization had a KM program in place, and 9.2% said their organization was setting up a KM program ($n = \frac{1}{4} 227$). More than a half of the Icelandic respondents said that no program was in place in their organization (see Figure 2).

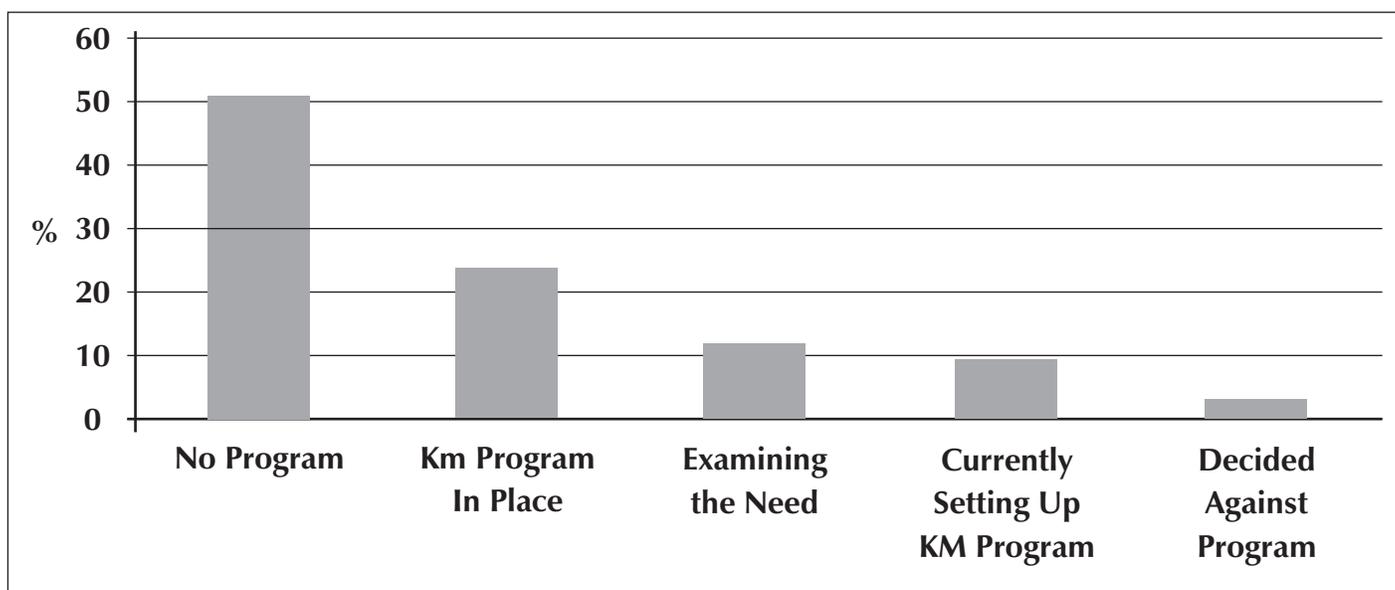


Figure 2 Status of knowledge management programs in Icelandic firms.

KM STRATEGIES

Hansen et al. (1999) argue that there are basically two strategies for managing knowledge, and they term these strategies 'codification' and 'personalization'. The strategy of codification refers to the codification of knowledge and its storage in databases, where it can be accessed and used readily by anyone in the company. These organizations invest heavily in ICT for projects like Intranet, data warehousing and data mining, knowledge mapping (this involves identifying where the knowledge is located in the firm), and electronic libraries. This increases effectiveness and growth, as Hansen et al. explains 'The reuse of knowledge saves work, reduces communications costs, and allows a company to take on more projects.' (1999, p. 110). It is then closely related to exploitative learning, which is inclined to refine existing capabilities and technologies and force through standardization and reutilization, while it is, at the same time, risk-averse (Clegg & Clarke, 1999). The strategy of personalization refers to personal development of knowledge and it is shared mainly through direct person-to-person contacts. Dialogues, learning histories and communities of practice are among the techniques that have to be used in order to facilitate tacit knowledge sharing. These are based on the logic of 'expert economics', that is used primarily to solve unique problems, where rich, tacit personal knowledge is needed, such as in strategy consulting. Personalization and explorative learning are closely related, where explorative learning is associated with complex searching, basic research, innovation, risk-taking and more relaxed controls. The stress is on flexibility, investment in learning and the creation of new capabilities (Clegg & Clarke, 1999). Hansen et al. warn against mixing strategies. Instead, they suggest using one predominant strategy and using the second strategy to support the first: 'we think of this as an 80–20 split: 80% of their knowledge sharing follows one strategy, 20% the other' (1999, p. 112).

One hundred and forty-seven respondents answered that question. The results are shown in Figure 3. According to the survey, 41% of respondents mix KM strategies, while as much as 26% of firms have no KM strategy at all. Sixteen per cent of the respondents said that their organisation had a personalization strategy, while 14% said their firms had a codification strategy. It has to be stressed that KM strategy is a very complex issue that is difficult to reveal in one question, thus Figure 3 gives only some indication of the real situations in Icelandic firms.

An interesting difference can be seen in KM strategies in organizations of different sizes (see Table 1).



Figure 3: KM strategies within Icelandic firms

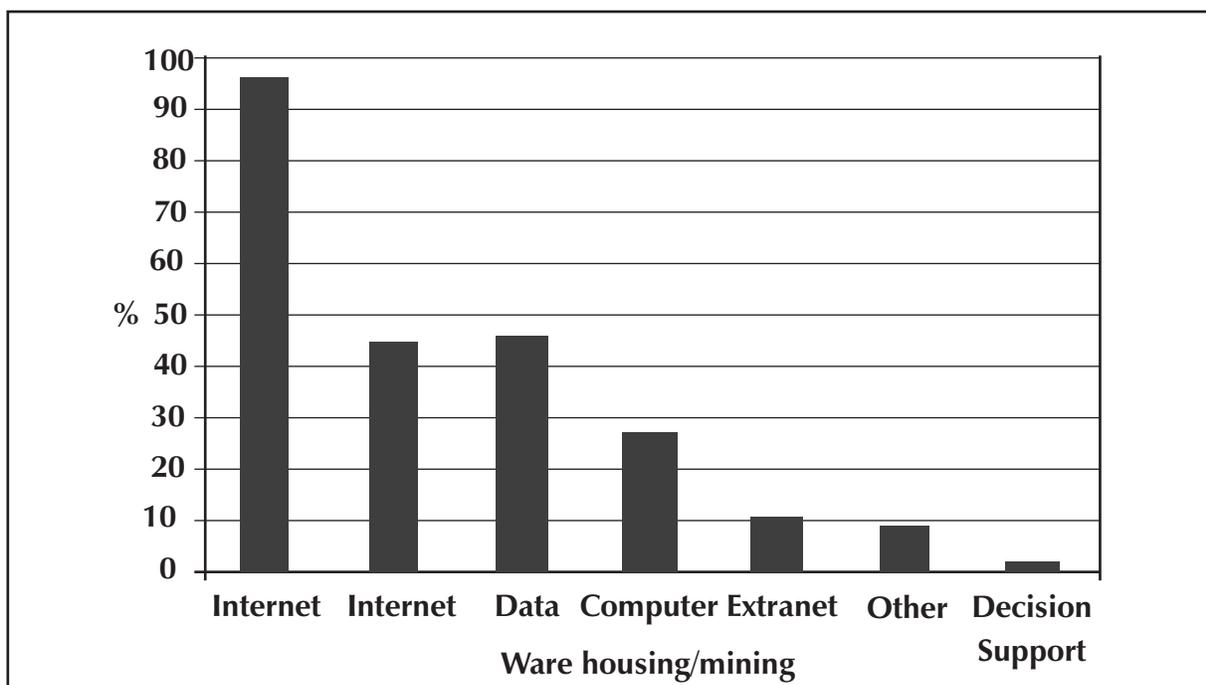


Figure 4: Use of ICT technology in firms.

Table 1 KM strategies and firms size

	<50 employees (%)	>50 employees (%)
Codification strategy	7.6	25.0
Personalisation strategy	19.0	8.3
Maxed strategy	43.8	36.1
No strategy	27.6	22.0
Other	1.9	8.3
X ²	12.405	
DF	4	
P=0.015		

It is more common that Icelandic firms with more than 50 employees have chosen a codification strategy, while smaller firms tend to mix strategies or have chosen a personalization strategy. This difference is not coincidental according to a w_2 test and $Po0.05$.

These findings indicate that the vast majority of Icelandic firms do not follow the advice of Hansen et al. (1999), where they stress that managers should select one KM strategy according to the main policy of the business. Accordingly, Icelandic firms need to pay serious attention to the ways in which they manage knowledge, and a much more systematic approach is needed, especially in the smaller firms. The situation in Iceland seems to be similar to previous findings (Beijerse, 2000; Levy et al., 2003; McAdam & Reid, 2001) on SMEs and KM.

USE OF ICT

The origin of KM is to some extent related to the development of ICT, and it has been central to many KM initiatives (Markus, 2001; Walsham, 2001; Edwards-son, 2004). Advanced ICT technologies have been the centre of knowledge codification. Such technology facilitates KM, especially in large, geographically dispersed organizations. Respondents were asked about their use of technology to manage information independent of whether their organization's had a KM strategy or not. The question contained 14 alternatives from internet to data warehousing, and multiple responses were allowed.

Responses indicate that 96% of Icelandic firms had implemented Internet access, 45% used Intranet and 10% had Extranet. Data warehousing is to be found in 46% of organizations, and groupware in 27% of cases. Only about 1% of respondents said their firms had decision support systems (see Figure 4). The Icelandic firms had, therefore, not implemented advanced KM technology, such as document management systems and decision support systems, but are well-equipped regarding basic ICT.

TACIT KNOWLEDGE TECHNIQUES

The transfer of information and knowledge in organizations occurs primarily through verbal communication. Alwert & Hoffmann (2003) argue that between 50 and 95% of all exchanges are verbal. Writing a project report and relying on books, reports, etc. is an example of limited verbal communication, while participating in meetings or conferences exemplifies extensive verbal exchange. Gorman (2002) stresses that tacit knowledge can only be transferred by personal communication. That is especially the case in complex technology exchange. It has already been noted that organization's adopting a personalization strategy have developed various mechanisms to share tacit knowledge. These include dialogue, learning histories and storytelling, and communities of practice (Hansen et al., 1999; Daft, 2004).

The numbers of responding firms were 131, and as multiple answers were allowed, totally 257 answers were collected. That indicates that firms use various means to share tacit knowledge. Figure 5 shows that most organization's in Iceland share tacit knowledge by encouraging face-to-face communication (35%). The next common way to share tacit knowledge is to arrange meetings when projects have been finished (23%), and then to encourage employees to share learning histories (19%). About 11% of firms arrange knowledge conferences for individuals from various departments, while very few use communities of practice to share knowledge

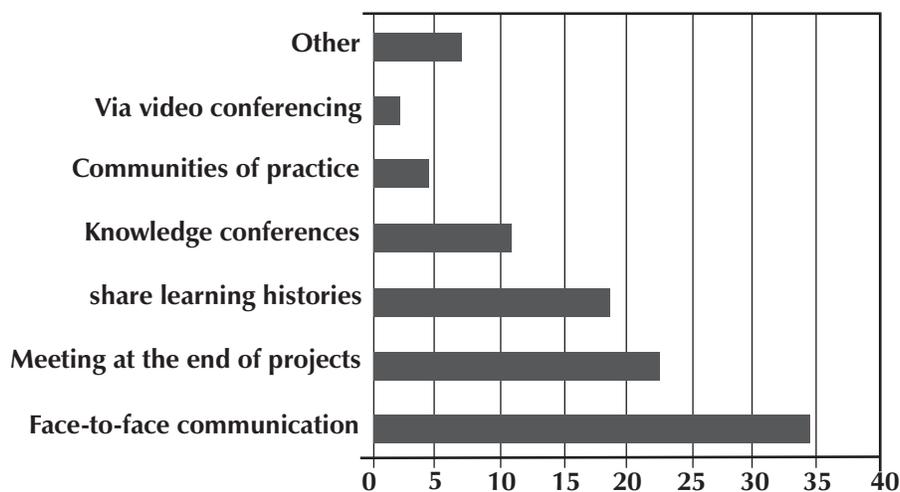


Figure 5: Methods used to share tacit knowledge in Icelandic firms

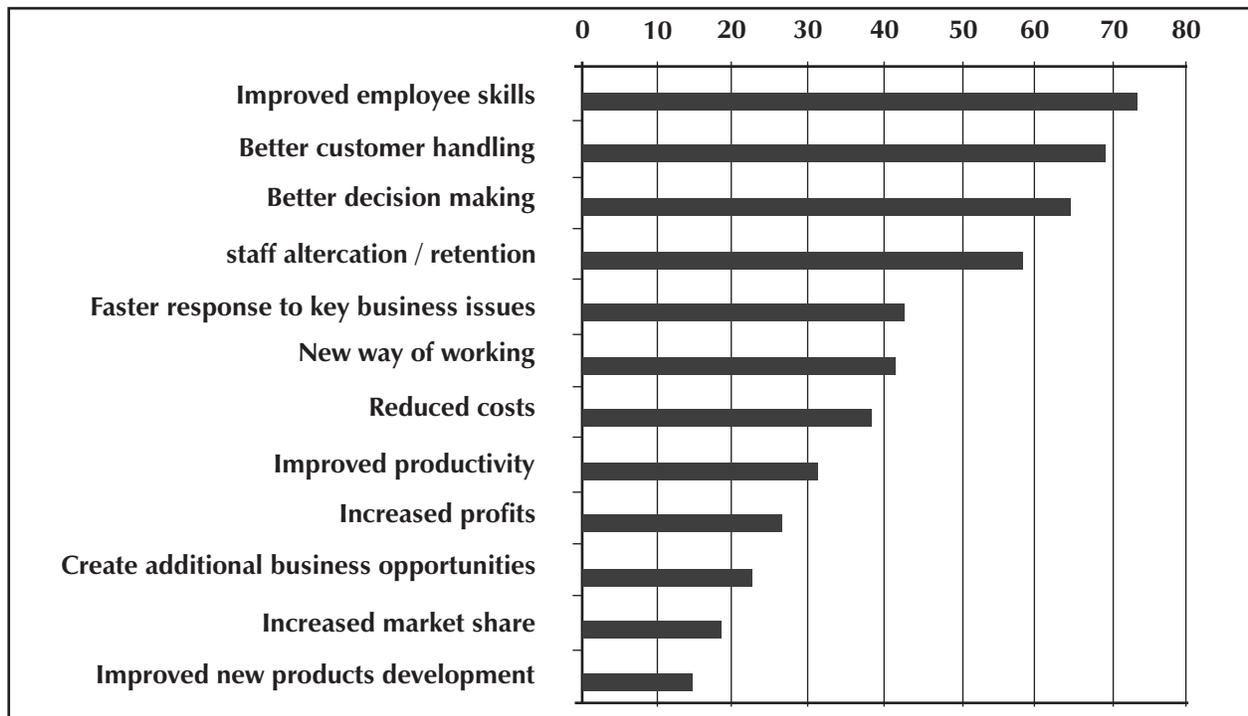


Figure 6: The benefits realised by KM programs.

BENEFITS AND PROBLEMS OF KM

According to O'Dell et al. (2003), the business rationale behind implementing KM initiatives in best-practice organizations has been varied. Among the most common were cost reductions, reuse of knowledge and lessons learned, speed, innovation, reuse of KM know-how, rebranding and differentiation, and improved quality of knowledge. In order to evaluate the effects of KM programs, the respondents were asked to measure the benefits realized and problems associated with KM. The question on the benefits of KM included 13 alternatives, such as increased profits and productivity, and better decision-making. Multiple answers were allowed in the question, to which 107 firms responded. Thus, in 73% of responding firms employee skills have improved, customer handling has improved in 69% of firms, decision making in 65% of firms and staff attraction/ retention has grown in 58% of firms (see Figure 6). Innovation and productivity have also improved, and cost has been reduced in the Icelandic organizations. These findings are similar to previous research on KM benefits in larger firms (KPMG Consulting, 2000; Kluge et al., 2001).

There are also many problems associated with KM. As can be seen in Figure 7, the main problem associated with KM, according to the Icelandic respondents is lack of time to share knowledge (64%).

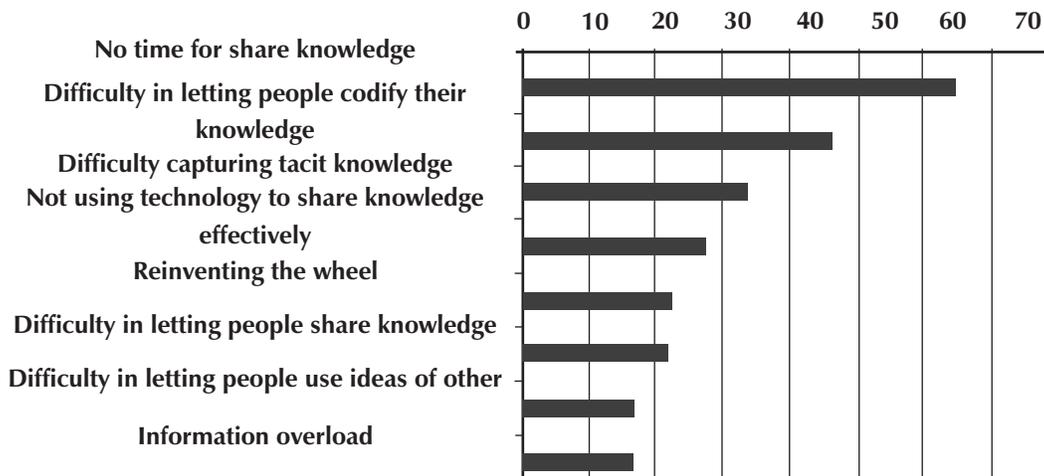


Figure 7: Current KM problems.

Another common problem in Iceland is the difficulties of letting people codify their knowledge. The Icelandic respondents also mentioned the difficulty of capturing tacit knowledge in 33% of cases.

CONCLUSIONS

The thrust of this article was to analyze the extent, strategy, and effects of KM in SMEs in Iceland. More than 80% of the firms in the study have fewer than 20 employees, a flat organizational structure, and their annual turnover is less than h4 million on average.

Only 24% of firms in Iceland have a KM program in place, and 9% were setting up a KM program. Forty-one per cent of Icelandic firms mix KM strategies, and 26% of firms have no strategy at all. Sixteen per cent of respondents said that their organization had a personalization strategy, and 14% had a codification strategy.

The majority of firms have invested in ICT technology, such as Internet and Intranet, data warehousing and groupware, but few had invested in advanced KM technology (document management systems, decision support). The most common ways to share tacit knowledge in Icelandic firms are to encourage face-to-face communication, arrange knowledge conferences and share learning histories. The effects of KM have been quite positive for the firms in the survey. Thus, employee skills have increased in 73% of responding firms, customer handling has improved in 69% of firms and decision making in 65% of firms. The main problems associated with KM are, according to the survey: lack of time to share knowledge and difficulty in letting people codify their knowledge. This study reveals similar findings as former studies of KM in SMEs. The Icelandic firms have a flat structure, lack

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THE PROCESS MODEL FOR SHOP FLOOR MANAGEMENT IMPLEMENTATION MEASURING PROCESS EFFECTIVENESS USING CPM/PERT IN A TEXTILE INDUSTRY

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ABSTRACT

Growing effects of the globalization in various business environments affects the textile manufacturing industry in terms of effective and yet efficient overall performance. Therefore in planning, scheduling and controlling a production activities, project management techniques (PERT and CPM) are used.

Researchers have shown here some simple Operations Research methods those can be used to achieve better performance. The methods of CPM and PERT were used to analyze a production process.

The objective of the paper is to eradicate wasteful space and thereby fixed costs associated with them. Further, secondary objectives are to form a more effective and logical layout with a better flow of materials, more robust manufacture by repositioning of functions and machinery, and an increased focus on value added activities.

This paper defines the scope of shop floor management, to sketch a basic structure in terms of an overall process reference model as well as to feature new and modified layout to improve its execution. At the end of the research, the result is expected to help to understand more the concept of CPM and PERT methods in reducing the project completion time.

Keywords: CPM, PERT, Textile Industry, Material Flow, Layout, Process Cycle Time

INTRODUCTION

The Program (or Project) Evaluation and Review Technique (PERT), is a statistical tool, commonly used in project management. PERT is designed to analyze and represent the tasks involved in completing a given project. First developed by the United States Navy in the 1950s, it is commonly used in conjunction with the critical path method (CPM).

PERT is a method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and to identify the minimum time needed to complete the total project. During project execution, however, a real-life project will never execute exactly as it was planned due to uncertainty. It can be ambiguity resulting from subjective estimates that are prone to human errors or it can be variability arising from unexpected events or risks. The main reason that PERT may provide inaccurate information about the project completion time is due to this schedule uncertainty. This inaccuracy is large enough to render such estimates as not helpful.

Critical path method (CPM) is an algorithm for scheduling a set of project activities. It is an important tool for effective project management. The critical path method (CPM) is a project modeling technique developed in the late 1950s by Morgan R. Walker of DuPont and James E. Kelley, Jr. of Remington Rand.

CPM is commonly used with all forms of projects, including construction, aerospace and defense, software development, research projects, product development, engineering, and plant maintenance, among others. Any project with interdependent activities can apply this method of mathematical analysis. Although the original CPM program and approach is no longer used, the term is generally applied to any approach used to analyze a project network logic diagram.

The essential technique for using CPM is to construct a model of the project that includes the following:

- A list of all activities required to complete the project
- The time (duration) that each activity will take to complete

- The dependencies between the activities
- Logical end points such as milestones or deliverable items

Using these values, CPM calculates the longest path of planned activities to logical end points or to the end of the project, and the earliest and latest that each activity can start and finish without making the project longer. This process determines which activities are "critical" (i.e., on the longest path) and which have "total float" (i.e., can be delayed without making the project longer). In project management, a critical path is the sequence of project network activities which add up to the longest overall duration. This determines the shortest time possible to complete the project. Any delay of an activity on the critical path directly impacts the planned project completion date. A project can have several, parallel, near critical paths. An additional parallel path through the network with the total durations shorter than the critical path is called a sub-critical or non-critical path.

CPM analysis tools allow a user to select a logical end point in a project and quickly identify its longest series of dependent activities (its longest path). These tools can display the critical path (and near critical path activities if desired) as a cascading waterfall that flows from the project's start (or current status date) to the selected logical end point.

In manufacturing engineering, process layout is a design for the floor plan of a plant which aims to improve efficiency by arranging equipment according to its function. The production line should ideally be designed to eliminate waste in material flows, inventory handling and management. In process layout, the work stations and machinery are not arranged according to a particular production sequence. Instead, there is an assembly of similar operations or similar machinery in each department (for example, a drill department, a paint department, etc.)

OBJECTIVES OF THE STUDY

- 1) To determine the activities involved in the manufacturing process.
- 2) To analyze the effect on the shop floor layout.
- 3) To analyze the influence of CPM and PERT in the textile industry.

DATA & DATA ANALYSIS

Researchers have analyzed the shop floor layout and made significant changes in layout. The details of the textile manufacturing sections with sub departments and number of machines are as follows.

Textile Section Details are as follows

- 1) Laser section (total 3)
 - Laser machine 1 to Laser machine 3
- 2) Straightening section
 - Straightening machine 1 (capacity up to Thickness=10 mm, Length=3000mm, Width=1500 mm)
 - Straightening Machine 2 (Capacity up to Thickness=10 mm, Length=1500mm, Width=1000 mm)
 - Straightening Machine 3 (Capacity up to Thickness=3 mm, Length=1000mm, Width=500 mm)
- 3) Bending Section
 - Bending machine 1 (320 Ton)
 - Bending machine 2 (320 Ton)
 - Bending machine 3 (150 Ton)
 - Bending machine 4 (150 Ton)
 - Bending machine 5 (180 Ton)
- 4) Punching Section
- 5) Tapping Section (total 2)
 - Tapping machine 1 & Tapping machine 2

- 6) Spot Welding (total 3)
 - Spot welding 1 to Spot welding 3
- 7) MIG/MAG Welding (total 12)
 - Welding station No-01 to Welding station No-12

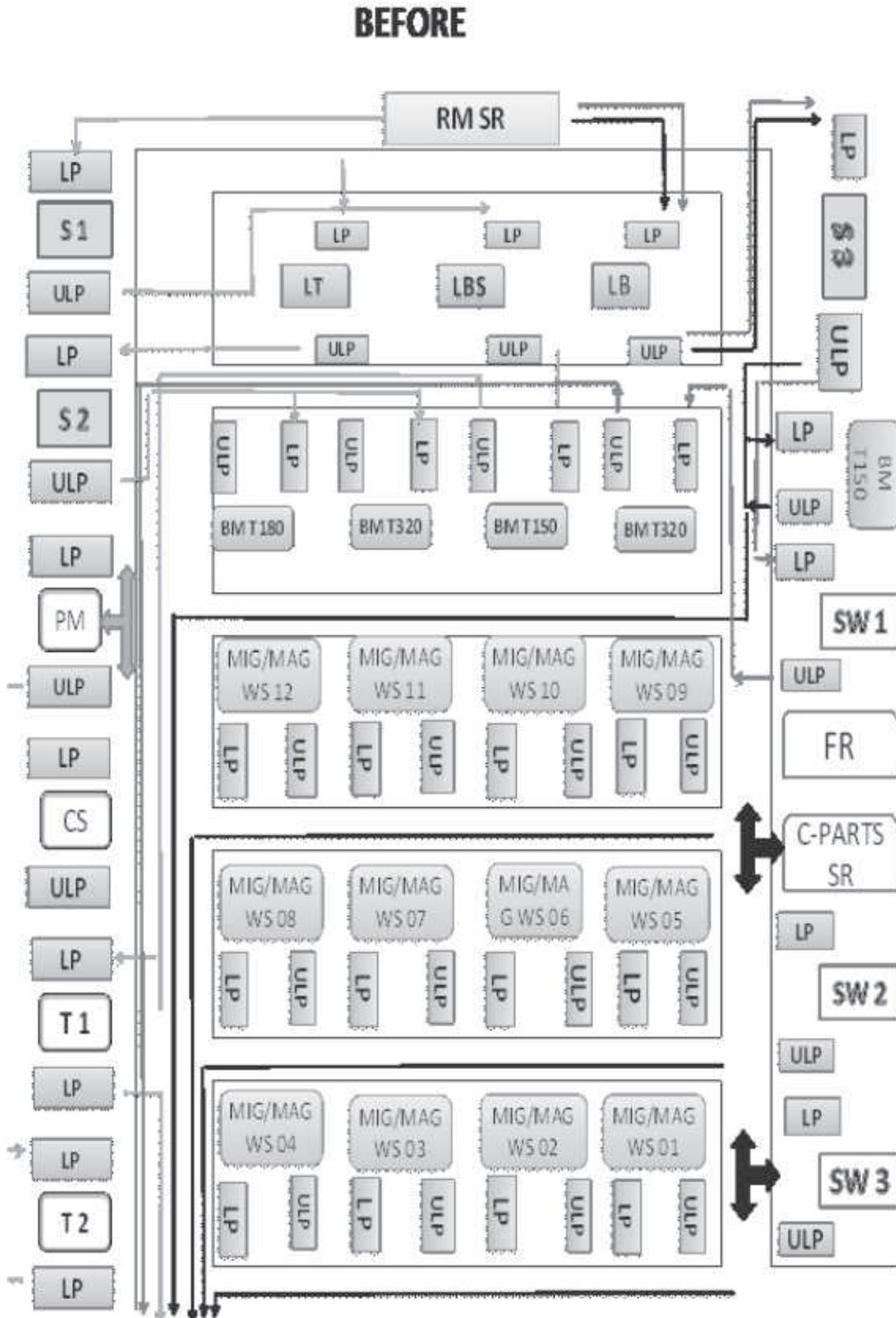


Figure 1: Layout before Research & Modification
225

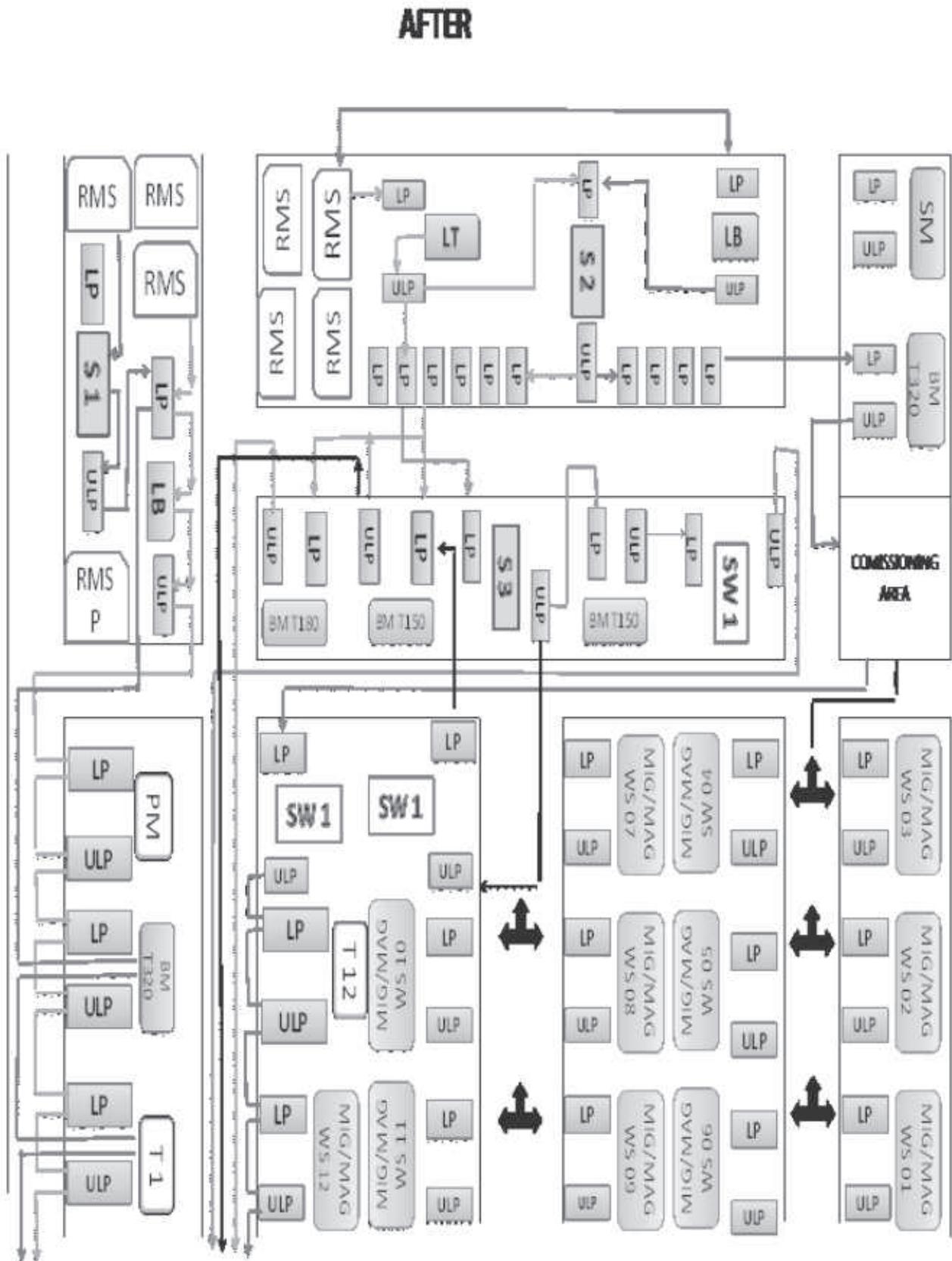


Figure 2: Layout after Research & Modification

Abbreviations used in layouts are as follows

SN	Abbreviations	Meaning	SN	Abbreviations	Meaning
1	S	Straightening	10	LT	Laser Trump
2	LP	Loading Pallet	11	LBS	Laser By-Stronic
3	ULP	Un- Loading Pallet	12	LB	Laser Bystar
4	BM	Bending Machine	13	CS	Crimping Section
5	SW	Spot Welding	14	RMS	Raw Mat Storage
6	WS	Welding Stations	15	SM	Shearing Machine
7	T	Tapping	16	P	Purchasing
8	PM	Punching Machine	17	RMSR	Raw Material Storage Racks
9	C PARTS SR	C Part Storage Rack	18	FR	Fasteners Rack

Material flow in department is as follows

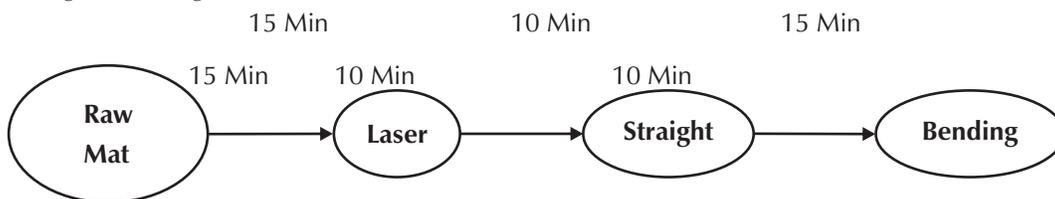
Material Flow Description	Percentage
Laser + Straightening + Bending + Powder coating	10%
Laser + Straightening + Bending + Tapping + Welding + Powder coating	10%
Laser + Straightening + Bending + Welding + Powder coating	25%
Laser + Straightening + Powder coating	05%
Straightening + Laser + Bending + Tapping + Powder coating	25%
Laser + straightening + Punching + Bending + Tapping + Powder coating	25%
Total	100%

Critical Path Method (CPM)

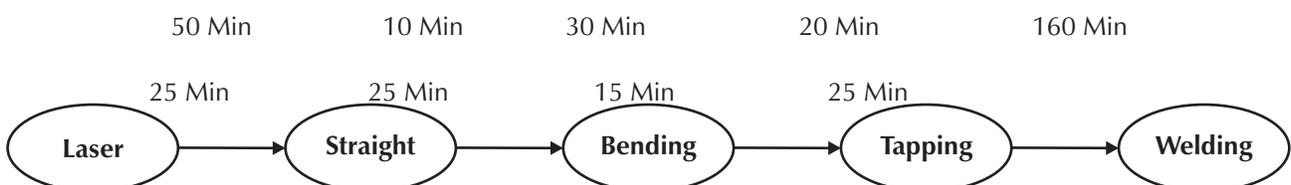
Researchers have studied and analyzed the various process paths and the time required to process using CPM. After analyzing, time required before and after research, the significant time reduction in total process time is the output of the research.

BEFORE (before research)

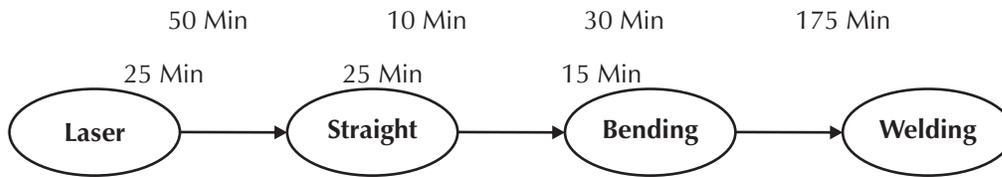
Laser + Straightening + Bending



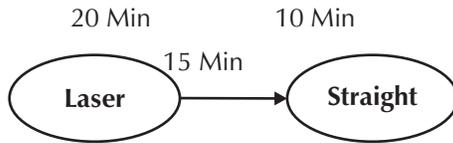
Laser+ Straightening + Bending + Tapping + Welding



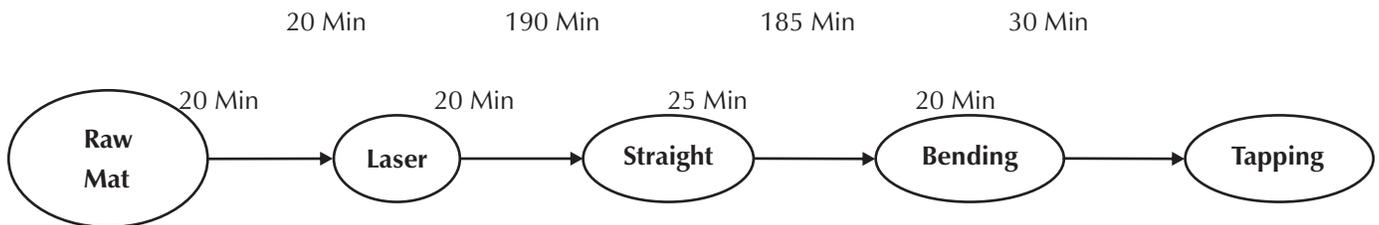
Laser+ Straightening + Bending + Welding



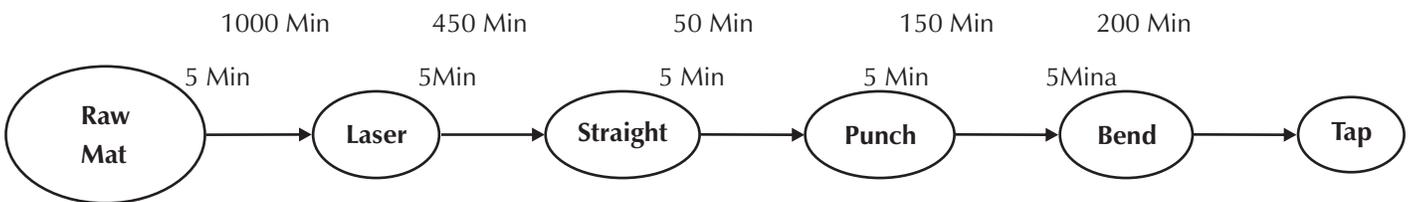
Laser + Straightening



Straightening + Laser + Bending + Tapping

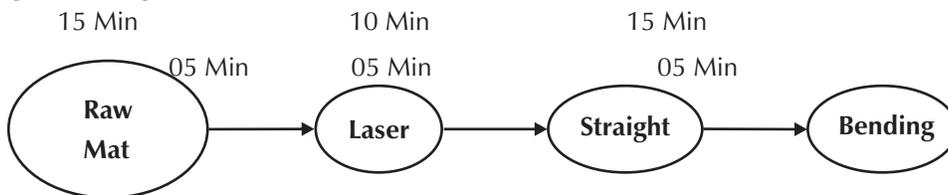


Laser + Straightening + Punching + Bending + Tapping

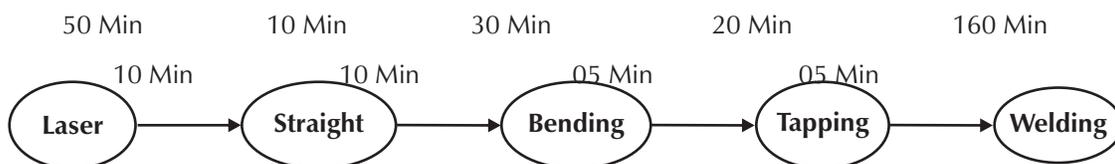


AFTER (After research)

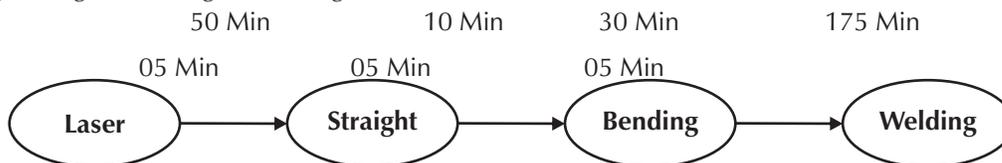
Laser + Straightening + Bending



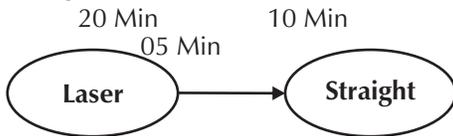
Laser+ Straightening + Bending + Tapping + Welding



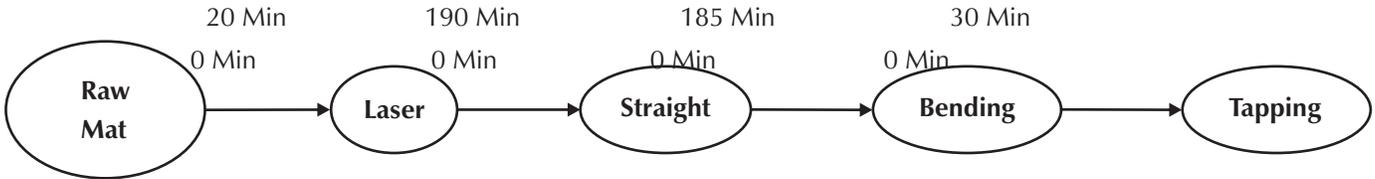
Laser+ Straightening + Bending + Welding



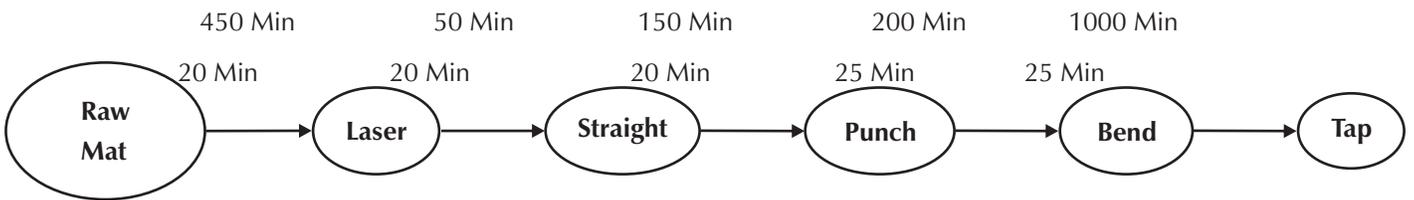
Laser + Straightening



Straightening + Laser + Bending + Tapping



Laser + Straightening + Punching + Bending + Tapping



Process Time Calculations

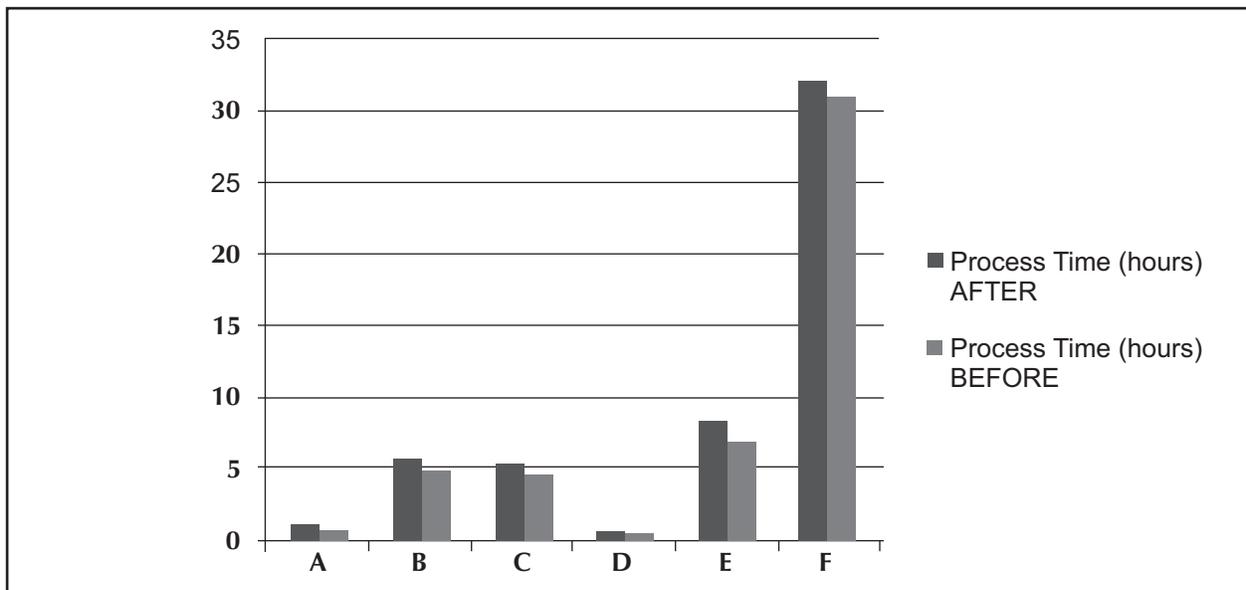
Before (Before Research)

	Material Flow Description	Percentage	Process Time
A	Laser + Straightening + Bending + Powder coating	10%	1.25 Hrs
B	Laser + Straightening + Bending + Tapping + Welding + Powder coating	10%	06 Hrs
C	Laser + Straightening + Bending + Welding + Powder coating	25%	5.5 Hrs
D	Laser + Straightening + Powder coating	05%	0.75 Hrs
E	Straightening + Laser + Bending + Tapping + Powder coating	25%	8.5 Hrs
F	Laser + straightening + Punching + Bending + Tapping + Powder coating	25%	32.7 Hrs
	Total Time		54.7 hours

Process Time calculations

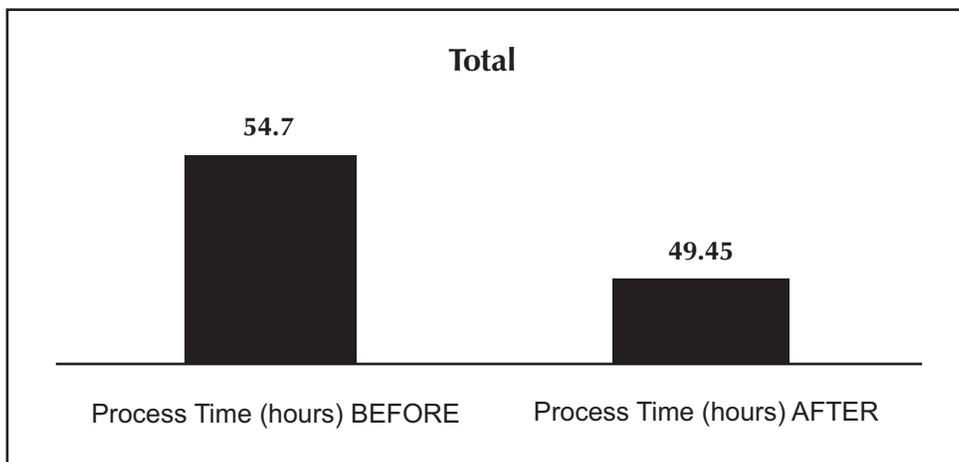
After (After Research)

	Material flow description	Percentage	Process Time
A	Laser + Straightening + Bending	10%	0.9 hours
B	Laser+ Straightening + Bending + Tapping + Welding	10%	5 hours
C	Laser+ Straightening + Bending + Welding	25%	4.7 hours
D	Laser + Straightening	05%	0.6 hours
E	Straightening + Laser + Bending + Tapping	25%	7.0 hours
F	Laser + Straightening + Punching + Bending + Tapping	25%	31.25 hours
	Total Time		49.45 hours



Graph 1: Comparison of Total Process Time (Before & After).

CONCLUSION



By discussing related scientific research, the formal definition for shop floor layout shop floor layout. The process model is designed to prevent abnormalities, to ensure highly reactive decision making and to facilitate continuous efficiency improvement have been described more in detail. It is important to understand this approach as a consistent guideline rather than a catalogue of tools to be implemented. The main benefit achieved due to efficient shop floor management is total process time required id improved by 9.60%. Also Dedicated cell management for different sub departments is achieved.

FUTURE SCOPE FOR RESEARCH

1. To study effect on Productivity.
2. To study internal logistics process and flow.

LIMITATIONS OF THE STUDY

1. Since this is a special activity, there was some restriction to share information.
2. Before trying any method or technique proper knowledge is required otherwise wastage of raw material & other resources becomes greater cause of concern.

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THE ROLE OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPS) AND ED TRAINER IN IMPROVING SUSTAINABILITY OF THE SHG OWNED ENTERPRISES THROUGH HANDHOLDING AND MONITORING SUPPORT.

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Growth with Social Justice has been the basic objective of the development planning in India since independence. During the five decades since Independence, the policy makers made provisions for the inclusive development of various cross sections of the society & lot of efforts were taken for this purpose. Even though, the overall impact of the efforts is far from satisfactory to tackle the problem of poverty & unemployment.

Considering all aspects of poverty & unemployment, it calls for a comprehensive programme, which comprises provision of capacity building, skill up-gradation as well as entrepreneurship development. Many government & non government agencies implemented the programs in this regard, so that the beneficiaries are provided with the necessary skills for managing their micro business; ultimately managing their livelihoods. Thus, they can be assisted to set up independent business activity with a small capital investment ensuring sustained level of income. This objective could be achieved by organising the beneficiaries into Self Help Groups (SHGs). Self Help group (SHG) is a self-governed, small and informal association of the members, families who are organized around savings and credit activities.

The SHG approach helps the members to build their self-confidence through community action. Interaction in group enables them in identification and prioritization of their resources. This process would ultimately lead to the strengthening and socio-economic empowerment. Self-help groups (SHGs) play today a major role in a collective development. SHGs are actively engaged in savings, credit as well as in income generation activities. Thus, Self-Help Groups have become the focal point of efforts towards employment generation and occupies pride of place in national programmes. However SHGs cannot become effective only by internal money lending. SHG members should be able to undertake some business activities to ensure sustainable growth.

Sensing the importance of the business activities to be undertaken by the SHGs, many government & non government agencies implements projects & schemes for the promotion of self employment through the process of social mobilization, training, capacity building. Due to these efforts, many SHGs have started the business activities. However, despite its considerable outreach, successful mobilization of resources, and support, the sustainability of SHG owned enterprises has not been satisfactory. Here, the role of entrepreneurship training for enabling the SHGs to act as an entrepreneur comes in to the picture.

It has been explored by many studies that most of the enterprises owned by SHGs fails to sustain over the period of time irrespective of the training and/or financial support provided by various Government / nongovernment / funding agencies to them. The main reason is that, current approach of funding agencies for the SHGs is sympathetic, which make them paralyze. Extensive support to the SHGs makes them incompetent to react to the unpredictable situations in the business. The sponsoring agencies or training agencies decides the trades of the training without considering the strength & weakness of the SHGs as well as the need of the market. Based on the trade selected by the sponsoring or training agencies, the skill based training is imparted to the members. But, skill based training has its own limitations & it proves inadequate in case of SHGs. Here, the need arises to enable the SHGs to act as an entrepreneur. Entrepreneurial Development inputs are necessary for maximizing the success ratio in case of SHGs. For the sustainable & successful venture, the SHG members need to be developed as entrepreneurs. The systematic development of these entrepreneurial traits among the SHG members is necessary to face the uncertain conditions in the business & take the challenges successfully. The risk taking ability, decision making capability & other traits plays an important role in the development of an entrepreneur.

Most economic, psychological and sociological research points to the fact that entrepreneurship is a process and not a static phenomenon. Entrepreneurship is more than just a mechanical economic factor (Pirich 2001: 14–15). The entrepreneurial process is a behavioral process which has a great influence on the decision taken in the business. But unfortunately, the importance of systematic entrepreneurship development process gets ignored in case of the SHGs. It results in failure in the venture started by the SHGs. Proper selection of trainees, systematic entrepreneurship development training, and post training support are the various factors contributing to the performance in the business.

An entrepreneurial approach is a significant factor in economic development and an integral part of the socio-economic transformation. It is a risk taking activity and challenging tasks, needs utmost devotion, total commitment and greater sincerity with fullest involvement for growth. The acts of entrepreneurship are often associated with true uncertainty. Entrepreneurs possess certain traits or competencies, which result in superior performance. A well-known behavioral scientist Prof. David McClelland at Harvard University, found that 'need to achieve' motivates people to work hard and moneymaking is incidental. After a series of successful demonstrations by Prof. David McClelland and others, it was proved that entrepreneurs could be created through teaching, training and counseling interventions as well. Entrepreneurship is vibrant assertion of the facts that individual can be developed and their ideas can be converted into action through an organized and systematic program for entrepreneurs called Entrepreneurship Development Programme (EDPs).

This process of entrepreneurship development has a broad spectrum which contains selection of proper trainees, quality inputs & exposure through EDP, hand holding support to the trained participants for starting their business activity & monitoring for future up to some extent. If the SHG members undergo this type of intensive EDP, than merely skill up-gradation training, they may get the wide exposure resulting entrepreneurial maturity.

Selection of the enterprising group members for the training is a key factor for the sustainable enterprise of the future. The selection of the SHG members through proper scrutiny is important. Many psychological tests are available for testing the inclination of the person towards business. Through the screening process, the SHG members having entrepreneurial inclination can be selected. The trainer can apply the mechanism to select the proper trainees.

EDPs are conducted with focus on entrepreneurial development coupled with specific skills relating to various trades which enables the trainees to start their own ventures. EDP is an effective tool to create new entrepreneurs by cultivating their latent qualities of entrepreneurship and enlightening them on various aspects necessary for setting up micro and small enterprises. The objectives of EDPs are to develop and strengthen the entrepreneurial quality, to motivate the participants for achievement and to enable them to be capable, promising entrepreneurs. The course contents of an EDP are normally as follows:

- a. Introduction to entrepreneurship – Factors influencing the entrepreneur, role of entrepreneurs in economic development, entrepreneurial behavior and the traits & qualities of an entrepreneur.
- b. Behavioral inputs (Achievement Motivation Training) – Participants are induced and their need for achievement is increased which in turn helps in building confidence and positive attitude. This input is imparted through simulation exercises.
- c. Business opportunity identification and guidance – The participants are exposed to the various business options & the methodology to select the suitable business.
- d. Managerial Inputs – Knowledge of finance, production, marketing and human resource is imparted to them.
- e. Support system and procedures – Support available from different institutions is informed and the procedure for approaching them, applying and obtaining support is explained.
- f. Business plan preparation (Project Report Preparation) – Participants are taught how to carry out the analysis and the feasibility of marketing, organisational, technical, financial, and social aspects.
- g. Exposure visits – Visits to various business units, industries, markets are arranged which help participants know more about an entrepreneur's behavior, personality, thoughts and aspirations.

h. Technical orientation/training and skill development – Skill upgrading training required for the business, technical inputs. This input is imparted through various methods viz., On Job Training, Demo, Practical etc.

There are still wide spread variations in the success rate of the trained SHGs, in terms of actual setting up and successful running of enterprises. It has been observed that SHGs generally face difficulties in availing full benefits under available schemes of the Governments / financial institutions, completing and complying with various formalities and legal requirements under various laws/regulations, in selection of appropriate technology, tie-up with buyers and sellers etc. The Entrepreneurship Development Trainer can play a vital role in this regard as a, counselor, trainer, organizer, liasoning officer, support provider & guide. Most of the training agencies provide the training to the SHGs but they do not make a provision of post training services.

The need of hand holding support arises at this stage. The trainer should provide the support whenever necessary but ensuring the track of the SHG through close monitoring. Here the role of the trainer is to provide consultancy to the SHGs for loan procedures, legal formalities, marketing strategies & other necessary aspects; as well as motivation & controlled intervention whenever necessary. In order to bridge the gap between the aspirations of the SHGs and the ground realities, there is a need to support and nurture the trainees by providing them handholding support during the initial stages of setting up and managing their enterprises.

The objective of an EDP is not only to strengthen entrepreneurial characteristics, but also to help the trainees to launch their ventures. Project implementation starts after the formal training. At this stage, the trainer should provide necessary guidance and support for lining up necessary infrastructural facilities and other aspects of business activity. Besides counseling support, the trainer have to act as a trouble-shooter wherever the trainees encounter difficult problems in clearing certain statutory procedures/formalities, securing finance and facilities. & forward back-word linkages

The monitoring is the final stage towards the successful enterprise. Periodic visits to the units, regular communication with the SHG members & minimum intervention by the Monitoring Agency can contribute to the healthy development of the SHG members & their business activity.

These findings may be utilized for improving the sustainability of the SHGs owned micro enterprises. This paper explores the role of Entrepreneurship Development Trainer for improving sustainability of the enterprises owned by Self Help Groups. Sustainable micro enterprise development could be possible by adopting the systematic approach, right from the formation of the SHG & intervention at various stages of the development of the business activities.

THE ROLE OF INFORMATION TECHNOLOGY IN SMALL AND MEDIUM SIZED ENTERPRISES

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ABSTRACT

Information technology had a great impact in all aspects of life and the global economy is currently undergoing fundamental transformation. Information technology has very real impact in most of industries and in all aspects of economy, while businesses and enterprises continue to undergo considerable changes. Usage of these technologies is revolutionizing the rules of business, resulting in structural transformation of enterprises. Modern businesses are not possible without help of information technology, which is having a significant impact on the operations of Small and Medium Sized Enterprises (SME) and it is claimed to be essential for the survival and growth of economies in general. SME is drawing attention in developed and developing countries as well as in transition countries. It is generally recognized that SME play a key role in the revitalization and development of national economy in many countries. It is encouraging the development of SME and the role that SME sector can play in promoting economic and social development by creating opportunities for employment. These components are described and discussed while more research and studies on the adoption of information technology in SME.

Keywords IT-Information technology, Software, Small and Medium Sized Enterprises (SME)

INTRODUCTION

Small and Medium Sized Enterprises (SME) play an important role in economic development of a country. Several theories elaborate on connection between information technology, economic development and social change. Almost all agree on the importance of information and communication technology adoption in SME, while the importance of SME as engines to economic growth is well acknowledged worldwide. Information technology, particularly the Internet is having a significant impact on the operations of SME and it is claimed to be essential for the survival and growth of nations economies in general and SME in particular. Especially information technology are changing the economy and traditional business become more dependent on new technologies. Compared with traditional business new technologies facilitate an increased interactivity, flexibility, cheap business transactions as well as improve interconnection with business partners and customers. Information technology is having a significant impact in sector of Small and Medium Sized Enterprises (SME), especially where Industries are in decline or when unemployment levels are high. This paper observed the impact of new technologies in SME. The focus is on exploring the opportunities that new technologies present to SME. The purpose of the paper was to show the status of the SME with regard to usage of information technology for competitive advantages in both local and international markets.

INFORMATION TECHNOLOGY

Definition: A term that encompasses all forms of technology used to create, store, exchange and utilize information in its various forms including business data, conversations, still images, motion pictures and multimedia presentations.

When it comes to technology and your business, you'll need to know enough about the topic to understand what your business needs and why. Computers and peripherals are constantly evolving, but knowing a few general specifications in each product category will help you find the best deal on the right equipment for your business--or at least understand what a tech expert is telling you. And what a business needs is not the same for everyone. There's no one "right" PC brand or printer type any more than there's one right car for everyone out on the road today.

Your business will have its own unique set of equipment needs that probably differ from those of the company next door. And, of course, you'll have a different amount of money to spend.

When it comes to pricing, the good news is that prices for office equipment have gone down every year during the past three decades, while features have continued to improve with every new version of hardware and software that's released. That's been true in every product category every year, so you can expect to get a better price and a more capable bundle of equipment than you could have found this time last year.

Also, you can expect your computer and telecommunications equipment to be your best business allies. As we've evolved from an industrial to an information-based economy, small businesses have used their office tools to be more competitive against larger businesses, which--let's face it--have a lot of built-in market advantages.

USING INFORMATION TECHNOLOGY

Information technology can be an important tool for private company owners trying to put their companies on a course to sustainable growth. Information technology not only keeps business owners one step ahead of the competition by allowing them to analyze costs and markets; it also makes them more efficient by freeing up badly needed manpower. Yet, despite the critical roles it can play, particularly in a small or mid-size business, IT is often a forgotten ally when companies build their long-term growth plans.

Small businesses and private companies sometimes neglect to factor IT into their company's growth strategy, observes Stephen Mansfield, partner with Deloitte's Technology practice. Mansfield explains that it's usually one of two reasons: either the cost of updating a system seems prohibitive, or it may be that management fails to grasp the untapped potential of IT. But a cost-benefit analysis can change attitudes quickly, says Mansfield. "Private company owners tend to be very focused on cost issues. But once they understand that saving two hours of work per week for 10 people will save Rs 1,00,000 a year, a business owner may recognize that IT could help drive growth in unexpected ways."

USE OF INFORMATION TECHNOLOGY TO GREATER ADVANTAGE

It's not uncommon for private company owners and CEOs to overlook the potential of a fully integrated IT strategy. In fact, in a Deloitte survey of private company leaders, 37% of respondents said increasing sales volume was key, while only 3% said better use of their IT systems would have the most impact on increasing the value of their business. The survey also found a performance gap between strategy and execution. For example, while 59% of those surveys said they could make better use of technology, only 42% said they were able to do so.

Technology provides a wide range of tools entrepreneurs can use to guide their new companies through the startup and growth stages. Small-business accounting, marketing and communication have been revolutionized by advances in computer, network and communications technology, and businesses in a range of industries continually adapt to take full advantage of technological developments.

HOW SMALL BUSINESSES CAN BENEFIT FROM INFORMATION TECHNOLOGY

Small businesses (start-ups in particular) may not have a big budget for IT services. However entrepreneurs can save time, money and increase communication and productivity with the proper information technology tools, ultimately increasing the bottom line. Here are some practical IT applications that benefit small businesses and freelance professionals.

Communication Services

Technology can go a long way in improving office communications. Lots of small businesses allow employees to work from home, in which case teleconferencing, messaging and voice-over-Internet-protocol can simplify and improve communication, while reducing cost. IT services are beneficial in-house as well. For instance, in a restaurant, waiters can enter orders on wirelessly-networked computers and send them to the kitchen staff instantly and effectively, saving time and reducing errors caused by misplaced papers or bad hand writing.

Organization

Organization is key to any business, big or small. Bar codes and a database can help small retail shops avoid overstocking and waste. This system can help to illustrate trends, such as product popularity and expiration of products. In addition, managers can be alerted when inventory is running low. Point-of-sale software also assists small business owners in calculating cost vs. revenue, and determining tax payables.

Documentation

Every small business owner knows that it is easy to become buried under a slew of paperwork, but information technology allows you to become more efficient when filing tax returns, completing financial reports and submitting legal documents, saving your valuable time, not to mention frustration. Large corporations employ accountants, lawyers and other professionals to manage their accounting needs, but that is not necessarily a cost effective option for smaller operations. You could outsource these services, but using your own software enables you to track your earnings and obligations and helps to minimize accountant consultation costs.

As with any investment, a small business owner needs to evaluate their IT budget while keeping in mind the long term benefit over short term cost. Often times utilizing the proper IT services will save your money, time and increase your productivity.

IMPACT OF TECHNOLOGY ON SMALL BUSINESSES

Technology provides a wide range of tools entrepreneurs can use to guide their new companies through the startup and growth stages. Advances in technology have revolutionized accounting, marketing, and sales practices for small businesses. From laptop computers with Internet capabilities to printers, online file storage, and web-based applications--technological advances impact small businesses across various industries.

Technology has the potential to affect small business in several ways, depending on the goals a business has in place, the products they chose to use, and how well entrepreneurs and their employees adapt to new systems.

Creating efficiencies

Small businesses work closely with their clients to provide them products and services that add value to their lifestyles. Going from an idea to a finished product or service requires small business owners and their employees to collaborate with each other and external vendors. With the ability to instantly connect, share information, and get feedback, e-mail and instant messenger are beneficial technological advantages for small businesses.

Web-based project management programs offer an easy approach to keeping track of projects, delegating tasks, updating team members and clients, tracking time, and sharing documents in real-time. For small businesses, this means up-to-date information available in a central hub, regardless of a person's location. Setting up and managing a new accounting system can be a challenging task. Accounting software also assists managers by creating informative reports and financial statements to increase decision-making effectiveness.

Time management is crucial for any small-business owner. Freeing up time from administrative tasks can allow you to focus on more productive activities, such as drumming up new business and making vital contacts with potential partners. Advances in computer and cell phone technology allow business owners access to in-depth scheduling and customer relationship management software, enabling busy entrepreneurs to hold "face to face" meetings online.

Instant Connection With Customers

Small business owners no longer have to mail surveys to customers and wait for weeks for replies, nor do they have to call customers for feedback. Technology gives small businesses the ability to connect with their customers via e-mail, through blogs, social networks, and forums. Small business owners can take advantage of this instant connection by getting feedback from customers and applying it to their businesses quickly.

Internet

Technology allows businesses an option to set up online stores, rather than investing in costly storefronts. With consumers migrating to the Internet to find everything from gifts to groceries, the popularity of online shopping increases with the variety of products and services. Businesses with storefronts can create online stores to expand their visibility and reach target markets beyond their neighborhoods and surrounding communities.

The Internet has become a must have for small-business marketers competing against established businesses. With advanced video and graphics editing software, small-business owners can create professional marketing materials that reach thousands or millions of online viewers. Entrepreneurs can take advantage of cost-efficient web marketing opportunities to spread targeted marketing messages to a broad audience or a specific industry segment.

Start up Costs

Despite the advantages gained by using technology, there are still challenges to the businesses reliance on technology. One is the increase in startup expenses for new businesses. Almost every new business requires computer workstations, multiple telephone lines, and network infrastructure before it can begin operations. Bootstrap entrepreneurs can often get away with using their own PCs and cell phones during the startup phase, but serious new ventures by experienced entrepreneurs usually involve large infrastructure projects to accommodate rapid growth.

Technology offers many opportunities for a small business to market its products or services. Electronic record keeping helps small businesses consolidate information systems by using databases that link information in multiple ways. Electronic communication systems such as email, websites, blogs and Twitter are invaluable marketing tools, enabling a small business to stay connected with customers and suppliers. Small-business technology can be complex or simple, depending on the proprietor's comfort level and the benefits that technology can offer to the particular business.

EVALUATING THE EFFECT OF INFORMATION TECHNOLOGY IN SMALL BUSINESSES

Information technology (IT) has become a strategic vehicle for small businesses to achieve and sustain their competitive advantage. Prior research has suggested that information technology plays an important role in the decision-making process. The purpose of this study is to examine the relationship between organizational IT performance and decision-making effectiveness in small businesses. In this study, a survey of 300 managers working in small businesses is proposed to gather data and measure the relationship between organizational IT performance and decision-making effectiveness. Information technology has provided managers with many benefits such as access to an abundance of informational sources, quicker responses due to the speed of gathering information, and overall improvement in the decision-making process. With the opportunities available through the use of information technology, discovering measures in which to use these resources are crucial to the success of the business. This study is focused on the effect information technology has on decision-making in small businesses.

Information technology (IT) is the technologies used for processing, storing, and transporting information in digital form. As IT's power and presence have expanded, companies have come to view it as a resource ever more critical to their success. Some examples of these technologies are computers, multimedia, software, electronic communication, and the web. The knowledge that managers draw on in the evaluation of strategic decision-making is directly impacted by the role IT plays in small business competitiveness. IT is vital for a business in monitoring their competitiveness because it heightens as well as places restrictions on their strategic and competitive capabilities. IT provides small businesses with the ability to distinguish themselves from their competitors by supplying tools to achieve and transform the rules of competitive advantage. IT is vital for businesses to create competitive advantage which results on adding value to the business. Depending upon how IT is implemented, management needs to realize that these choices can affect the way a business maintains its competitiveness.

An organization's success or failure relies heavily on technology, which has become an essential part of the decision-making process in many small businesses. Being able to process and transmit information at an increased rate through the use of IT has

created the opportunity for businesses to become more proficient in their daily operations. Many factors affect the decision-making process, and having the knowledge to make the right decision is essential from the beginning of the process. Research indicates that the industry is experiencing the natural process of businesses trying to gain competitive advantage by implementing new tools and technologies in order to survive. IT has been influential in reshaping the structure, operations, and processes of businesses and is necessary for businesses to embrace in order to generate competitive advantage. IT is critical determinant of a business's success. The relevance of implementing IT in small businesses is the improvement of decision-making. IT promotes effectiveness and reduces bias in the understanding of strategic problems. The authors investigate if IT may possibly be a mean for attaining a more efficient and effective way to communicate information. Ability of IT quickly to acquire and store large amounts of information can clearly improve performance. Decision-makers are limited due to the way information is communicated and processed within a small business. IT has the capability to inflate these limits by providing assistance in developing the quantity, value, and effectiveness of collecting and storing data, processing the data, and sharing the data throughout the business. The authors suggest that decision-makers need to have an understanding of the IT being used in order to attain more effective results.

CONCLUSION

It is encouraging the development of SME sector as a way to diversify economy. Information technology usage in SMEs is finding fast. Without using of information technology today, SME will have serious and fatal consequences in the future and will imply the risk of lagging behind economically with all the implications that this entails. In particular, if we take in consideration that information technology presents a critical factor of development of economy in general and SME's in particular. This technology should be used by SME's as a powerful tool to obtain competitive advantages, produce high added value products and processes and develop competitive strategies within a business, regionally and internationally, implement programs to promote sustainable regional integration and create conducive environment that would stimulate the SME's competitiveness in the regional environment. The government should be involved in providing environment to support and help SME's to better use information technology and increase the countries competitiveness, productivity and growth through investment in information technology, e-business and new business models.

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UNLOCKING THE POTENTIAL OF SMES IN INDIA'S DEFENCE SECTOR

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ABSTRACT

In addition to the increasing contribution to GDP and employment, SMEs have an important role to play in Defence production industries. It has been estimated that the Indian defence sector comprises over 6,000 SMEs which supply around 20%-25% of components and sub-assemblies to the Defence Public Sector Undertakings (DPSUs) and ordnance factories. It is observed that SMEs have huge unlocked potential in their contribution to defence industries; whether it be in the matter of innovation, R&D, aerospace industry, defence equipment, transport systems, arms and ammunition. A supportive policy regime exists in place; it is only greater competitiveness of SMEs in this area that is required.

The heterogeneous nature of SMEs, with most of them in informal sector, and inadequate source of funding is creating an obstacle in this process. A level playing field with Defence Public Sector Units (DPSUs) is also essential. Globalization and liberalization, along with the WTO regime, have strongly impacted Indian SMEs. To add to this, are the challenges presented by the economic slowdown. However, SMEs have responded by cutting costs, revamping their management, focusing on designing new products and relying on low labour costs and technology.

Focussing on these major issues, this paper first discusses the growing relevance of SMEs in India Defence Sector, underscoring the untapped potential of SMEs in this field. This is followed by an assessment of emerging trends, opportunities and challenges of SMEs in Defence production, and finally it is re-iterated that it is crucial for India to indigenously design and produce its defence equipment; in this SMEs have an indispensable role.

INTRODUCTION

Relevance of SMEs in Defence Production (The untapped potential)

A gradual inter-sectoral shift from agriculture to the industry and services sectors, in terms of both contribution to GDP and employment, is expected to be part of the natural growth process of any developing economy. The share of service sector in India's GDP has risen from 40% in 1980 to 54% in 2013; during the same period, the share of the manufacturing sector has only risen from 26% to 28%.

According to the Ministry of Micro, Small and Medium Enterprises, SMEs, along with units falling under Micro sector, contribute up to 40% of the gross industrial manufacturing value added to the economy, 35% to India's exports directly and 8% of India's GDP. Numbering more than 13 million units, the MSME sector provides employment to more than 33 million people.

Despite this immense economic contribution, the sector is largely informal and highly heterogenous. It produces over 8,000 products ranging from hand-made articles to highly sophisticated machines and components. Thus, the role of manufacturing industries and Small and Medium Enterprises (SMEs), in particular, is significant for the country's transition from a predominantly agricultural economy to a developed one.

In this context, it is pertinent to mention that SMEs have been known to play an important role in the manufacturing sector, especially the defence Industrial production of most developed countries. SMEs account for approximately 90% of business firms and half or more of the industrial output and export share, besides generating employment opportunities close to 70% of the labour force, in developed countries. Therefore, it is observed that globally, SMEs are an indispensable part of the supply chain in all major industries, including those involved in Defence production.

India is no exception to this rule, and it has been estimated that the Indian defence sector comprises over 6,000 SMEs which supply around 20%-25% of components and sub-assemblies to the Defence Public Sector Undertakings (DPSUs), ordnance

factories, Defence Research and Development Organisation (DRDO) and the armed forces¹. Further, it has been realised that the increase in spending on defence procurements as well as the requirement of offsets², will open up significant business opportunities for Indian SMEs for integrating themselves into the supply chains of national and international defence industries.

SMEs are often described as engines of long-term sustainable growth. There is ample empirical evidence showing a positive relationship between R&D investments, skilled labour and knowledge dissemination on the one hand and economic growth on the other. SMEs have greater impact on innovation than it would appear, from their contribution to R&D activity. In sectors like the aerospace and defence industry, SMEs contribute most to innovation because of 'low scale of economies' (due to specialised, 'made to order' nature of product specifications) and the high importance of knowledge.

The aerospace and defence industry is of strategic importance to any nation and it is held that India needs to increase self reliance in this area in its own national interest. On the other hand, the international defence industry today is global in nature with a complex network of global supply chains. Therefore, it is imperative for Indian companies, especially SMEs, to integrate themselves into the supply chains of national and international defence majors. This is expected to reduce India's dependence on imports and also to gain a foothold in the international aerospace and defence market.

In the last 5 years, India has joined the list of top 10 countries in the world in terms of military expenditure. Defence expenditure of India is growing at 7%-8% annually and India spent close to US\$100 billion on defence procurements by end of 2012. As per estimates made by the Thirteenth Finance Commission, the capital expenditure on defence equipment is expected to cross USD 19 billion by 2014-15. India's annual domestic production of defence equipment capacity stands at \$4 billion, which is predominantly state-owned with private sector accounts for less than 10% of this turnover. The objective of government is to increase the share of indigenous defence production to 70% of the total procurement from the current levels of 30% - this is a high growth opportunity waiting to be tapped by Indian industry - including the SMEs.

EMERGING TRENDS, OPPORTUNITIES AND CHALLENGES FOR SMES

Globally, the defence Industry is focussing on organization-wide learning process s along with development of a whole new network of tier-II and III partners. Economic slowdown in developed world, and strain on defence budgets worldwide, combined with the pressures to cut costs, is forcing global defence manufacturers to shift base to low cost countries such as India and China. India offers high productivity and quality goods and services at competitive prices. In this scenario, SMEs in India have the potential to play a key role in global defence manufacturing.

Realising this fact, domestic manufacturing in India has been boosted by a supportive policy regime. In May 2001, Ministry of Defence (MoD) opened the defence production to private sector with 100% equity participation and a limited Foreign Direct Investment (FDI) upto 26%, both subject to licensing restrictions. In 2006, MoD introduced the Defence Procurement Procedures (DPP) to streamline the defence acquisition process which was further updated and amended by Defence Procurement Policy (DPP) 2009 and recently by DPP 2013.

Recent amendments to the DPP are expected to promote indigenous manufacture of defence equipment and help India emerge as a global manufacturing hub for defence equipment. With the process of internationalization and competitiveness becoming need of the hour, Indian defence industry and the defence procurement has to become increasingly collaborative with the private sector and SMEs in order to enhance the capabilities and core competencies in the emerging military technology sectors. Such arrangements will establish long-term supply chains and consequently establish long-term relationships with both defence related companies and the government.

With such initiatives and technological advancement, private sector participation in defence production has undoubtedly increased. However, potential private sector and SME contribution in defence still remains to be fully realized. The size and scale of the Indian SME sector continues to be uncertain because of a large number of unregistered units in the unorganized sector. Defence procurement schemes are categorized as 'Buy (Global)' involving outright purchase from foreign/Indian vendors and 'Buy and Make with Transfer of Technology' or domestically 'make'³. It is in the 'make' category where SMEs can contribute greatly to domestic industries engaged in defence production.

Indian SMEs in defence production have some inherent advantages like innovative capabilities in niche manufacturing, greater flexibility, ability to absorb new technologies and lower labour costs - while the offset requirements drive global Original Equipment Manufacturers (OEMs) to work in close coordination with SMEs. The defence sector is thus emerging as a lucrative market for SMEs. From the global OEM's perspective, India's record of manufacturing expertise, low costs and cheap labour, makes it an attractive destination to outsource production with the offset requirement acting as a catalyst. OEMs require that the SMEs they work with should have the ability to perform, maintain continuity of supplies and clearly understand how the defence procurement procedure works. Hence Indian SMEs must try to develop niche products and capabilities, continuously innovate and fully leverage export opportunities that are now available to them under the Defence offset policy.

To be able to integrate in the supply chain, SMEs need to know their customers (ie; OEMs) well, understand their requirements, gain their confidence and demonstrate a strong commitment to develop a long term business relationship. Such initiatives by SMEs coupled with government's policy to enhance the role of SMEs in the Indian defence industry, including participation in defence R&D, are the need of the hour if India is to emerge as one of the most important defence markets in the world. Not only in the USA and European countries, but also in other Asian countries like Korea, Taiwan, China, Malaysia, SMEs have played a prominent role as useful partners in the international supply chain as innovators and high technology developers.

Other emerging trends which support the process of increasing competitiveness of SMEs are that growth of knowledge, innovation, downsizing, networking, globalization, have reduced the gap that once separated large enterprises and SMEs.

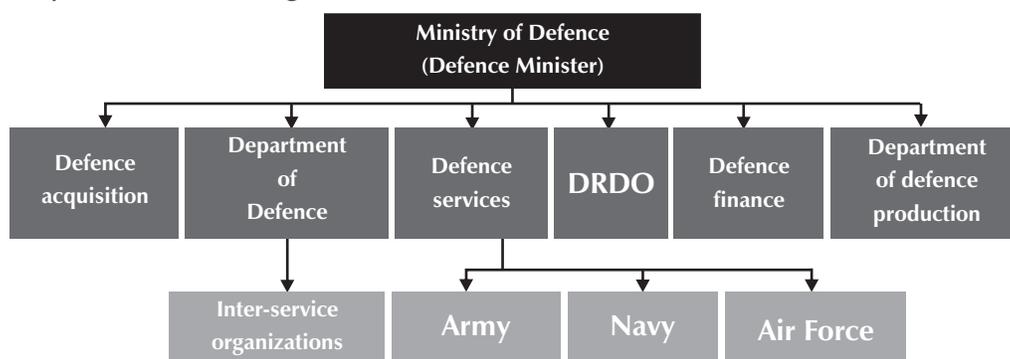
Technology is fast changing in today's world and defence related technology is not an exception. To keep the Armed Forces in a state of readiness and equipped with the latest technology, the defence acquisition policy of the nation has to have a two-tiered approach: a) imbibe new technologies of the world into the Indian system with the help of Indian scientists and engineers, and b) to maintain, replace and meet regular requirements of defence equipment in demand so as to be less and less dependent on foreign imports. Towards this end, the timely updating of technology is necessary and it is easier to upgrade the smaller private production units (mainly SMEs), as compared to larger units.

Cluster development : SME clusters promote productivity, innovation and entrepreneurship at the micro level and provide networking and business synergy opportunities. Local SME clusters pool resources and are more flexible and responsive to customer needs as compared to large enterprises. Further, clusters facilitate technology and personnel sharing and create opportunities for enhanced efficiency in organizations. The largest concentration of clusters are in Western India, which accounts for 43% of the total number of SME units in the country. Maharashtra, Gujarat, Punjab, Rajasthan, Tamil Nadu and Haryana, have the maximum number of clusters.

ROLE OF SMES IN THE GROWTH OF INDIA'S DEFENCE INDUSTRIAL BASE

India's military expenditure accounts for 80% of South Asia's total military expenditure and its defence industrial base is currently the second-largest industry after its railways. SMEs have an important role to play in all the departments dealing with procurement and production.

Chart 1: Ministry of Defence (Organizational Structure):

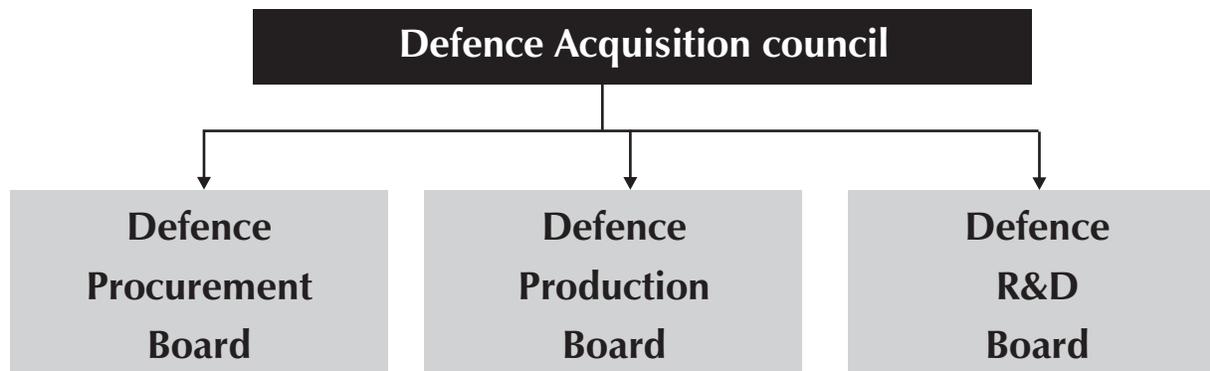


Source: Ministry of Defence website

Defence Acquisition Organization (DAO)

DAO has been set up to improve time and cost management across all acquisition processes in India. It comprises four key bodies and an acquisition wing.

Chart 2: DAO organizational structure



Source: Ministry of Defence

Department of Defence Production (DDP): DDP directs and coordinates the production of material and equipment required by the armed forces. It has two wings, the DGOF and DPSUs, as mentioned below:

Director General Ordnance Factory (DGOF) Ordnance factories were established 200 years ago as departmental manufacturing units with the main purpose of meeting the requirements of the armed forces. The production lines of ordnance factories are product-specific. The DGOF has five operating divisions, based on technology groupings. These include:

Chart 3: DGOF operating divisions

Division	Number of Factories
ammunition and Explosives (A&V)	11
Weapons, Vehicles and Equipment (WV&E)	10
Materials and Components (M&C)	11
Armoured Vehicles (AV)	3
Clothing Equipment and General stores (OEF)	5

Source: Ministry of Defence.

Defence Public Sector Undertakings (DPSUs)

The objective of establishing DPSUs under the MoD was to build a strong and diversified production base to produce specialized equipment such as electronic communication equipment, warships, missiles, armaments, and the aircraft and equipment needs of the Army, Navy and Air Force. DPSUs have a flexible form of operation, decentralized management and adequate operational autonomy. Nine undertakings have been set till date:

- Hindustan Aeronautics Ltd. (HAL), Bangalore
- Bharat Electronics Ltd. (BEL), Bangalore
- Bharat Earth Movers Ltd. (BEML), Bangalore

- Mazagon Dock Ltd. (MDL), Mumbai
- Garden Reach Shipbuilders & Engineers Ltd. (GRSE), Kolkata
- Goa Shipyard Ltd. (GSL), Goa
- Bharat Dynamics Ltd. (BDL), Hyderabad
- Mishra Dhatu Nigam Ltd. (MIDHANI), Hyderabad
- Vignyan Industries, Karnataka (light Engineering Goods)

While DGOE is responsible for 30% production of defence sector, DPSUs are responsible for the remaining 70%.

EXPORTS FROM DDP

The export market size and share reflects the sustainability and competitive edge of an industry. The defence industry has not fared well on this count due to lack of technology and competitive pricing. On an average, India exports 1.5 to 2.5% of its total production; 3% for DPSUs and 1% for the DGOE. The output is also insufficient and is not reflected in the MoD's annual reports. The Indian defence industry's export-import ratio is lower than those of countries with a much smaller defence industrial infrastructure.

PROCUREMENT FROM PRIVATE SECTOR

The DGOE sources around 45% of its total purchases in the form of raw material, components and sub-systems through indigenous sources. On an average, the government sector, small- scale sector and other private sector supplies 23%, 42% and 35% respectively, of indigenous purchases.

Although no such data is available for DPSUs, experts estimate a similar pattern of procurement in the private sector.

VENDOR BASE

The Defence Procurement Manual provides the methodology of assessment and registration of vendors as well as their performance appraisal on technical and

financial aspects and classification. Vendors registered with one department of the MoD can be considered for procurement by other departments of the ministry. However, there are certain shortcomings in this process. Despite a common format, the procurement agencies such as DGOE, DPSU, DRDO and DGOS etc., follow their own vendor-registration process. There is no single source database available. Even within organizations, some SMEs are registered with more than one agency. It is estimated that there are more than 6,000 vendors, of which around 95% of vendors being from the SME sector.

The aim of indigenization of defence production: In its pursuit of self-reliance in the defence sector, the Indian government has been continuing its efforts to indigenize the production of defence equipment wherever technologically feasible and economically viable. It originally planned to source 70% of its defence requirements from indigenous suppliers by 2010. However, we are nowhere near this target even in 2014.

In its report, the Vijay Kelkar Committee⁴ has projected the economic impact of reducing defence imports from the current 70%. A mere 25% reduction on foreign dependence on defence imports will save the foreign exchange outgo by INR85 billion, accelerate manufacturing GDP growth by 8% and create 120,000 new jobs.

MOD'S INITIATIVE ON GOVERNMENT-INDUSTRY PARTNERSHIP

The government's decision to keep defence production virtually under its jurisdiction is partly due to the inadequate capabilities of the private sector and the critical and sensitive nature of the defence industry. The private sector has played a significant role in the defence industry as sub-contractors and in the ancillary industry, although, until recently, its participation was largely restricted to supplying raw materials, semi-finished products, and parts and components. A Joint Task Force, initiated by the Confederation of Indian Industry (CII) led to :

- Reviewing the existing partnership between the MoD, industry and military
- Evolving strategies for long-term partnerships between these groups
- Studying the existing capacity of the DGOF and DPSUs
- Exploring the possibility of joint ventures
- Developing joint marketing arms for exports
- Leveraging India's strengths in information technology in the defence sector

Based on CII recommendations, MoD announced the opening of the defence production to the private sector in year 2001. It also constituted the Kelkar Committee to review the DPP to integrate users, MoD and the industry.

With the opening of defence sector, 100% equity participation in defence production was allowed to the private sector with foreign direct investment (FDI) permissible up to 26%, both being subject to licensing restrictions. Following the policy change, all defence-related items have been removed from the government's reserved category and transferred to the licensed category. As a result of this, the private sector can now manufacture all types of defence equipment after obtaining a government license.

However, as per the Standing Committee on Defence (2005-06)⁵. on Procurement Policy and Procedure, the private sector participation in defence industry continued to be minimal. Some of the constraints faced by private industries are as under:

- a) In all the deals, where transfer of technology was negotiated, the nominated recipient was always a DPSU, even if a private sector company was better placed in terms of infrastructure and know-how to absorb the technology.
- b) The requirements of the armed forces were not made known to the private sector sufficiently in advance. The private sector did not get adequate time, either to scout for foreign tie-ups or to set up the necessary facilities.
- c) Every producer seeks economies of scale and needs to be assured of continuous orders. Unfortunately, the Request for Proposal (RFPs) were issued for one-time piecemeal quantities without indicating the envisaged total requirement over a period of time. Additionally, no long-term commitment was made relating to a regular flow of orders. This deterred companies from committing their resources to set production facilities since the venture could prove to be expensive as well as risky.
- d) Lack of trust and an effective communication between the MoD, the services and the private sector in the defence industry created an uncertain environment with regard to policy implementation and negatively affected the participation of industry.

SCOPE FOR THE SME SECTOR:

The defence industry needs the SME sector to strengthen national capabilities from a long-term view. They can be involved in several areas such as Aerospace: sub systems and accessories, ground equipment and tooling, Naval systems, subsystems and accessories, Land systems, subsystems and accessories, Capital goods, IT hardware and electronics, Casting, forging and metal works, R&D and Software

The areas mentioned above not only have a strategic importance but also have technological importance. The MoD requires high technology components and subassemblies in these areas. The private sector in the country has proved its edge in these sectors and believes it has the capabilities required for defence production.

Areas of Concern:

- a) In India, SMEs working for the defence sector are generally dependent on DGOF, DPSUs and DRDO etc. Ordnance factories outsource around 40% of their production in the form of components and sub-assembly requirements, mainly from SMEs. The SME segment, with limited business support and research base, is not always competent to meet the current requirements. Moreover, as production targets vary on an annual basis, sourcing of components/sub-assemblies from SMEs is not a constant and sustained activity.

b) Technology expertise is the most critical challenge faced by most Indian companies. Foreign companies are reluctant to transfer cutting-edge technologies to the Indian unit, and in the past, have given licenses for older technologies. Most defence systems are based on foreign design and the complete technology is not available with the production agency. Hence, SMEs are often unable to gain access and guidance on the desired technology. They also lack awareness of intellectual property rights and legal issues.

c) SMEs have a small capital base and generally require immediate cash payment. They cannot withstand payment delays, which are inherent in

government accounting and audit procedures and do not like to deal with the Controller of Defence Accounts. Therefore, many SMEs that have an established technological base are reluctant to enter the defence market.

d) Defence products are lethal in nature and generally all the components/sub assemblies require careful accounting. Even rejected components may be lethal if in the wrong hands. OEMs require SMEs to put in place detailed accounting procedures and security systems which add to costs.

e) The DGOF and DPSUs face problems due to lack of advance planning and forecasts by the defence forces. Production has to work on tight delivery schedules, which makes life even more difficult for SMEs that supply material to them.

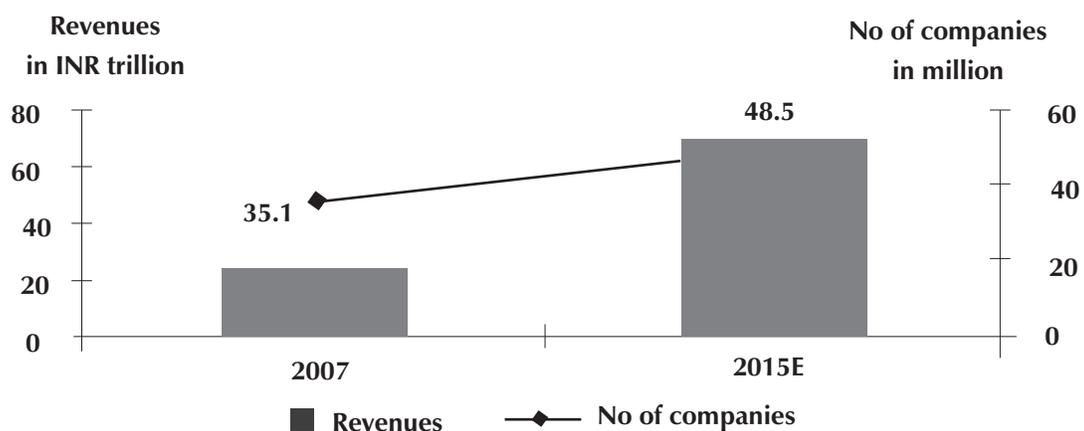
f) Quality assurance and reliability are essential in aerospace and defence technologies due to the stringent requirements of 'weight-to-strength' considerations and the need for highly reliable systems. The industry works on a zero defect target. While quality control in Indian manufacturing has improved significantly, a mature supplier base is still being developed in the country and the inability of SME suppliers to keep abreast with rising quality issues could become a problem for Indian aerospace and defence companies.

CONCLUSION: THE WAY FORWARD

India is becoming significant on the global stage, as a regional economic and political power. In view of this, it is imperative that we build our indigenous manufacturing capability in defence production industries. This will not only give us a strategic and economic edge but is also in the interest of national security. It is time to seriously involve the private sector including SMEs, with its world-class expertise and high technology. The small scale industry, irrespective of its economic size, has shown a definite inclination to assume the role of system and sub-system integrators by investing in R&D and infrastructure to develop capabilities in defence production.

According to The National Association of Software and Services Companies (NASSCOM), the number of companies in the SME sector is expected to register a CAGR of 4% till 2015 to reach 48.5 million. The revenues of the companies in the SME sector are expected to grow by 12% annually to reach INR69.2 trillion in 2015.

Diagram 2: SME revenues and number of companies, 2007–15E



Source: NASSCOM, reproduced in Enhancing role of SMEs in Indian defence industry, p.14.

It is generally agreed that SMEs in India have the capability to participate in defence production. The SME sector is more flexible and spontaneous in its response, has a faster turnaround time, displays more personal commitment, has faster decision-making ability and is easy to teach. SMEs have adequate manpower with partial infrastructure, plants and machinery and financial resources. SMEs are usually owner-driven companies and survive on niche technologies. They present the real competition to PSUs and MNCs. Large companies will approach SMEs only if they see value being delivered by them. For any project, there should be active involvement of SMEs right from the conceptual stage. Proper capability assessment of vendors, along with a national

vendor base, is also required. Such measures will go a long way in contributing to effective participation of SMEs in defence production. Facilitating financial assistance to SMEs is of prime importance. If that is done, everything else will fall in place.

ANNEXURE 1

LIST OF SOME INDUSTRIAL LICENCES ISSUED FOR MANUFACTURE OF ITEMS UNDER DEFENCE INDUSTRIES FROM JANUARY 2012 TO 2013

NAME OF THE COMPANY	LOCATION	ITEM OF MANUFACTURE	APPROVAL NO & DATE
WIPRO LIMITED	48-481, UDYOG VIHAR PHASE-3, GURGAON HARYANA	DESIGN, DEVELOPMENT, MANUFACTURE ASSEMBLY UPGRADES AND PLATFORM/ SYSTEM INTEGRATION OF STATE OF THE ART NETWORK CENTRIC WARFARE ETC	DIL:9/2011 DT:29/07/2011
WIPRO LIMITED	48-481, UDYOG VIHAR PHASE-3, GURGAON HARYANA	DESIGN, DEVELOPMENT, MANUFACTURE ASSEMBLY UPGRADES, OF ACTIVE'S ACTUATION ASSEMBLIES AND OTHER COMPONENTS OF ELECTRONIC WAFARE SYSTEMS ETC	DIL:10/2011 DT:29/07/2011
WIPRO LIMITED	48-481, UDYOG VIHAR PHASE-3, GURGAON HARYANA	COMPUTER BASED SIMULATORS INCLUDING PARTS AND ACCESSORIES FOR VARIOUS STIMULATION USES FOR DEFENCE LIKE TRAINING ETC	DIL:11/2011 DT:29/07/2011
WIPRO LIMITED	9B/10APHASE-I PEENYA INDL ESTATE BANGALORE KARNATAKA	DESIGN, DEVELOPMENT, MANUFACTURE ASSEMBLY UPGRADES, OF AND PRECISION ENGINEERED HYDRAULIC AND MECHANICAL COMPONENTS ETC	DIL:13/2011 DT:29/07/2011
M/S PRECISION ELECTRONICS LIMITED	1) d-10, SECTOR-3 NOIDA, DISTRICT GAUTAM BUDDHA NAGAR, UTTAR PRADESH 2) PLOT NO 98, 10 KIE INDL. ESTATE, MUNDIYAKI, MANGALORE ROORKEE, DISTRICT HARIDWAR UTTARAKHAND	MILITARY CABLE HARNESS	DIL:14/2011 DT:10/08/2011
M/s TATA AEROSTRUCTURE LTD.	VILL ADHIBATLA, NO. 255, IBRAHIMPATNAM, DISTRICT RANGAREDDY, ANDHRA PRADESH	AIRCRAFT STRUCTURAL ASSEMBLIES CONSISTING OF EMPENNAGE & CENTER WING BOX	DIL:15(2011) DATED 29/03/2011

NAME OF THE COMPANY	LOCATION	ITEM OF MANUFACTURE	APPROVAL NO & DATE
M/S ADVANCED SYSTEM PVT. LTD	E-COMPLEX PRIVATGE LIMITED, VILLAGE RAMPARA-II, TALUKA RAJLAULA & VILLAGE LANSAPUR DISTRICT AMRELI GUJARAT.	DARAR AND RAIDOREMOTE CONTROL APPARATUS	DIL:16 DATED 07/03/2011
M/S SIGMA ELECTRO SYSTEM	M-83 MIDC, AMBAD, DISTRICT NASHIK MAHARASHTRA	RADAR, GUNNERY, CIRCUITRY	DIL:17(2011) DATED 07/03/2011
M/S PRECISION ELECTRONICS LIMITED	D-10, SECTOR-3, NOIDA, DISTRICT GAUTAM BUDDHA NAGAR, UTTAR PRADESH II) PLOT NO. 9&10 KIE INDL. ESTATE MUNDIYAKI, MANGALORE ROORKEE, DISTRICT HARIDWAR UTTARKHAN	TRANSMISSION SYSTEMS INCLUDING LINE, RADIO, SATELLITE AND ACCESSORIES POWER SUPPLIES.	DIL:18(2011) DATED 10/08/2011
M/S LAKSHMI MACHINE WORKS LIMITED	GANAPATHY VILLAGE COIMBATORE NORTH TK, DISTRICT COIMBATORE TAMILNADU	STRUCTURAL PARTS, LANDING GFEAR, ETC	DIL:19(2011) DATED 09/05/2011
M/S ABG SHIPYARD LIMITED	MAGDALA BUNDAR, DUMAS ROAD, SURAT GUJRAT	DESIGN & CONSTRUCTION OF NAVAL WARSHIPS AND NAVAL SUPPORT SHIPS	DIL:20(2011) DATED 20/05/2011

NAME OF THE COMPANY	LOCATION	ITEM OF MANUFACTURE	APPROVAL NO & DATE
M/s NAVNIDHI ELECTRONICS PVT. LTD.	PLOT NO 21, IDA, MALLAPUR LENACHARAM, HYDRABAD-76, ANDHRA PRADESH	JAMMERS NIGHT VISION EQUIPMENT	DIL:12(2013) DATED 16/05/2013
M/s ANANTH TECHNOLOGIES LTD	PLOT NO 39, HITEC CITY, PHASE-II, MADHAPUR, HYDRABAD, RANGREDDY DISTRICT, ANDHRA PRADESH	RF SEEKERS & SUBSYSTEMS UPTO KU BAND ETC	DIL:12(2013) DATED 16/05/2013
M/s MAINI MATERIALS MOVEMENT PVT. LTD	SY. NO. 32, CHANDRAPURE HOSUR ROAD, ANEKAL TALUKA, BANGALORE, KARNATAKA	ALL TERRAIN COMBAT VEHICALS (ATCV)	DIL:14(2013) DATED 31/05/2013
M/s L&T CASSIDIAN LTD.	KOMARLA SOLITAIRE, PLOT NO. 145/2, OLD MADRAS ROAD, NAGAVARA, PALYA, C.V. RAMAN NAGAR, BANGLORE, KARNATAKA	MILITARY AVIONIC SYSTEMS, SUB-SYSTEMS AND RADAR SYSTEMS, SUB SYSTEMS AND PARTS MOBILE	DIL:16(2013) DATED 07/08/2013
M/s TANJEJA AEROSPACE & AVIATION LTD.	THALLY ROAD, BELAGONDAPALLI, DENKANIKOTTAI, KRISHNA NAGARI DISTRICT, TAMILNADU	AIRFRAMES SETS & RELATED DEFENCE EQUIPMENT MANDING GEARS AND RELATED EQUIPMENT	DIL:17(2013) DATED 24/09/2013
M/s AVIOHELITRONICS INFOSYSTEMS PVT. LTD.	NAVYA CENTER, NO. 15, SERVICE ROAD, DOMLUR LAYOUT, OLD AIRPORT ROAD, BANGALORE-560071, KARNATAKA	AIRCRAFT AVIONICS INPUT/OUTPUT DIGITAL BOARD (DB)	DIL:18(2013) DATED 27/09/2013

Source: dipp.nic.in/English/policy/IL_Defence_2001_2013.pdf

ANNEXURE 2: Directorate General Ordnance Factory Procurement, (in Rupees Billion)

Year	Value of Issue	Indigenous purchase (% of total issue)	Indigenous purchase break down (% of total issue)			Imports (% of total issue)	Total Purchase
			Government sector	SSI	Private sector		
FY02	61.0	24.6 (40.26%)	2.8 (4.65%)	5.6 (9.26%)	16.1 (26.34%)	2.7 (4.45%)	27.3
FY03	65.0	25.7 (39.5%)	5.5 (8.38%)	6.1 (9.33%)	14.2 (21.81%)	6.2 (9.56%)	31.9
FY04	65.0	25.5 (39.1%)	6.1 (9.30%)	6.2 (9.52%)	13.2 (20.35%)	12.1 (18.6%)	37.6
FY05	61.8	27.4 (44.2%)	5.6 (9.05%)	7.6 (12.33%)	14.1 (22.82%)	4.8 (7.75%)	32.2
FY06	68.9	31.0 (45.02%)	6.5 (9.43%)	8.5 (12.36%)	16.6 (24.1%)	5.1 (7.42%)	36.8
FY07	62.3	27.4 (44%)	6.3 (22.78%)	10.4 (37.98%)	10.8 (39.22%)	4.4 (15.93%)	31.8
FY08	70.0	32.1 (45.91%)	7.6 (23.64%)	13.5 (42.12%)	11.0 (34.22%)	7.9 (24.67%)	40.1
FY09	76.7	35.3 (45.95%)	8.1 (22.97%)	14.5 (41.13%)	12.7 (35.88%)	7.5 (21.27%)	42.8

Source: DGO, reproduced in Exhibit no. 17, in 'Enhancing Role of SMEs in Indian Defence Industry', p.20.

END NOTES

1. www.ciidefence.com/events/MSME_DEFENCE/SME_Flyer.pdf

Note on “Opportunities for SMEs in Indian Defence Sector”

2. Defence Offset Policy: Offsets are applicable to all procurement proposals where the indicative cost of procurement is above INR3 billion and the schemes are categorized as “Buy Global” and “Buy and Make” with transfer of technology. Defence procurement policies announced since 2005, have the offset clause which mandates a 30% offset obligation for procurement proposals where indicative cost is Rs.3 billion or more. Several countries have and continue to successfully enforce such offset clauses in the interests of their economies to enhance their knowledge base and industrial capabilities

For instance, as of February 2010, 10 offset contracts were signed worth Rs. 8200 crores wherein 31 private Indian firms have got contracts worth more than Rs. 4200 crores. There are 41 offset contact worth more than Rs. 49000 crores in the pipeline at various stages of negotiations which were to materialise by 2013. This illustrates the opportunity that exists for the Indian industry in defence sector.

3. Defence Procurement Schemes are of the following types:

i) Buy: global purchase

ii) Buy and Make: purchase globally for assembly, with/without technology transfer commitment by foreign seller.

iii) Make: domestically manufacture equipment

4. Kelkar Committee Report.

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WOMEN EMPOWERMENT AND THEIR ROLE IN SMES

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ABSTRACT

Women are highly important contributors to the country's economic and social development. Over the years women participation in the economy has increased rapidly and they constitute almost half of the total population. Since 1990, women's participation in the SMEs business has increased enormously. Women entrepreneur play a significant role in the economic development. The impact of women entrepreneurship in Small and Medium Enterprises (SMEs) on sustainable economic development depicts the rapid absorption of women into the emerging market economies. The rapid economic growth was due largely to important growth in the SMEs business, where substantial and proportionally larger increase of female workers has been registered. The increase in the female labor force participation in SMEs business may also be attributable to improving economic incentives in employment and policies favoring the employment of women. In addition, the combined effects of increased years of schooling, access to family planning services, improved maternal and child care, leading to arise in the average age at marriage, have allowed women to take advantage of the increased employment opportunities.

Keywords: Women, Participation, Entrepreneurship and SMEs,

INTRODUCTION

Women are highly important contributors to the country's economic and social development. Around 25 lakh of the country's small and medium-scale enterprises (SMEs) are managed by women today. Over the years women participation in the economy has increased rapidly and they constitute almost half of the total population. Since 1990, women's participation in the SMEs business has increased enormously. Small and medium enterprises (SMEs) account for about 90 percent of businesses and more than 50 percent of employment worldwide. They are the engine for economic growth and poverty reduction in developing countries. This is also the sector where women business owners are most heavily concentrated, along with micro enterprises. Addressing women SME owners' specific challenges in accessing finance must be part of any overall SME growth strategy.

RESEARCH METHODOLOGY

The research is based on secondary data. The data is collected from Journals, magazines, books and for latest figures website were referred. The study clearly indicates that, women empowerment has clearly a direct impact on growth and development of SMEs. Also, the purpose of this paper is to show that small and medium enterprises (SMEs) play an important role in national economies.

Design/methodology/approach – The study reveals that every economy is experiencing a new kind of economy in recent times known as the “knowledge economy” which considers knowledge as the main resource of organizations for innovation and competitiveness.

Findings – The paper finds that considering SMEs as the microelement of a society or macro economy, knowledge management is crucial to drive them towards becoming learning organizations and to achieve sustainable competitiveness.

OBJECTIVES

1. To foster the Economic Empowerment of Women, particularly the SME segment.
2. To provide, networking platform for women, Technical know-how, Industry research and expertise, Skill development and training.
3. To share good practices in the promotion of female entrepreneurship.
4. To discuss actions and support measures for promoting female entrepreneurship in different countries.
5. To built up the capacity of women entrepreneurs for increased competitiveness, technology absorbing capacities and

women's control over asset management.

6. To bring the businesswomen on a Common Forum and ensure that their opinions, ideas and visions are collectively and effectively taken up with policy makers and various other agencies respectively for the development of Enterprise in Women.

WOMEN EMPOWERMENT – ROLE OF ENTREPRENEURSHIP

Empowering women has become the key element in the development of an economy. With women moving forward, the family moves, the village moves and the nation moves. Hence, improving the status of women by way of their economic empowerment is highly called for.

Starting a business and bringing creativity in life with self-esteem and happiness have a direct link with each other. Economic growth is highly indispensable for any developing country, which can be substantiated by ensuring participation of women. Being the focal point of economic development, entrepreneurship can play an instrumental role in building the world.

Entrepreneurial activities transform the ideas and creativity of aspiring women into business ventures with high potential and growth. This certainly helps in generating jobs and wealth creation, resulting into a state of well-being and increased opportunities in the country. As more and more women are getting to know the benefits of entrepreneurial activity, a silent renaissance is sweeping across all the sectors resulting in larger participation.

In spite of the discrimination against them, women are increasingly taking up the leadership role in economic activity. Owing to supportive policies and programmes of governments aimed at solving the twin problems of poverty and unemployment, there has been a proliferation in number of women-owned micro, small and medium enterprises (MSMEs), contributing to their respective economies across the globe. It is to be noted that their presence in the economic leadership role in least-developed countries (LDCs) is not comparable in developed countries. Interestingly, the number of women-owned and managed SMEs, though still small in numbers, is on the rise in developing countries.

SIGNIFICANCE

Women entrepreneur play a significant role in the economic development. The impact of women entrepreneurship in Small and Medium Enterprises (SMEs) on sustainable economic development depicts the rapid absorption of women into the labor market. The greater growth potential lies in the modern high technology industries but it is also present in the labor-intensive industries of the traditional Small Enterprise sector and in the services that support it. "Young people in the future are more likely to end (therefore) should be working in organizations closer to the entrepreneurial mode" (Allan Gibbs). It is a worldwide phenomenon that Small Enterprises are an important part of a nation's economic and social structure. On a global perspective Small Enterprises have acquired a significant stature in the economic development of a country. Globalization has put Small Enterprises directly in the limelight. Small Enterprises are increasingly a major force for national economic growth. Key areas are -

- i. 10,000 women is a five-year, global program that harnesses the power of women entrepreneurs to foster economic growth by educating and supporting them in becoming stronger businesswomen. Launched by Goldman Sachs in March 2008, the program provides 10,000 women who run small and medium-sized enterprises (SMEs) with high-quality business and management skills training.
- ii. Research shows that these women are often underserved, in terms of access to business or management training and entrepreneurial networks, despite the enormous potential they have to help grow economies in developing countries.
- iii. 10,000 Women reaches women entrepreneurs in 42 countries, from Afghanistan to Brazil, China to Egypt, India to Rwanda, and has partnered with more than 80 academic and nonprofit partners around the world.
- iv. Also, it is estimated that SMEs with full or partial female ownership represent 31 to 38 percent (8 to 10 million) of formal SMEs in emerging markets.
- v. These firms represent a significant share of employment generation and economic growth potential. Furthermore, it is estimated that failure to achieve Millennium Development Goal (MDG) target on the promotion of gender equality and empowerment of women could reduce per capita income growth rates by 0.1–0.3 percentage points.

CHALLENGES

a) TREAD

The Trade Related Entrepreneurship Assistance And Development (TREAD) scheme for women envisages economic empowerment of women through development of their entrepreneurial skills in non-farm activities. The governmental grants up to 30 per cent of the total project cost is provided to the Non-Governmental Organizations (NGOs) for promoting entrepreneurship among women. The remaining 70 per cent of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project. Further, the government grants up to Rs.1 lakh per programme is provided to training institutions/NGOs for imparting training to the women entrepreneurs. Under this scheme, proposals involving grant of Rs.51.65 lakh to 16 NGOs / institutions, have been approved for benefiting 1700 women.

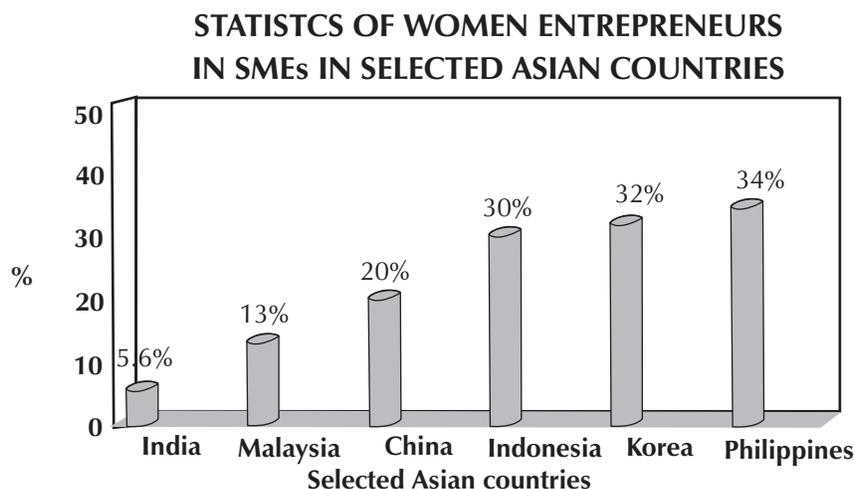
b) REGP

Rural Employment Generation Programme (REGP) is a flagship scheme of the government for employment generation programmes in the unorganized sector. Though there are no specific reservation for women entrepreneurs under this scheme, still there has been substantial participation (around 30 per cent) of women as a result of the promotional efforts undertaken in this regard. Under this programme, 3,656 projects of women entrepreneurs involving margin money of Rs. 6397.99 lakh have been assisted as government grant during 2007-08 up to December 2007.

c) Training of Women Entrepreneurs

The industrial policies of the government announced from time to time, have laid considerable emphasis on promotion of women entrepreneurship, particularly among first generation women entrepreneurs, through various training and support services. Special attention is being given by organizing exclusive Entrepreneurship Development Programmes (EDPs) for women. During 2007-08 upto December 2007, approximately 15,000 women participated in these training programmes. In addition to programmes and schemes of MSME, NSIC, KVIC and Coir Board relating to conduct of EDPs and SDPs for benefit of potential women entrepreneurs, three national level entrepreneurship development institutes set up by the Ministry, particularly Indian Institute of Entrepreneurship (IIE), Guwahati, are also undertaking training programmes for skills and entrepreneurship development for women. The National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida, has conducted seven training programmes exclusively for 227 women participants during 2007-08.

The following fig. indicates Women Entrepreneur's in SMEs



Source: Women Entrepreneurs in SMEs in selected asian countries, 1999
Office of the Development Commissioner Small Scale Industries,
Ministry of SSI, India (Sample Survey 1999-2000)

Factors

The financial position of an organisation is a significant factor as the financial implications of implementing a misplaced knowledge management strategy would be costly. With SMEs, the financial consequences of investing into the wrong knowledge management strategy can have the same devastating effects, if not more severe, when compared to a misplaced strategy for a large scale organisation. This is because SME's generally have limited financial resources to be invested. Following are the four main factors for choosing the right strategy-

- 1. Management:** In SMEs, the managers are in most cases the owners, which imply that decision making is centralized, and fewer layers of management. This means that decision-making is shorter than in large organisations. The advantage for the owners in SMEs is that they become the key drivers for knowledge management implementations, assuming of course that they appreciate the importance of KM. Another distinction to be made is that management of SMEs has to look after every aspect of the business which gives them limited time to focus on the strategic issues relating to KM. Senior management in larger organisations in contrast have the power to delegate some of their responsibilities to lower management, thus freeing their time to focus on knowledge management strategies.
- 2. Structure:** SMEs have an advantage over large enterprises in respect to their structure, in implementing knowledge management. They have a simple, flatter and less complex structure, which will facilitate a change initiative across the organisation since functional integration both horizontally and vertically is easier to achieve and fewer complications will be encountered.
- 3. Culture:** SMEs tend to have a more organic and fluid culture, than larger organisations. Smaller numbers of people are usually united under common beliefs and values, which implies that it is easier for smaller organisations to change and implement knowledge management. It is easier to create a knowledge sharing culture in smaller organisation than in larger ones. In smaller organisations the cultural values and beliefs of the employees can be influenced by the owners. This can be a problem if the owner does not trust his employees or does not encourage the culture of sharing and transferring knowledge. In this case, the owner can obstruct the development of knowledge rather than develop it.
- 4. Human resource:** SMEs have a problem in attracting high calibre, experienced employees. These experienced people, tend to go to larger organisations, where they will be paid higher salaries and bonuses. Furthermore it is also a problem for SMEs to retain, specialised employees, because of limited opportunities for career progression, and the constant appeal of larger organisations, which can provide better prospects. SMEs are mostly seen by some employee as a stepping-stone to move to larger organisation. The departure of highly knowledgeable employees is a major threat to SMEs, unless that knowledge is captured, codified, and transferred throughout the organisation.

When all the four factors for choosing the right strategy are accelerated, SMEs are sure to enhance their growth. Following figure depicts the same -

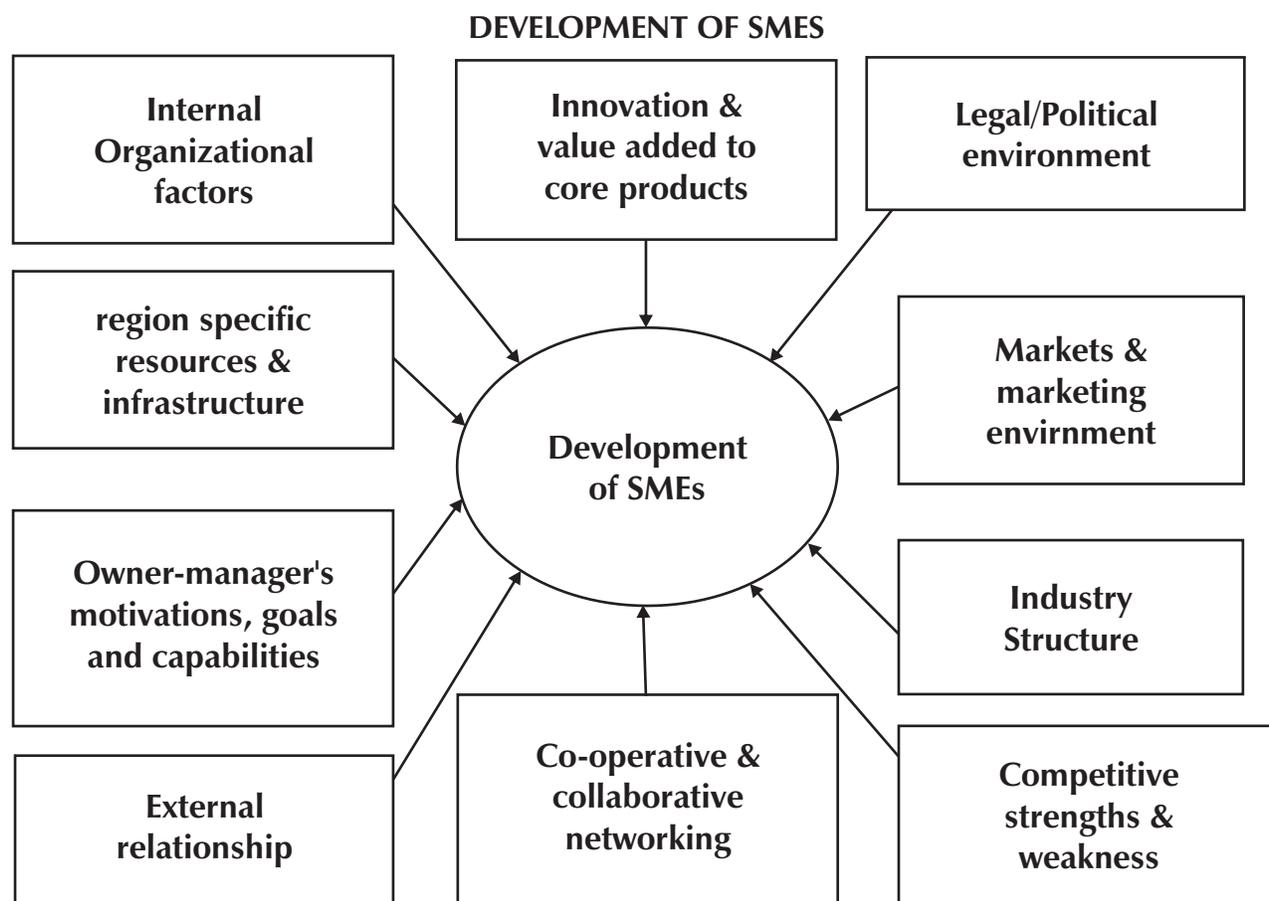


Fig. 2

The above figure enhances the 10 principles for the developments of SMEs, sure to gain its due status with KM

The prevalence of SME's in both developing and developed countries shows how business models dominate every economy - "In market economies, formal and informal SMEs, account for over 90 percent of all firms" (Klein, 2004, p.6). Within the OECD, SMEs represent over 95% of enterprises and generate over half of private sector employment. Within developing countries the presence of SME's are critically important as their private economy is almost entirely comprised of them (International Finance Corporation, 2004).

Transdisciplinary research to generate successful & sustainable SMEs

Economic	Social	Environmental
1. The impact of macroeconomic factors on SMEs	1. SMEs & social inclusion	1. Green SMEs
2. Developing broader markets for rural manufacturing & processing SMEs	2. Ethical & socially responsible SME s entrepreneur	2. Energy conservation in SMEs
3. Developing financial literacy in SMEs	3.Social Entrepreneurs	3. Storage, treatment & disposal of toxic & hazardous wastes in SMEs
4. The role of engineering & computer technology	4. Ethnic & Women Entrepreneurs	4. Use of Renewable energy resources in SMEs
5.Downsizing/rightsizing & the effects of economic recession	5. Workforce issues in SMEs	5. SME environmental management

CONCLUSION

- Managing knowledge is a critical capability for SMEs to master because it helps them leverage their most critical resource.
- Equality for women is progress for all.
- Organizational knowledge is the most salient resource at the disposal of SMEs in terms of availability, access, and depth.
- Women are the pace setters in the quest for economic independence.
- Entrepreneurship is the new women's movement.
- Women entrepreneurs balance creativity, family life, personal growth.
- Successful SMEs are those who can leverage their knowledge in an effective and efficient manner, so as to make up for deficiencies in traditional resources, like land, labor, and capital.
- SME type organisations manage their knowledge through a more socialization approach, due to their creative and innovative characteristics.

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WOMEN ONLINE SHOPPING: A CRITICAL REVIEW OF LITERATURE

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ABSTRACT:

A woman online shopping is under researched. The author found very few published contents on the topic. This impelled the researcher to undergo a brief review of existing, although comparatively small, literature. The literature suggests that women have lesser trust in online shopping as compared to their male counterparts. The strata of women shoppers can be divided in three distinct groups viz., above 55 years of age, 36-55 years and 15-35 years. The growth in adaptation in online shopping has been observed in the age group of 15- 35 years. The increased number of working lady in this group is one among the several reasons. Different types of conceptual information presented in the study are the result of observation, in depth reading, and rational judgement of the authors.

KEYWORDS: Internet, Technology, Women behaviour, Women online shopping.

INTRODUCTION:

With the advent of Internet technology, the nature of online shopping, its evolution has been taking shape and turn dramatically. The Internet is a powerful tool for doing the online shopping. Earlier women afraid to purchase online but the trend is changing from offline shopping to online shopping. The total retail size in India is 455 billion dollar . Out of that organized retail is 34 billion dollar (7 % of all retail) . E-Commerce is 10 billion dollar . E-retailing is 0.6 billion dollar (0.1% of all retail, 6% of e-commerce) . In India there are 100 crores Wireless subscribers and 6 crores Smart phone users .There are 145 million Internet users and they spend 20-25 hours/month in online . The component of E-Commerce market in India is differentiated in terms of online travel (81.40%), e tailing (5.80%), financial services (5.80%), other online services (4.60%) and digital downloads (2.40%) of total internet users.. As to segregate and know the exact figure of male and female, author found that Consumers who do online transaction is 21 million , out of that 61% of male and 39% of female uses the internet in that 15-24 years old females are 10.70%, 35-44 years old female are 13.70% and 55+ years old females are 10.80% . This figure clearly shows that there is huge market for women online shopping.

OBJECTIVE: The main objective of study is to focus on trend of women online shopping in India.

METHODOLOGY: The paper is based on secondary research study. The literatures used are the research papers, research reports, books, websites etc.

LITERATURE REVIEW:

Research provides increasing evidence that women and men differ in their decisions to trust. However, information systems research does not satisfactorily explain why these gender differences exist. With respect to the literature on trusting others, both survey results and experimental findings show that, in general, men trust more than do women. Several surveys found evidence that women are less likely to believe that "most people can be trusted" . A number of investigations in experimental economics support those findings, concluding that men are more trusting than women.

Purchase decisions are ultimately guided by consumers' perceptions of the product or service. Of course, the critical nature of perceptions as they relate to purchase behaviour has been repeatedly demonstrated in advertising and marketing research. Negative perceptions of the product, service, brand, or company almost always translate to a lost sale or, at a minimum, expressed lower intentions to purchase the advertised product or service. If the goal is to increase online spending among consumers,

particularly female consumers, then consumers' perceptions of online shopping are ultimately matters the most. Presumably, the more positive consumers perceive the online buying experience the more likely they will make online purchases. The primary construct that we believe will have a bearing on perceptual differences between male and female internet shoppers is emotion. Related to emotion are two additional constructs, trust and convenience.

Electronic commerce is the application of computer technology to the automation of business transactions and workflows. It provides the ability to buy and sell products and information on the Internet and to use other online services. In order to shop online, consumers need to know how to use computers and how to surf the Net, among other things. Gender differences in online shopping could be due to preferences for shopping styles or attitudes toward computers and the Internet. It has been documented that Internet use is more strongly affected by attitudes toward computers than toward the Internet and so it may be that the gender difference in Internet use will be reflected in the use of computers.

In the population of internet, some surveys indicated that male internet users outnumbered female counterparts. Internet used to be regarded as a masculine domain. Nevertheless, recent surveys point out that the gender gap has been disappearing. In addition, the numbers of male and female internet users are equal. It is noted that though young women and men use the internet equally often, they use it differently, and this may influence the motivations of buying online. Therefore, it is interesting to further discuss sex differences in online consumption. Early researchers tended to explore demographic profiles of internet buyers and functional advantages of online shopping, few stressed gender differences in online shopping behaviour. In fact, the study of gender differences has been a fertile area in marketing research, but it seems that there are few studies that explore gender differences in online buying.

It has been documented that, from childhood to adulthood, males are more likely than females to use computers and to have favourable attitudes toward computers. Research has found that boys and men have more computer experience, use more computer applications, and use the computer voluntarily more than girls and women. The gender difference in Internet use varies from country to country. Besides the possibility that attitudes toward the Internet could be carried over from those toward computers, explanations for the general male dominance in Internet use include the 'maleness' of Internet technology and the fact that communication on the Internet is perceived to be hostile by women.

The maleness of technology is one of the causes of women's discomfort with technology. Technology has features that are associated with masculinity: it is 'powerful, remote, incomprehensible, inhuman, scientific and expensive'. It has been noted also that 'Technology has been defined as an activity appropriate for men. As with science, the very language of technology, its symbolism, is masculine'. Furthermore, the development of the PC follows the stereotypes in technology in that the early systems were developed by male electronic and computer hobbyists for other male hobbyists. Even in the market for designing and developing computer-based systems, women's participation is relatively low. Thus, the resulting 'masculinisation of computer technology' – may lead some to view the Internet as a highly technical, male domain.

There is other research which has examined the role of psychological factors in Internet use. Researchers have demonstrated the link between personality and Internet use. There are several personality types that might impact differently on Internet usage. For example, people who have a high need for closure, that is, 'a need to have a structured and defined process of decision making', will dislike too many hyperlinks. Gender differences were found in the use of Internet services associated with the personality traits of extraversion and neuroticism. For men, the more extraverted they are, the greater their use of leisure services, and, the more neurotic they are, the less their use of information services. For women, the less extraverted they are and the more neurotic they are, the greater their use of social websites. Specifically with regard to Internet shopping, research has found that online shoppers tend to seek information from the Internet first and then make subsequent purchases. Compared with non-shoppers, Internet shoppers have been characterized as more impulsive and less risk-averse, and they were more likely to seek convenience and variety and less likely to be brand and price conscious than non-shoppers. So the shoppers' personality may play a role in online shopping. This basic hypothesis has been supported by cross-cultural studies. For instance, in a data set from twelve countries, website quality and having trust and positive feelings toward the website were critical in predicting both the shopper's

purchase intentions and the loyalty of visitors to the site . This finding is consistent with those of earlier studies in highlighting the importance of psychological factors in determining shoppers' behaviour online and off-line, including beliefs, preferences and attitudes as well as personality traits , psychological motives , the role of trust online and the enjoyment and emotional experience online .

Since a clear gender gap in Internet use has been documented, it is natural to explore next sex differences in online shopping, even though occasional researchers claim that there is none. For instance it is reported that gender and education did not play a role in the Internet shopping . Nonetheless, preliminary studies have found gender differences in online shopping. For example, for women, buying books online was correlated with anxiety about computers while, for men, buying books online was associated with having computer/ Internet skills .

The role of gender as it relates to e-commerce and offers a conceptual framework that attempts to explain why women are less satisfied than men with the online shopping experience. Perceived emotional benefits are one of the primary reasons for women lack in support for e-commerce activity. Additional concepts include trust (i.e., scepticism) and practicality (i.e., convenience). These three concepts - emotion, trust, and convenience predicted women's dissatisfaction (and men's satisfaction) with online shopping, as well as men and women's actual shopping behaviour.

SUMMARY OF LITERATURE REVIEW:

SHOPPING ONLINE

The two most commonly cited reasons for shopping online have been price and convenience. The ability to shop online without leaving the home and to have the products and/or services delivered to the door is of great interest to many shoppers . The number of Internet users who are shopping online goods and services is increasingly . In order to be able to identify what factors affect women to shop online, a framework is needed to structure the complex system of effects of these different factors, and develop as in-depth understanding of women attitudes toward Internet and their intentions to shop online .

ONLINE SHOPPING MOTIVES

In general terms, motivations of consumers to engage in online shopping include both utilitarian and hedonic dimensions . According to Holbrook , while some Internet shoppers can be described as 'problem solvers', others can be regarded as seeking 'fun, fantasy, arousal, sensory stimulation, and enjoyment'.

The utilitarian shopping is done by women when she arise need and problem hence utilitarian act as a problem solver shopping for women, while hedonic shopping is done by women just to pass time, fun and enjoyment.

FINDINGS AND OBSERVATIONS:

Why to target women shoppers-

Here are a few reasons why it is a good idea for an online store to target women shoppers:

- Large and Growing Audience – Women
- Women are Influencers
- Younger Males' Habits Are Similar to Females
- Change in lifestyle
- Disposable income
- Women participating in actual buying process
- Women tailor their usage of online channels based on availability, immediate needs, size of shopping list, convenience in terms of time spent or geographical distance. Most of female online shoppers use their mobile phone to access the internet at home, so a mobile strategy to offer convenience and flexibility is necessary. The mobile strategy should be integrated into the e-commerce and communication plan via the use of augmented reality, social couponing and mapping/geospatial technologies etc.

CONCLUSION AND FURTHER RESEARCH:

The implication for online retailers is that they should focus on making the experience of online shopping more accommodating and more user-friendly. This is important because the positive features of online shopping ('convenience', 'usefulness', 'ease of use', and 'efficiency') appear to be more important than the negative features ('lack of security', 'privacy of information' and 'online fraud').

In this paper, researcher has found that shoppers, particularly women, are motivated by a variety of different reasons, including socialising and enjoyment. Despite the growth of e-retailing, the social needs, particularly of young adult females, are mainly not being met in e-shopping, which tends thus to be dominated by male shoppers. Researcher suggests that young female adults can be segmented into two distinct shopping orientations: utilitarian (minority) and hedonic (majority) shopping orientations.

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TECHNOLOGY TRANSFER FOR DEVELOPMENT OF SMALL SCALE INDUSTRY

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ABSTRACT

The term technology transfer has gained great importance in modern business and economy. Today, the process of technology transfer has become very important in the economic advancement. Science and technology plays a crucial role in research, development and economic advancement. The objectives of achieving economic independence is not possible without achieving technology advancement. Many developing countries rely on developed countries for technology transfer. Similarly, the small and medium size enterprises prefer to acquire technology from large industrial establishment. As such the crucial issue before small scale industries is to acquire, manage and maintain the technology. Acquisition, maintenance and management is a major problem before small scale industries. The present paper discusses the issues in the light of technology transfer for development of small scale industries.

Key words: Technological transfer, Appropriate technology, Management of appropriate technology

INTRODUCTION

The real growth of an economy depends on how appropriately different components of the economic system are integrated. Often one particular sector dominates the other. This in turn results in exploitation of other sector or the economy at large. This has happened in case of many developing economics. The reason is very clear, in developing economies the priority of planning are decided by the emergent and eminent economic goals. Short term objectives, rapid economic development, generation of employment, creating more and quicker opportunities of industrial advancement are the factors that influence economic development. However, through in short term, these goals help the economy, in long term the real purpose of economic change and sustainable development remains neglected. Every economy needs to balance, divergent economic goals. Often these goals are conflicting with each other. The process of industrialization possesses many such challenges before the planner. Under these circumstances, balancing the process of economic development becomes a major challenge. What section of industry should be given priority is a very critical issue. Whether the large scale industry having potential of rapid economic development be given preference over the small and tiny industrial units. Often these issues are of debate. The advocate of rapid industrial economic development justifies the role of large and big industrial unit. They discount contribution and utility of medium and small size enterprise and tiny and cottage industry. However, this is an inappropriate way of thinking. It is essential that medium and small enterprise should also be given equal and fair chances for their participation in the process of economic development. This need to be done for balanced and appropriate economic development.

The major hurdle in this process is technology, especially selection of appropriate technology. Most of the small scale industry cannot compete with rapidly growing large industrial entities due to limitation of technology and want of appropriate technology.

The small scale units have faced a major challenges of technological gap and disbalanced in usage of technology, the level of Research and Development in small scale industry is very low. These industries prefer to continue with existing, familiar and often out dated technological system. Naturally these industries lack behind the large advanced and industrial sector.

The present paper tries to understand and examine what are the issues and challenges related with technological development and technology transfer in relation to development of small scale industry.

STATEMENT OF PROBLEM:

Today the rate of industrial sickness in medium and small scale industrial sector is on rise. The economic contribution of this sector is also very low. Many small scale industries are facing the problem of selection of an appropriate technology, want of suitable

techno-structure, high cost and investment in adoption of new technologies and issues related with technology transfer as well as development of appropriate technology. The present paper discusses importance of development of appropriate technology and installing a mechanism for transfer of technology.

OBJECTIVE OF THE PAPER:

The principal objectives of the paper are:

- (i) To understand issues related with problems in development of appropriate technology for Small scale industries
- (ii) To understand how technology transfer can help in rapid advancement of medium and small scale industries
- (iii) To justify the need for development of appropriate technology

WORKING DEFINITION:

i) Technology evaluation:

The process of technology evaluation mostly considers technologies at the micro or firm level. The process of technology evaluation is limited to the financial and regional environments.

ii) Technology Transfer:

The experience of developed countries proves that each developmental attempt cannot be expected to lead to the promotion or improvement of welfare and the advancement of human beings.

iii) Technology exchange:

Today, the concept of technology exchange is taking on a large role. Those words now describe the process by which an entire nation harnesses its creativity and innovation in one realm-technology research-and translates that into leadership in a different realm: the competitive world of international business.

DISCUSSIONS:

A) Issues in development of appropriate technology

The term appropriate technology has now gained great importance in the context of modern industrial economy. Mere borrowing and adoption of technology from one sector and instituting the same in the another sector is not possible. Any attempt of this kind often result in total failure in achieving the set target and event causing damage to basic industrial structure. Forced and unplanned institution of a technology is like introduction of foreign element in the body which is neither accepted nor occupies a right position causing serious damages to itself and the body. Before adopting the technology, its suitability appropriateness, environmental factor, cost effectiveness and utility should be taken into account.

Selecting an appropriate technology depends on a variety of factors. How the technology is developed, its basic structure, system and purpose of its origination has to be taken into account. Compatibility, durability and situation friendliness also influence the choice of technology. Therefore, deciding appropriateness of the technology is not a unidimensional consideration.

Today, we witness a significant gap between the growth phrase of large and medium & small scale industry. This gap exists mainly due to differences in types of technology adopted, variation in the growth pattern and different level of activities performed by these two sectors. To minimise this gap, it is essential that appropriate technology has to be developed which can be used effectively by medium and small scale industries.

B) Role of technology transfer in development of medium and small scale Enterprise

Technology transfer can play a significant role in development of medium and small scale industries. These industries are facing complex problem related with efficiency and economy. A few important issues which technology transfer can rightly address in relation to development of medium and small scale industries are:

- (i) These industries need mechanism for rapid advancement
- (ii) In a competitive environment efficiency has no substitute
- (iii) The whole question of productivity cannot be addressed without providing suitable mechanism and technical support that can resolve the issue of productivity enhancement, economy, profitability, cost effectiveness and efficiency are all issues related with productivity. Unless and until, productivity enhancement is done effectively nothing can be really be done for improvement of medium and small scale industries.

C) Need for appropriate technology

Appropriate technology has now become a key word in the context of modern industrial development. Industrial development is not just establishing large number of large scale industries. On the contrary, industrialization means effective, economical and environment friendly, resource utilization through the process of industrialization. From this point of view the importance of developing appropriate technology for medium scale industries can be highlighted as follows:

- (i) Developing appropriate technology means providing a suitable technological inputs for industrial advancement
- (ii) Appropriate technology is offering a right size, right type and right scale of operation for the development of medium and small scale industry.
- (iii) Appropriate technology involves considering the environment, mind set and culture of the industrial sector for a new technology.
- (iv) Appropriate technology reduces process friction and behavioural conflict in the process transmission of technology and system from one sector to another.

CONCLUSION:

The above discussions helps to conclude that there is a definite need for development of appropriate technology for development of medium and small scale industries. The growing rate of sickness, failure and lack of competitiveness can only be reduced only with the help of appropriate technology. The survival and growth of small scale industries in the era of globalization depends solely on selection of appropriate technology.

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ROLE OF SME'S IN FUTURE ECONOMIC DEVELOPMENT BY FACING CHALLENGES IN FOREIGN TIE UPS AND FDI

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ABSTRACT

Small and Medium Enterprises (SMEs) play a pivotal role in the development of the country. It has made significant contribution to industrial production, export and employment generation. In developing countries as well as developed countries they are important from the point of view of employment generations, which is very important in countries like India with huge backlog of unemployment in the urban sections of the economy.

SME sector of India is considered as the backbone of economy contributing to 45% of the industrial output. It accounts for 40% of India's exports and employs more than 60 million populations. SME create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. It has been globally considered as an engine of economic growth and as key instruments for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost.

In 1997, FDI in cash-and-carry (wholesale) with 100% ownership was allowed under the Government approval route. It was brought under the automatic route in 2006. 51% investment in a single-brand retail outlet was also permitted in 2006. FDI in multi-brand retailing was prohibited in India.

The Indian Retail Industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially the retail industry in India was mostly unorganized, however with the change of taste and preferences of consumers, the Industry is getting more popular these days and getting organized as well. The Indian Retail Industry is expected to grow from US\$330 billion in 2007 to US\$640 billion by 2015.

FDI in retail (except under single-brand product retailing, with conditions) was not allowed in India.

In other words, for a company to be able to get foreign funding, products sold by it to the general public needed to be of a 'single-brand'. The government has now opened a gateway for foreign funding into the sector.

Retail is huge in India with a market value close to USD 450 billion but 'organized retailers' still makes up only 17 per cent of this. Though this section growing at an impressive rate of 20 per cent year- on-year will cross 20 per cent share by 2021, it will still be long way from overtaking the behemoth 'unorganized' section with its presence across the country even in the remotest villages.

But still India was rated the fourth most favorable destination for retail investment by the Global Retail Development Index (GRDI) in 2011. This meant India beat shopping destinations like UAE and Indonesia among others to grab the spot. Of course this was before huge vocal opposition to the 100 per cent FDI in retail due to concerns about loss of business, job and opportunities for local manufacturers, retailers and workforce. The government has however gone ahead and cleared the path for foreign retailers to step onto Indian shores though with a few restrictions in terms of sourcing and sales.

SMEs seek tie-ups with foreign players

The vision is to assist SMEs in Gujarat in improving their manufacturing practices to make them competitive in the international market.

In order to become more competitive and enter the global market, Gujarat-based small and medium enterprises (GSMEs) are increasingly looking for technical collaboration with their counterparts in the United States and Canada. A trade body representing SMEs in the state, the Gujarat State Small Industries Federation (GSSIF), has tied up with Indo-American Business Chamber of SMEs to promote collaboration between Indian SMEs and overseas players

The vision is to assist SMEs in Gujarat in improving their manufacturing practices to make them competitive in the international market. Our aim is to help them collaborate for technological transfer, joint venture projects and encourage interaction with their international peers.

Small and Medium Enterprises (SMEs) are often confronted with problems that is uncommon to the larger companies and multi-national corporations. Increasing competition and globalization, along with the need to produce quality products at best prices, have prompted the industry to introduce new product development methods with modern technology. The need to evolve technologically superior methods of product development holds true, especially for players in the SME segment. The small and medium enterprise sector is widely regarded as the engine of the Indian economy. Small and medium enterprises (SMEs) contribute significantly to industrial, economic, technological and regional development in all developed and developing economies

Keywords: - SMEs, FDI, GSSIF, GRDI & GSMEs

INTRODUCTION

The small and medium enterprises today constitute a very important segment of the Indian economy. The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. SMEs sector has emerged as a dynamic and vibrant sector of the economy. The Indian economy is expected to grow by over 8 per cent per annum until 2020 and can become the second largest in the world, ahead of the United States, by 2050, and the third largest after China and the United States by 2032. The turnaround in manufacturing and other sectors, which has occurred in the face of increased global competition, is due to improved efficiency following the various policy reforms in recent years. Small and medium enterprises (SMEs) constitute 6 per cent of GDP, 34 per cent of national exports and account for the employment of more than 30 million people. This paper is divided into three sections- the first section deals with the definition aspect of the SME's and Indian economy's general aspects, the second section deals with the challenges faced by SMEs and the third on their impact on the Indian Economy.

SME is the abbreviation for Small and Medium Enterprises. These enterprises can be rightly called as the backbone of the GDP of India. The SME sector in India is growing at an exceptionally fast rate due to which it is proving to be beneficial to the Indian Economy.

Following are some of the current figures related to the SME sector in India:

- The contribution of the SME sector to the entire output of the country is 40%.
- Currently, there are over 11 million SME units in India that produces more than 8000 products.
- 90% of the Industrial Units in India belong to the SME sector.
- These SME units contribute 35% to the Indian Industrial Export.
- Following are some of the factors that have contributed to the growth of SME sector in India.
- SME units in India are being funded by foreign and local fund providers.
- The advancement in technology has also contributed highly to the SME sector. There are numerous business directories and trade portals available online that contains a rich database of manufacturers, sellers and buyers.
- To start and maintain these units, minimal investment is required.
- These SME units are now being funded by many government and private banks.
- The SME sector is one of the greatest contributors of domestic production as well as the export earnings. Many major mergers have taken place recently.

DEFINITION OF SME

SME's are the engines of growth of any country's economy. They are an essential source of a country's jobs, create entrepreneurial spirit and jobs in a country and are crucial for fostering competitiveness and employment.

According to the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as:

1. **Manufacturing Enterprises:** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation Act, 1951). The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery.
2. **Service Enterprises:** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

Manufacturing Sector: Enterprises Investment in plant & machinery

1. Micro less than Rs 25 lakhs
2. Small over Rs 25 lakhs but not exceeding Rs 5 Crores
3. Medium over Rs 5 Crores but less than Rs 10 Crores

Service Sector: Enterprises Investment in equipments

1. Micro less than Rs. 10 lakhs
2. Small over Rs. 10 lakh but not exceeding Rs. 2 crores
3. Medium over Rs. 2 crore but not exceeding Rs. 5 crores

BASIC ISSUES OF SME'S, PAST, PRESENT AND FUTURE:

Today, Small and Medium Industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. The small scale industry accounts for 40% of gross industrial value addition and 50% of total manufacturing exports. More than 3.2 million units are spread all over the country producing about 8000 items, from very basic to highly sophisticated products. The SMEs are the biggest employment-providing sectors after agriculture, providing employment to 29.4 million people. However SMEs, which constitute more than 90% of total number of industrial enterprises, are now facing a tough competition from their global counterparts due to liberalization, change in manufacturing strategies, technological changes, and turbulent and uncertain market scenario.

This contribution is despite the sector being exposed to intensified competition since liberalization of Indian economy in 1991. Small industry in India has been confronted with an increasingly competitive environment due to:

- (1) Liberalization of the investment regime in the 1990s, favoring foreign direct investment (FDI);
- (2) The formation of the World Trade Organization (WTO) in 1995, forcing its member countries (including India) to drastically scale down quantitative and non-quantitative restrictions on imports, and
- (3) Domestic economic reforms. The cumulative impact of all these developments is a remarkable transformation of the economic environment in which small industry operates, implying that the sector has no option but to 'compete or perish'.

CHALLENGES FACED BY SME:

Despite its commendable contribution to the Nation's economy, SME Sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Markets.

SME faces a number of problems –

- Absence of adequate and timely banking finance,
- Limited capital and knowledge, non-availability of suitable technology,
- Low production capacity,

- Ineffective marketing strategy,
- Identification of new markets,
- Constraints on modernization & expansions,
- Non availability of highly skilled labor at affordable cost,
- Follow-up with various government agencies to resolve problems etc

Despite its commendable contribution to the Nation's economy, SME Sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which is a handicap in becoming more competitive in the National and International Markets.

SMEs face a number of problems - absence of adequate and timely banking finance, limited capital and knowledge, non-availability of suitable technology, low production capacity, ineffective marketing strategy, identification of new markets, constraints on modernization & expansions, non availability of highly skilled labour at affordable cost, follow up with various government agencies to resolve problems etc.

Small and Medium Enterprises (SMEs) are often confronted with problems that is uncommon to the larger companies and multi-national corporations. These problems include the following:

1. Lack of Information Technology Support

IT personnel are in high demand and are often attracted to bigger companies and MNCs. It is very difficult for SMEs to attract good IT personnel. It is even more difficult to retain them. Moreover, good IT personnel are expensive and may not be affordable by most SMEs.

2. Lack of Information Technology Literacy

Many of the employees in SMEs started from the ground up after working with the company for many years. Some of them are often holding supervisory and managerial positions. These employees may not be IT literate and often have high resistance to the changes in the working process that they are comfortable with after many years.

3. Lack of Formal Procedure and Discipline

Most SMEs do not have formal procedure or often these are not documented. Furthermore, there is tendency for these procedures to change frequently. This makes it difficult for third party and newcomer to understand the existing business practices and match them with the IT process.

4. Uneven Information Technology Awareness and Management Skill

As company grows, new managers are often introduced into the company. There will also be old managers who are promoted from the rank and file. Some of these managers may not been trained in the leadership and management skill. These uneven skill among the managers often caused conflicts during the implementation.

5. Lack of Financial Resources

As a SME/SMI, financial resources are often limited. This often forces company to select a solution, which appear to be cheap initially. However, the hidden costs will start to emerge during implementation. This sometime causes the project to be abandoned or sometime sent the company into further financial crisis.

6. Lack of Human Resources

Implementations of some bigger scale IT project especially those that involve business process across different departments or require large amount of initial data entries require human resource during the implementation. Some SMEs are often in the stage of frequent fire fighting and shortage of manpower. This makes it very difficult for them to allocate time to carry out implementation. Furthermore, there is always a conflict between getting the daily routing work going and to do the "Extra" IT implementation.

7. Lack of Experience of Using Consultants

A good consultant often save time and effort, and help to prevent pitfalls during the IT projects. However, most SMEs are lacked of experience in working with consultants. The lack of knowledge in the field of IT makes them difficult in identifying good consultant for the projects. They often feel that the consultant cost is too high and they can handle it with their own staff. If the company has no staff that are experience and knowledgeable in t he IT project, avoiding external help often costs more to the company eventually.

Measures Taken By Government of India

Ministry of Small Scale Industries is primarily responsible for promotion and development of SMEs in India, and has evolved several policies, institutional and support measures, spread all over the country, in order to enable SMEs to meet their changing needs. Small Industries Development Bank of India (SIDBI) has developed various financing schemes. Ministry of Science and Technology (DST, DBT, and DSIR) has evolved several measures and programmers' for technological assistance and development and transfer of technologies for SMEs. Some of the economic ministries such as Ministry of Textiles, Department of Food Processing and Department of Handicrafts etc. have also recently announced initiatives for technical assistance in various firms.

Some of the measures and new initiatives to promote SMEs include:

- SME development fund
- A specialized stock exchange for SMEs
- Encouragement for patenting and ISO Certification
- SME venture capital fund
- National Commission for Small Industries (informal sectors)
- SME development bill
- Credit Rating Agency
- Promoting special venture capital companies and risk financing companies for SMEs
- Improve the working of credit guarantee and export promotion institutions
- Progressively reduce protection measures and simplify implementation policies and control mechanisms
- SME Development Centers at SIDBI and IIFT
- Considering liberalizing FDI in SMEs and encouraging their linkages with TNCs and large companies
- Promoting industrial growth centers/clusters, EOUs, district industry centers, business incubators and business parks
- Market assistance and export promotion
- National Small Industries Corporation
- Small Industries Development Organization
- Limited Liability Partnership Bill 2006

Major Contribution Made by SME's in Boosting Indian Economy by Foreign Collaborations and FDI's

Gujarat Case:

The vision is to assist SMEs in Gujarat in improving their manufacturing practices to make them competitive in the international market:

In order to become more competitive and enter the global market, Gujarat-based small and medium enterprises (SMEs) are increasingly looking for technical collaboration with their counterparts in the United States and Canada.

A trade body representing SMEs in the state, the Gujarat State Small Industries Federation (GSSIF), has tied up with Indo-American

Business Chamber of SMEs to promote collaboration between Indian SMEs and overseas players. The vision is to assist SMEs in Gujarat in improving their manufacturing practices to make them competitive in the international market. Our aim is to help them collaborate for technological transfer, joint venture projects and encourage interaction with their international peer. We are planning to take a delegation of SME players from Gujarat to Canada early next year.

Industrial segments like engineering, pharmaceuticals, textiles, food processing and agri-based industries as well as automobiles and ancillary industries are expected to gain from the tie-up with the Indo-American Business Chamber of SMEs. Ahmadabad district houses a large variety of SME industry clusters, followed by Rajkot and Surat. Gujarat has cluster-based industrial development. We have an engineering cluster in Saurashtra, a textiles cluster in central Gujarat, food processing in north Gujarat, while the automobiles and ancillary cluster is spread around Ahmadabad and Rajkot. A technological collaboration with firms in the US or Canada will help improve their quality and reduce costs.

SMEs continue to face challenging working conditions. High spending on inputs, finance and transport have hurt the profitability of most of the state's SMEs. In some segments, such as engineering and textiles, global economic weakness has had a major impact on business.

Foreign collaborations are expected to help SMEs save on costs, increase earnings and generate more employment. A recent study of SMEs in various states, conducted by the Associated Chambers of Commerce and Industry of India (Assocham), revealed that Gujarat ranked 14th in employment generation.

Things can improve by encouraging entrepreneurship and increasing partnerships with international business organizations. That will open newer avenues of business and revenue generation. Also, it will lead to better employment generation by SMEs.

Retail Case:

The spectacular and unprecedented growth of FDI in the global economic landscape over the last two decades has made it an integral part of the development strategy of both the developed and developing nations. It acts as a major catalyst in the development of a country through up-gradation of technology, managerial skills and capabilities in various sectors. Rise in purchasing power, growing consumerism and brand proliferation has led to retail modernization in India. The growing Indian market has attracted a number of foreign retailers and domestic corporate to invest in this sector. FDI in the retail can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and benefit consumers and suppliers (farmers). Oppositions have raised concerns about employment losses, promotion of unhealthy competition among organized domestic retailers resulting in exit of small domestic retailers from the market and distortion of urban cultural development. The present paper focuses on the overview of the Indian retail sector along with the opportunities of expansion of FDI in retail in India and the major challenges that it faces.

Meaning of retail

It is defined as all activities involved in selling goods or services directly to the final consumer for their personal, non-business use via shops, market, door-to-door selling, and mail-order or over the internet where the buyer intends to consume the product. In 2004, The High Court of Delhi defined the term „retail? as a sale for final consumption in contrast to a sale for further sale or processing. Retailing involves a direct interface with the customer and the coordination of business activities from end to end-right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer.

Evolution of Indian Retail Industry

It is interesting to focus on the evolution of the retail sector in India. Historically they evolved as a source of entertainment (in the form of village fairs, melas etc.) which was within the rural reach. Later on these were transformed Mom and Pop/ Kirana stores which are of traditional variety neighborhood shops. Then came the government supported PDS outlets, khadi stores, cooperatives etc. Finally shopping malls, supermarkets, departmental stores etc has brought a great revolution to the Indian retail Market.

Distinction of Indian Retail

The Indian trading sector, as it has developed over centuries, is very different from that of the developed countries. In the developed countries, products and services normally reach consumers from the manufacturer/producers through two different channels:

- (a) Independent retailers (vertical separation) and
- (b) Directly from the producer (vertical integration)

In India, however, the above two modes of operation are not very common. Small and medium enterprises dominate the Indian retail scene. The trading sector is highly fragmented, with a large number of intermediaries. So also, wholesale trade in India is marked by the presence of thousands of small commission agents, stockiest and distributors who operate at a strictly local level. Retail giants like US-based Wal-Mart and French Carrefour are very keen to enter in the segment. Bharti Enterprises and Wal-Mart Stores entered into a joint venture in August 2007 and started cash-and-carry stores named 'Best Price Modern Wholesale' in 2009.

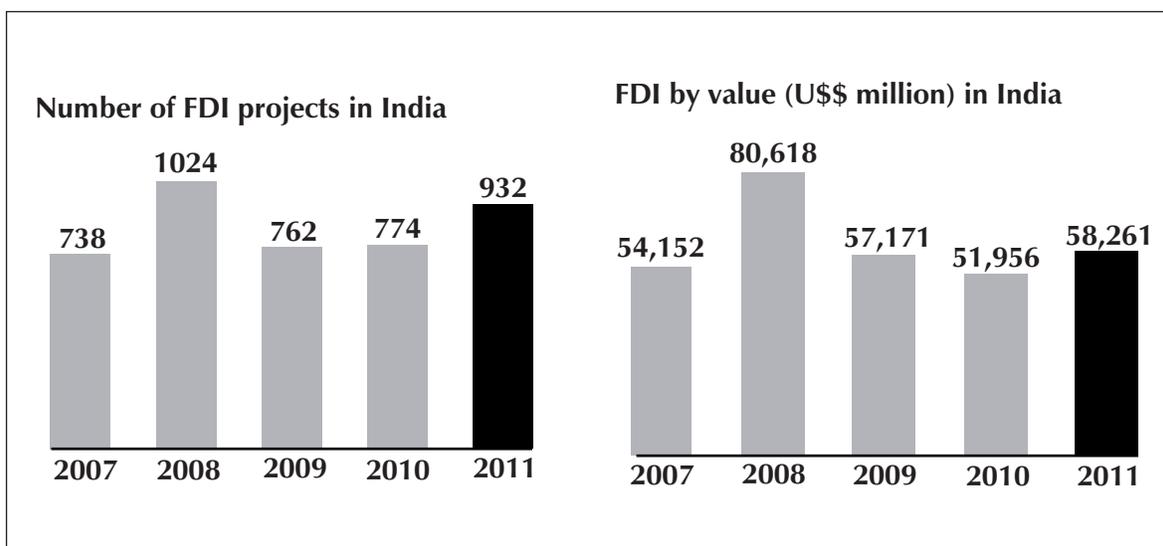
Division of Indian Retail Industry

The Indian retail industry is generally divided into two major segments – organized retailing and unorganized retailing.

- (a) Organized Retailing - refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.
- (b) Unorganized Retailing - refers to the traditional formats of low-cost retailing, for example, the Local kirana shops, owner manned general stores, paan shops, convenience stores, hand cart and pavement vendors, etc.

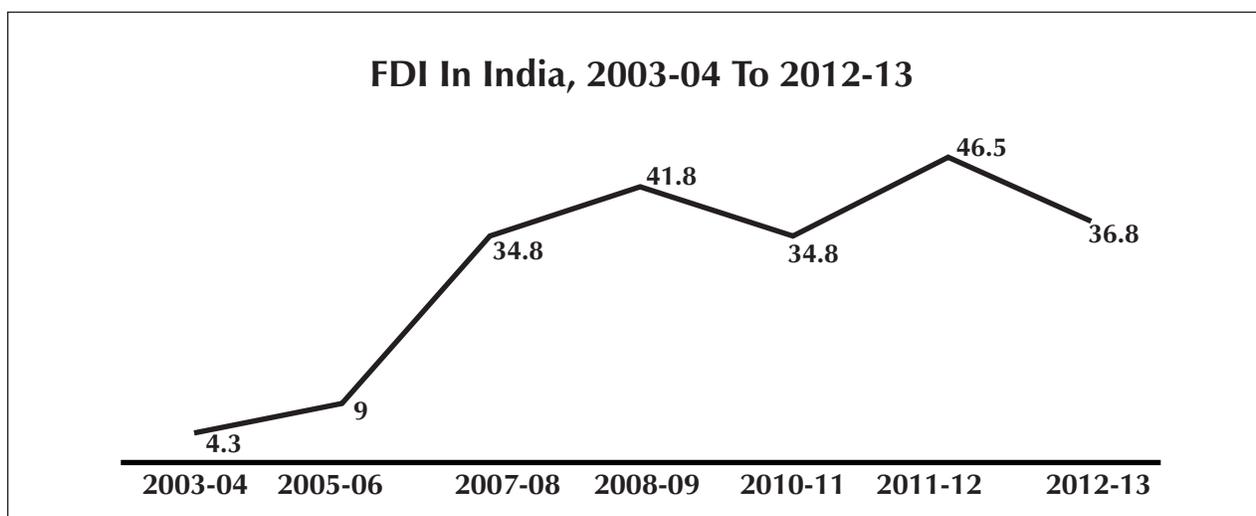
Recent Retailing Status:

SHOWING INFLOW OF FOREIGN DIRECT INVESTMENT AND TOTAL FOREIGN INVESTMENT IN INDIA DURING 1992-2009
(Amount US \$ Million)



Investment breakdown by functions (2011)

FDI type 2011	Number of FDI projects	Job Creation	FDI value (US\$ million)
FDI in manufacturing	320	100,449	41,092
FDI in services	479	79,578	12,601
FDI in strategic functions	50	8,725	1,639
FDI in other functions	83	22,664	2,929
Total	932	255,416	50,261



The recent government policy decision to permit 100% foreign direct investment in retail segment particularly in the multi-brand arena and 51% in single brand has not gone down well with small and medium entrepreneurs, cutting across party lines.

Moreover with governments flip flop on the policy guidelines and provisions, the MSME is sector is the most worried lot. In order to protect the interest of MSME sector, government in year 2011, announced in the floor of Parliament about mandatory 30 percent sourcing from MSME. In respect of proposals involving FDI beyond 51%, sourcing of 30%, of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen.

There has been a lot of talk surrounding the new FDI norms in retail and their impact on Indian SMEs involved in retail but not much has been said about the opportunities that are being created in the sector. For a sector which contributes 15 per cent of our total GDP, that's too less attention.

Retail is huge in India with a market value close to USD 450 billion but 'organized retailers' still makes up only 17 per cent of this. Though this section growing at an impressive rate of 20 per cent year- on-year will cross 20 per cent share by 2021, it will still be long way from overtaking the behemoth 'unorganized' section with its presence across the country even in the remotest villages.

But still India was rated the fourth most favorable destination for retail investment by the Global Retail Development Index (GRDI) in 2011. This meant India beat shopping destinations like UAE and Indonesia among others to grab the spot. Of course this was before huge vocal opposition to the 100 per cent FDI in retail due to concerns about loss of business, job and opportunities for local manufacturers, retailers and workforce. The government has however gone ahead and cleared the path for foreign retailers to step onto Indian shores though with a few restrictions in terms of sourcing and sales.

To gauge the impact of this move on Indian retail industry we need to take a closer look at statistics from 1997, when FDI in cash and carry (wholesale) with 100 percent ownership was allowed. Instead of hurting the industry, the move only fueled more

expansion and better products for the industry. Almost a decade later in 2006, 51 per cent FDI was in single brand retail outlets was permitted and India saw the coming of many huge international brands with their Indian partners benefiting in the tow.

Though discussions have been on since 2008, the government had to wait till December 2011 to increase this limit to 100 per cent. In 2012, they succeeded in pushing through norms permitting 51 per cent FDI in multi brand retail. These meant foreign majors like Wal-Mart and Tesco are now free to open their large stores in India. The Bharti-Wal-Mart tie up is already making progress with its Easy day stores and working towards expanding its portfolio in India. But this just means is that the organized sector which is currently seeing a huge battle between giants like Reliance Retail, Future group, Landmark group and many more will just become more cluttered and competition will heat up big time.

So what about small and medium sized retailers? Their future now depends on choices. These are choices to be made by their customers and themselves. Customers choices are obvious and depend on their shopping pattern like choosing to continue buying from their trusted SME retailer or run after the discounts offered by the big players.

But choices for SME retailers will be tougher and will involve a deeper understanding of their customer base. They need to make choices which will influence their customers and make them stay while adding newer customers. Loyalty programs, discounts and all sorts of activities can be used to lure in the customers. Since their profit margins and sales figures are much leaner than big players they will need to balance their strategy by playing traditional cards like local presence and building healthy customer relationships.

It's important to note that unlike some countries Indians prefer to shop at local and slightly costlier small retailers than travel some distance to a bigger cheaper retailer. We can point to lower car ownership and also the importance of personalized attention received at smaller local stores. Also a major share of retail consumers buy things in smaller quantities and do not shop in bulk as is prevalent in other economies which can be attributed to lesser storage capacities in households and incomes. All these factors and more should be taken into account while formulating a strategy for SME retailers.

On the other hand, new FDI regulations come with some opportunities for Indian SMEs which are not visible in the first look. There are some limits on international procurement and there are provisions added to make local procurement at least 'preferential' if not 'mandatory'.

Retail Sector is one of the most important pillars of Indian economy and it is growing at a phenomenal pace. Foreign Direct Investment (FDI) in retail sector plays an integral role in the economic growth. FDI in Multi-brand retail can be seen as an important reform to revive the economy and to ease supply side pressures especially in unorganized sectors. To revive the Indian economy, FDI policy in multi-brand retail is an important reform that would ease supply side pressures and mitigate inflation. Implications of FDI in multi-brand retail sector discussed outweigh the issues related to the new FDI policy reforms. FDI in multi-brand retail can go a long way in improving the efficiency of supply chain, infrastructure facilities, technological advancement and other relevant areas of growth in retail sector. The FDI policy on multi-brand retail creates opportunities for the Micro, Small and Medium Enterprises (MSMEs) to reach out the International markets. Farmers and consumers would benefit from the new entry of organized retailers in multi-brand and would help tame food inflation by improving agri-commodity management. SME Retail in India is sure heading towards a bigger, better future but key to success will lie in how they plan their next moves.

CONCLUSION

Small and Medium Enterprises (SMEs) contribute to economic development in various ways such as creating employment opportunities for rural and urban population, providing goods & services at affordable costs by offering innovative solutions and sustainable development to the economy as a whole. SMEs in India face a number of problems - absence of adequate and timely banking finance, non-availability of suitable technology, ineffective marketing due to limited resources and non availability of skilled manpower.

Small and Medium Enterprises (SME) play an important role in the development of a country. There are around 26 million MSME units in India, of which 13 million are SMEs.

SMEs contribute nearly 45% share of manufactured output, accounting for 40% in overall exports of the country and providing employment to about 32 million people.

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 % of the manufacturing output and 40% of total exports of the country.

To make this sector to become more vibrant and significant player in development of the Indian economy the Government of India has taken various initiatives. The definition and coverage of the MSME sector was broadened MSME Development Act 2006 which recognized concept of 'enterprise' to include both manufacturing and service sector besides defining medium enterprises setting up a Board for developing policy frameworks and indicating procurement policy.

Foreign companies are having so many ways to enter in the Indian market such as franchising and licensing. Foreign Direct Investment is one of the recent crucial issues in India. We should consider the interest of all stakeholders. India is one of the favorite markets in Asia for investment through foreign retailer. It has an investor friendly environment with a lot of opportunity for expansion of market. It also expect that foreign players will enhance both front end and back end processes. Some of the negative effects cannot be in ignored completely such as eradication of small retailers, loss of self competitive strength, indirectly lead to increase in real estate cost. We cannot deny this fact that foreign investors can make real contribution for the development of India due large capital flow in India. FDI in retail is very much debatable issue which needs to be resolved by taking into consideration the interest of the stakeholders. The decision to allow entry to foreign players in Multi Brand Retail is clearly a game changer for Indian retail sector. By allowing FDI in retail trade, India will significantly benefit in terms of quality standards since the inflow of FDI in retail sector is bound to pull up the quality standards and cost-competitiveness of Indian producers and marketers in all the segments. It will also help in integrating the modern Indian retail market with that of the global retail market

On the other hand, FDI in multi-brand retailing must be dealt cautiously as it has direct impact on a large chunk of population. Foreign capital, if unchecked, may widen the gap between the rich and the poor. Thus, the entry of foreign capital into multi-brand retailing needs to be anchored in such a way that it results in a win-win situation both for India and global players

Should there be more regulations to anti-trust laws against big market dominating businesses like Wal-Mart to protect smaller businesses from failure? There has always been a strong push against Wal-Mart from various organizations and people who have had their business defeated. On the other hand, there are also organizations defending Wal-Mart from people who work for the company. India may consider writing laws to prevent foreign retailers like Wal-Mart from having a high concentration of business in the country.

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MSMEs IN INDIA: PRESENT STATUS AND FUTURE CHALLENGES

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INTRODUCTION:

Today the world is going through the phase of knowledge based development. Indian economy is also experiencing the change in the relationship between the resources and increasing contribution of human resources in economic development process as a knowledge worker. Micro, Small and Medium Enterprises are known for a platform for exploring entrepreneurship opportunities and also for providing huge employment to low and medium skilled human resources.

Total 447.73 Lakh, Micro Small and Medium Enterprises, which are working in India, are the large source of employment in the country. The main characteristics of employment creation are that it absorbs unskilled, low skilled and high skilled human resource. MSMEs provide employment to 1012.59 lakh persons. Also it contributes significantly (40%) in exports of the country. The contribution of MSMEs to the GDP of the country is 8% and it shares 45% of manufacturing output.

OBJECTIVE:

Objective of the paper is to study the status of MSMEs in India. Present paper is based on secondary data. It also addresses the challenges before MSMEs in the era of knowledge economy and some suggestions are given to face these challenges.

PERFORMANCE OF MSMES DURING LAST DECADE:

Table no 1 highlights the performance of MSMEs during last decade. In the year 2001-02 total 105.21 lakh SSIs were working in India. From 2005-06 the total working enterprise includes Micro small and medium enterprises. It was 361.76 and it has increased to 447.73 in the year 2011-12. Total 24.28% MSMEs have been increased in the country. If we analyse the employment in these enterprises at present it is 1012.59 lakh. It has recorded 20.48% increase as compare to 2006-07 (805.23 Lakh). The market value of fixed asset of MSMEs was 868543.79 Crore in the year 2006-07 which has increased to 1176939.36 Crore in the year 2011-12, this 26.23% increase can be contributed to capital investment in these enterprises. The gross output has also been increased significantly during this period. It was 1351383.45 Crore during 2006-07, it has increased to 1834332.05 Crore (26.3%) during the year 2011-12. MSMEs have increased not only in numbers, but also they have created more employment and also gross output in the economy.

TABLE 1: PERFORMANCE OF SSI / MSME UNITS, EMPLOYMENT, INVESTMENTS AND GROSS OUTPUT

S1.No. year	Year	Total Working Enterprise (In Lakh)	Employment (In Lakh)	Market Value of Fixed Assets (In Crore)	Gross Output (In Crore)
I	II	III	IV	V	VI
1	2001 -02	105.21	249.33	154349.00	282270.00
2	2002 -03	109.49	260.21	162317.00	314850.00
3	2003 -04	113.95	271.42	170219.00	364547.00
4	2004 -05	118.59	282.57	178699.00	429796.00
5	2005 -06	123.42	294.91	188113.00	497842.00
6	2006 -07	361.76	805.23	868543.79*	1351383.45*
7	2007 -08	377.37	842.23	917437.46	1435179.26
8	2008 -09	393.70	881.14	971407.49	152434.83
9	2009 -10	410.82	922.19	1029331.46	1619355.53
10	2010 -11	428.77	965.69	10948993.42	1721553.42
11	2011 -12	447.73	101.59	1176939.36	1834332.05

Source: MSME Annual Report 2012-13, Ministry of Micro, Small and Medium Industries, GOI, New Delhi.

State wise comparison of MSMEs:

State wise analysis expresses that Uttar Pradesh has highest number of MSMEs, it has total 24.21 Lakh MSMEs which is 11.29% of total MSMEs of the country. West Bengal at second with 21.23 (9.9%) and Tamilnadu with 20.55 (9.58%) is third highest in number of MSMEs in India. North east states have very low availability of MSMEs may be due to low population or geographical area.

Table2: STATE- WISE DISTRIBUTION OF PRINCIPAL CHARACTERISTICS OF MSME SECTOR

1.	No. State/UT	Enterprises (lakh)	Employment (lakh)	Market Value of Fixed Assets (Rs.Crore)	Gross Output (Rs.Crore)
	Jammu and Kashmir	1.33	3.07	8475.28	16035.39
	Himachal Pradesh	1.72	2.92	5599.25	17247.20
	Punjab	10.14	18.31	37126.69	81625.05
	Chandigarh	0.29	0.70	607.05	1888.55
	Uttarakhand	2.23	4.42	6014.98	16187.64
	Haryana	5.20	12.23	25998.80	53198.68
	Delhi	1.78	6.52	10164.54	29672.34
	Rajasthan	9.68	18.42	25452.90	50004.43
	Uttar Pradesh	24.21	59.30	56161.03	111089.69
0	Bihar	7.98	17.45	8405.45	16709.30
1	Sikkim	0.07	0.57	72.16	189.76
2	Arunachal Pradesh	0.25	0.88	937.48	1101.73
3	Nagaland	0.18	1.17	1273.67	2845.03
4	Manipur	0.49	1.58	646.14	1094.70
5	Mizoram	0.13	0.56	403.14	677.21
6	Tripura	0.28	0.76	661.73	1177.84
7	Meghalaya	0.50	1.17	468.55	1150.80
8	Assam	2.34	6.58	6941.15	13403.27
9	West Bengal	21.23	58.53	39433.22	78880.05
0	Jharkhand	4.43	8.99	5020.72	10040.29
1	Odisha	9.97	23.67	12284.89	29075.42
2	Chattisgarh	3.01	5.43	3303.41	8437.34
3	Madhya Pradesh	12.57	20.30	10530.40	34388.44
4	Gujarat	15.32	34.42	166753.68	55306.91
5	Daman & Diu	0.02	0.28	1881.53	7735.73
6	Dadar and Nagar Haveli	0.06	0.34	229.58	2177.43
7	Maharashtra	15.32	35.61	67941.24	126864.55
8	Andhra Pradesh	15.36	38.98	32757.63	58404.82
9	Karnataka	12.49	30.48	27161.11	56317.61
0	Goa	0.59	1.20	3820.19	8147.46
1	Lakshadweep	0.01	0.05	17.30	20.01
2	Kerala	14.44	33.20	44353.53	74821.73

Source: MSME Annual Report 2012-13, Ministry of Micro, Small and Medium Industries, GOI, New Delhi.

Uttar Pradesh provides highest employment in the country in MSMEs 59.30 Lakh (11.81%) and West Bengal 58.53 Lakh (11.66%) and Tamilnadu with 53.16 (10.5%) are in second and third position in the country as far as creation of employment in MSMEs is concern. If you analyses the data given in table no 2, It is clear that North east states are having low number of MSMEs, but per MSME employment concentration is high in these states.

As far as market value of fixed asset is concern Gujarat has highest i.e. 1, 66,753.68 Crore (24.11%) it shows that MSMEs in the state has high investment of capital. Tamilnadu is at number two as far as market value of fixed asset is concern with 77824.34 crore (11.27%), Maharashtra with 67941.24 (9.84%) stands at third position in the country.

Gross output of these enterprises varies in various states. Maharashtra is having highest 126864.55 Crore (11.77%), whereas Uttar Pradesh which has highest number of MSMEs has 111089.69 Crore (10.31%) worth gross output. Tamilnadu with 105270.21 Crore (9.77%) worth gross out is at third position in the country.

CHALLENGES BEFORE MSMEs IN INDIA:

MSMEs are facing very serious challenges today. Some of them are as follows:

1. The first and most important challenge is that big companies are coming now in the production of goods earlier produced by MSMEs also MNCs are also coming in their competition.
2. Modernization of their units as per today's requirement. This is another challenge before the MSMEs. For this they require huge capital which they don't have. They are forced to work on traditional way of production which may be obsolete today. Establishing new technology is big challenge for them.
3. Maintaining International standards of their products is a big challenge. MSMEs are producing their products with low skilled labour and low level of technology and when they go for International competition they face the tough competition.
4. Availability of quality human resource on the salary of MSMEs is another issue. Talented human resource is attracted to MNCs/Big corporations and therefore MSMEs are unable to get and retain talented human resource.
5. Application of Information and Communication Technology is a need of the day. MSMEs are unable to apply it fully due to lack of funds and required infrastructure.
6. Professionalism in the organizations is required today, but MSMEs are unable to use it. Whether it is Technology, Market strategies or financial needs, in all aspect MSMEs are facing severe challenges.

WHAT MSMEs DO TO FACE THE CHALLENGES?

1. MSMEs are to developed group for addressing their basic issues. Jointly they can do research & development for their cost cutting and production increase. Also for enhancing their quality steps can also be taken.
2. They must develop a fund and can also take help from Government and Banks for addressing financial challenges for short run requirements.
3. For marketing strategy, export promotion, advertising strategy etc. they can investment collectively for hiring professional consultancy, so that per MSMEs cost will be reduced.
4. MSMEs must use ICT as much as possible to make their business more efficient and to increase their productivity. In this also they can share the ICT infrastructure with other units.
5. They can develop a pool of Human Resource which they can share and that way Human resource can also be benefited in terms of salary and MSMEs will also share their resource.

CONCLUSION:

Micro, Small and Medium Enterprises (MSMEs) are contributing significantly in the Indian economy. State wise it varies in number, in employment creation, fixed asset value and gross output value. Uttar Pradesh has highest number of MSMEs and also employment creation. As far as the fixed capital of MSMEs is concern it is highest in Gujarat and gross out is highest in Maharashtra. MSMEs are facing certain challenges today. These challenges have occurred due to the change in production pattern, level of technology and new economic policies.. But by coming together and applying modern way of production, these MSMEs can bring better changes in their product, services and their overall performance and profitability.

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ROLE OF SOCIAL ENTREPRENEURS IN ECONOMIC DEVELOPMENT OF INDIA (CASE BASED APPROACH)

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ABSTRACT

Over the past two decades, the citizen sector has discovered what the business sector learned long ago: There is nothing as powerful as a new idea in the hands of a first-class entrepreneur, an entrepreneur with innovation, with zeal to overcome social problems and contributing in economic development of the country.

Social entrepreneurship is the process of pursuing innovative solutions to social problems. More specifically, social entrepreneurs adopt a mission to create and sustain social values. They pursue opportunities to serve this mission, while continuously adapting and learning. They draw upon appropriate thinking in both the business and nonprofit worlds and operate in all kinds of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid.

In India we have Social Entrepreneurs emerging every year with a motive to overcome the social problems and contribute in the economic development of the country, to name some cases in India, we have Vinoba Bhave, – Founder and leader of the Land Gift Movement, he caused the redistribution of more than 7,000,000 acres (28,000 km²) of land to aid India's untouchables and landless, Ela Bhatt – Founder of the Self-Employed Women's Association (SEWA) and the SEWA Cooperative Bank in Gujarat, Bunker Roy – Founder of Barefoot College, which promotes rural development through innovative education programs, And other cases with their contribution in economic development of the country is included in full paper.

Social entrepreneurs can help get better various issues like nutrition, education and health care and many are still blighted by unemployment and illiteracy by helping those less fortunate towards a worthwhile life. Rather than leaving societal needs to the government or business sectors, they can solve the problem by changing the system. Social entrepreneurship is expected to be the next big thing to influence India as the country juggles to achieve a balance between a growing GDP growth, ensuring inclusive growth and attempting to address issues ranging from education, energy efficiency to climate change. This paper attempts to review the contribution of listed social entrepreneurs in India in case based approach.

Key words: Social venture, inclusive growth, and social problems.

INTRODUCTION:

Social entrepreneurship is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change to rebuild strong society contributing in economic development of the country. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur also measures positive returns to society.

Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors, but this need not preclude making a profit. Social entrepreneurship practiced with a world view or international context is called international social entrepreneurship.

Social Entrepreneurship Model

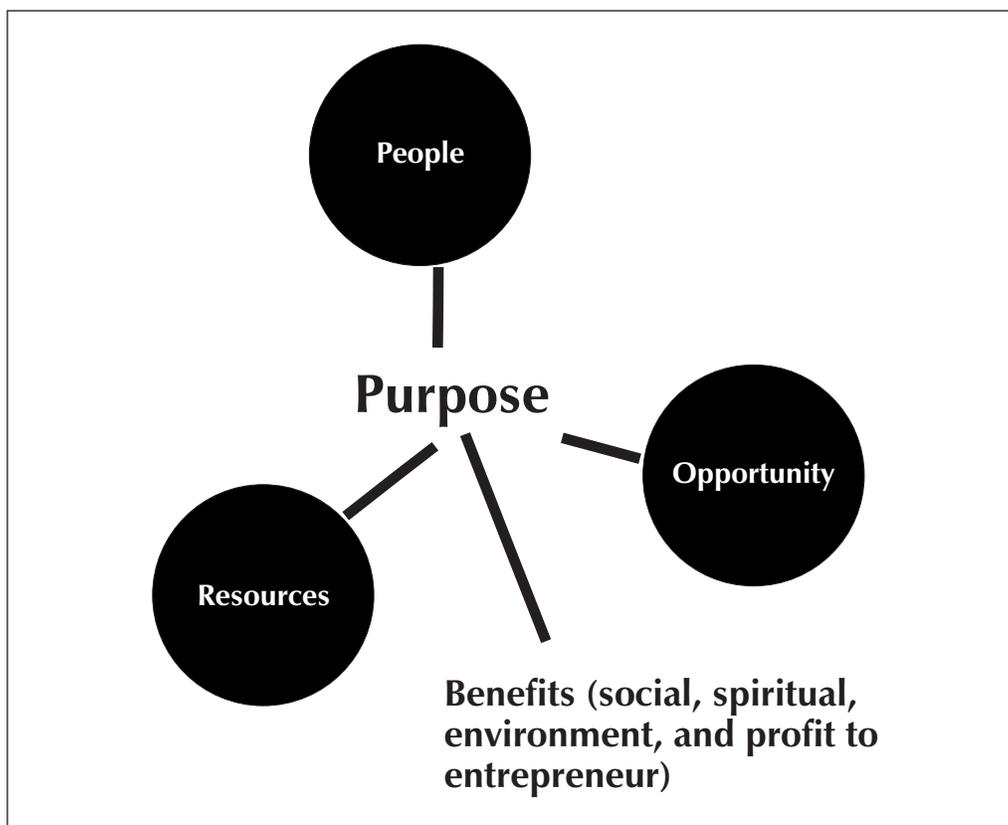


Figure : 1- Social Entrepreneurship Model

In figure 1, the Social Entrepreneurship Model, depicts the very purpose of the concept of Social Entrepreneurship the linkage between people, resources and opportunity and its benefits, that is the outcomes in social, spiritual, environment, and profit to entrepreneurs.

The entrepreneur who implements 'new combinations of means of production' plays a crucial role in disturbing the status quo through innovation — or 'creative destruction' — and thereby becomes an agent of change.

As such, the 'dynamic equilibrium' achieved by a constantly innovating entrepreneur could generate the conditions for:

- a. increasing opportunities for employment (comprising various competitive skill sets);
- b. additional wealth creation;
- c. introduction and dissemination of new methods and technology; and
- d. overall economic growth.

It is in the creation of more wealth, and in the constant innovation from prevailing to the next best practices, that the significance and importance of Entrepreneurship lies. The Entrepreneurship 'Pyramid' in India (in terms of sectors and numbers of people engaged) is made up of the following:

Entrepreneurship Pyramid

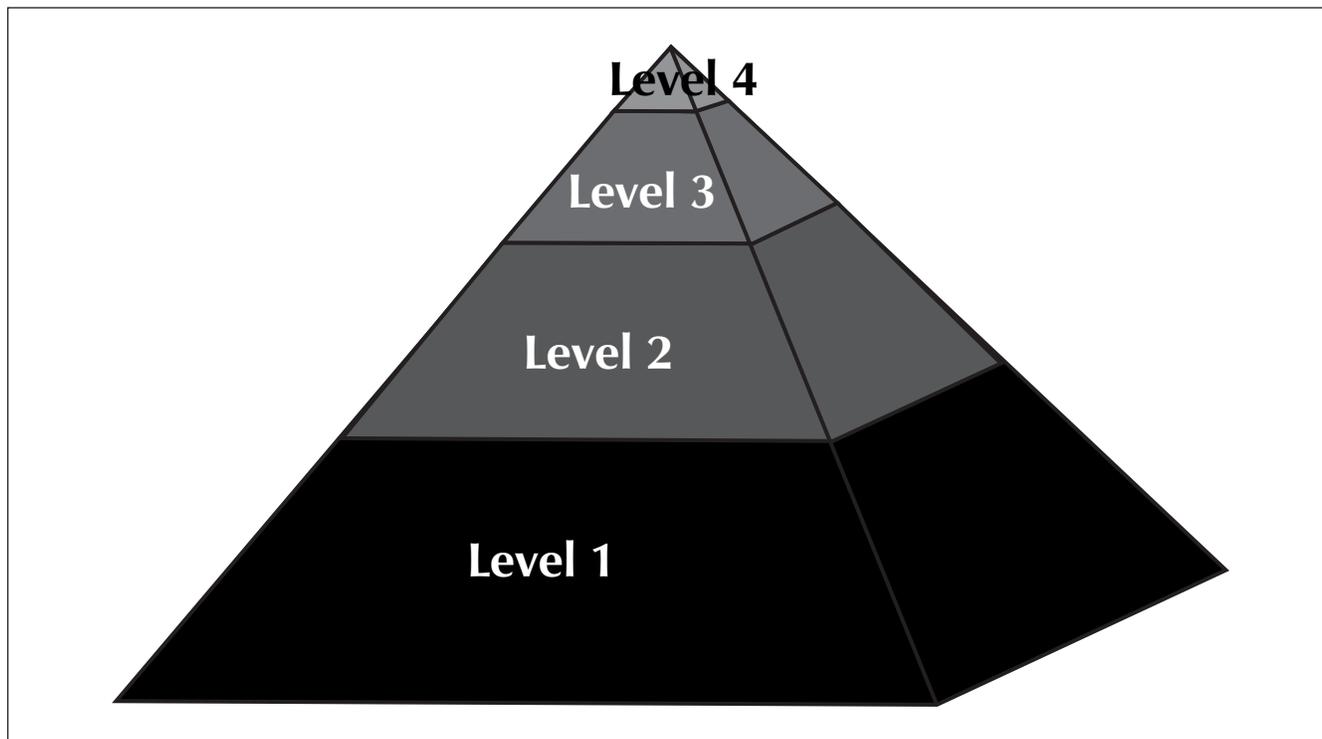


Figure :2- Entrepreneurship Pyramid

Level 1: Agriculture and other activities: Crop production, Plantation, Forestry, Livestock, Fishing, Mining and Quarrying.

Level 2: Trading services: Wholesale and retail trade; Hotels and restaurants

Level 3: Old economy or traditional sectors: Manufacturing, Electricity, Gas and Water supply

Level 4: Emerging sectors (including knowledge intensive sectors): IT, Finance, Insurance and Business services, Construction, Community, Social & Personal Services, Supply Chain, Transport- Storage-Communications etc.

Levels 2 and 3 (Trading and Manufacturing) of the above pyramid comprise the traditional areas of Entrepreneurship.

Level 4, on the other hand, is an emerging/modern sector of Entrepreneurship with high growth rates, where Social Entrepreneurs are going to contribute with high economic development. In future we may expect a broadening of Levels 3 and 4 with the activities from Levels 1 and 2 migrating to the other levels.

Such trends are already being seen upon analyzing time series data regarding registration of new companies according to sectors (See Figure 2). The number of new companies registered (a proportion of which relate to Entrepreneurship) has in general been increasing over the past years.

The figure 2, clearly shows that the number of new companies in Level 4 has been growing at a much faster rate compared to those in the other levels. At the same time, it must be noted that most entrepreneurial ventures in Levels 1 and 2 do not register themselves as companies and instead function largely as self employed entities.

We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby

challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

In India we have Social Entrepreneurs emerging every year with a motive to overcome the social problems and contribute in the economic development of our country, the contribution of these great social reformers, listed as Social Entrepreneurs is reviewed case by case in this research paper based on secondary data, list is as follows:

Table No. 1

Sr.No.	Name of Social Entrepreneur	Area of Contribution	Period/ Year
1	Mahatma Gandhi	Promoting Local Industry:Khadi and Salt	Pre- Independence
2	Vinod Bhave	Land Gift/Donation Movement	1951
3	Dr.Verghese Kurien	India's Milk Revolution:White Revolution	1946
4	Dr. Ela Bhatt	Founder of SEWA	1972
5	Sanjit "Bunker" Roy	Founder of Barefoot College	1965
6	Anil Kumar Gupta	Founder of Grassroots Revolution	1981
7	Harish Hande	C- Founder of Selco-Solar	1995
8	Dr. G. Venkataswamy	Founder of Aravind Eye Hospital	1976
9	Sunil Bharti Mittal,	Founder of Airtel: A Social Enterprise	1995
10	Vineet Rai	Founder of Aavishkaar	2001
11	Vikram Akula	Founder of SKS Microfinance	1998
12	Satyanarayan Gangram Pitroda(better known as Sam Pitroda),	Chairman, National Innovation Council, 'Father of India's communication revolution.	1980

Mahatma Gandhi

Why Gandhi? The Mahatma was a man obsessed with sustainability, being environment friendly, making the best use of local resources, growth of villages, power of cooperatives, promoting local industry and community-driven initiatives.

If social entrepreneurs can be described as visionaries who solve old problems with new ways of thinking Gandhi certainly fits the bill. He always spoke of growing local cottage industry, like Khadi, being self-reliant and having the community own enterprises.

The best example of his insistence of leveraging local resources and not being depending on imports is his 'Salt March' to Dandi, where he called for local production of salt, after there was salt tax levied by the British. Gandhi's love for Panchayat Raj, empowerment of women and ban of imports can be looked at as seeds of social transformation, sustainability and self-sustaining local communities.

Vinobha Bhave

Vinoba Bhave, – Founder and leader of the Land Gift Movement, he caused the redistribution of more than 7,000,000 acres (28,000 km²) of land to aid India's untouchables and landless.

In 1951 Vinoba Bhave started his land donation movement, the Bhoodan Movement. He took donated land from land owner Indians and gave it away to the poor and landless, for them to cultivate.

Then after 1954, he started to ask for donations of whole villages in a programme he called Gramdan. He got more than 1000 villages by way of donation. Out of these, he obtained 175 donated villages in Tamil Nadu alone. Noted Gandhian and atheist Lavanam was the interpreter of Vinoba Bhave during his land reform movement in Andhra Pradesh and parts of Orissa.

Ela Bhatt

The Self-Employed Women's Association of India (SEWA) is a trade union for poor, self-employed women workers in India. SEWA was founded in 1972 by the noted Gandhian and civil rights leader Dr Ela Bhatt.

SEWA's main office is located in Ahmedabad, Gujarat, and it works in several states of India. SEWA had a membership of 966,139 in the year 2008. SEWA members are women who earn a living through their own labour or small business.

They do not obtain regular salaried employment with welfare benefits like workers in the organized sector. They are the unprotected labour force of India. Constituting 93% of the labour force, these are workers of the unorganized sector.

Of the female labour force in India, more than 94% are in the unorganized sector. However their work is not counted and hence remains invisible. SEWA is strongly supported by the World Bank which holds it out as a model to be replicated elsewhere.

Dr. Verghese Kurien

Father of the India's milk revolution: Tribhuvandas Kishibhai Patel might have founded The Kaira District Co-operative Milk Producers' Union (now better known as Amul) in 1946.

But if it wasn't for Varghese Kurien- who had just arrived from the US after pursuing a Master's Degree- the co-operative would never have become a household name. Kurien's contribution to the social entrepreneurship movement in India is monumental.

Thanks to Kurien's foresight, planning and execution, India through the 'white revolution', went from a milk importing country to the world's largest producer. In a career spanning close to 60 years, Kurien founded around 30 institutions of excellence like Gujarat Co-operative Milk Marketing Federation (GCMMF), Institute of Rural Management, Anand (IRMA) and The National Dairy Development Board's (NDDB).

Sanjit "Bunker" Roy,

Founder of Barefoot College. In 1965, Roy was a young post graduate student from St Stephen's College, Delhi, when he volunteered to spend the summer mapping 100 drought prone areas in famine-affected Palamu District, of Jharkhand (earlier part of Bihar).

Roy was never the same following this experience and he made it his life's mission to fight poverty and inequality thereon. He founded Social Works and Research Centre (SWRC) in 1972 to find ways to address rural poverty by using new models and strategies. His first initiative was to address the water situation by making the villagers self-sustainable by setting up water pumps that were maintained by the villagers.

These efforts through SWRC morphed into Barefoot College. Roy through Barefoot College trains villagers to adopt solutions in solar energy, water, education, health care, rural handicrafts, people's action, communication, women's empowerment and wasteland development. In 2010 Roy was recognized by TIME magazine in 2010 as one of the world's 100 most influential people for training 3 million rural folk to be self-sufficient by providing them training, life skills and making them literate.

Anil Kumar Gupta

IIM-A professor and founder of Honeybee Network: Gupta, a professor at Indian Institute of Management, Ahmedabad since 1981, is a true advocate of the grassroots revolution. He's famous for recognizing rural innovators, helping commercializing their

inventions, protecting the intellectual property rights of inventors by filing patents and creating a knowledge network at different levels for augmenting grassroots innovations and inventions.

He is the founder of Honey Bee Network, fellow at the World Academy of Art and Science and is the executive vice chair of the National Innovation Foundation. Through the Honey Bee Network, and with the help of Society for Research and Initiatives for Sustainable Technologies and Institutions (SRISTI) and Grassroots Innovation Augmentation Network (GIAN) Gupta converts grassroots innovations into viable commercial products.

To date, his endeavors document more than 1,00,000 ideas, innovations and traditional knowledge practices. Gupta organizes a biannual 'Shodh Yatra' that takes participants into different villages to learn more about 'knowledge, creativity and inventions' at the grassroots.

Harish Hande

Co-founder Selco Solar: Hande, co-founded Selco in 1995, to bring renewable energy solutions to India's poor. When he first started he had problems with creating awareness about solar and had to install the first lighting solutions free of cost to demonstrate its value. Selco's impact since then? In the past 18 years more than 1.35 lakh solar home lighting systems have been installed. His stellar efforts has won him Asia's 'Nobel' prize, the Ramon Magsaysay Award in 2011, for "his pragmatic efforts to put solar power technology in the hands of the poor, through his social enterprise SELCO India."

Hande's genius has been his efforts to not just sell solar lighting solutions, but creating an entire ecosystem around it, including tie-ups with banks, NGOs and farmer co-operatives for innovative financing, creation of income generation activities using solar, high-quality products and superior after sales service. Hande has adopted an open platform for growth, and has created the Selco Incubation Centre, where he mentors other social entrepreneurs to empower them to do exactly what he's done.

To date the centre has mentored four social entrepreneurs, with another six currently going through the mentoring process. Hande has also started Selco Foundation, the philanthropic arm of Selco, which seeks to provide the rural poor with renewable energy services, that can be leveraged for income generating activities.

Dr. G. Venkataswamy

Founder of Aravind Eye Hospital: Dr. Venkataswamy (also known as Dr V) founded Aravind Eye Hospital in 1976 as a way to provide affordable eye-care to the millions who had no access to quality healthcare.

From its humble origins of a 11-bed clinic manned by 4 medical officers, it has grown into one of the world's largest facilities for quality eye-care. The story goes that Dr. Venkataswamy very nearly did not become a doctor because he developed rheumatoid arthritis when he had enrolled in the Indian Army Medical Corps, which was so severe that he was unable to hold a pen.

He returned to medical school, earned his degree and ended up doing 100 surgeries a day at his peak. Aravind Eye Hospital demonstrated that you could provide quality eye-care at prices that couldn't be imagined in the past through innovation.

"Intelligence and capability are not enough. There must also be the joy of doing something beautiful. Being of service to God and humanity means going well beyond the sophistication of the best technology, to the humble demonstration of courtesy and compassion to each patient," said Dr Venkataswamy of his work. To date, his hospital has attended to 32 million patients and performed nearly 4 million eye surgeries, majority of them being low-cost or free.

Sunil Bharti Mittal,

Founder of Airtel: Wondering what telecom mogul Mittal is doing in a list of social entrepreneurs? Simple, there are many who consider his company Bharti Airtel, as India's largest social enterprise for putting the power of telecom in the hands of the poor.

Mittal is the secret social entrepreneur in this top 10 list. His ingenuity lay in driving down costs of mobile telephony that allowed for the poor to use mobiles for news, information, entertainment and keeping in touch.

Farmers can now receive crop and weather related information over the phone, blue-collar workers can search for new, higher paying jobs and fishermen can get a better price for their catch. Currently Mittal's Airtel is involved in a huge push into rural areas, this will lead to more rural folk becoming part of the information revolution.

His company has more than 188 million subscribers who enjoy voice and data services, out of which 84 million are based in the hinterland. Besides his work with Airtel, Mittal also set up the Bharti Foundation in 2000, to do philanthropic work in the area of education and empowering youth from low-income communities through entrepreneurship.

Vineet Rai

Founder of Aavishkaar: Rai could be the most important man in the world of Indian social entrepreneurship at present. He is founder and the CEO of India's first social venture firm Aavishkaar Venture Management Service and also co-founder and chairman of Intellectap, a provider of business solutions for social enterprises.

His inspiration to start Aavishkaar came when he was the CEO of Grassroots Innovation Augmentation Network (GIAN), an incubator for rural innovations and ventures. Rai was a visionary, because when he started Aavishkaar in 2001 with a seed capital of Rs 1 lakh, there wasn't any precedent to investing in social enterprises.

He has nurtured plenty of social enterprises by investing in them including rangSutra (art and craft producer), Vaatsalya Healthcare (an affordable hospital chain based in semi-urban and rural areas) and Waterlife (affordable water solutions for the poor). Besides making good investments, Rai had taken it upon himself to boost India's social entrepreneurship ecosystem through a series of initiatives.

Through Intellectap, Rai is instrumental in organizing Sankalp-Unconvention Summit, Asia's largest conference on social entrepreneurship. In recent years he helped kickstart India's first angel network of high net worth individuals and institutional investors- Intellectap Impact Investment Network (I3N) and India Impact Investor Council (IIIC) that is seeking to lay down the standards for impact investing in India so that it doesn't befall the same fate of the microfinance industry during the 'Andhra crisis' in 2010.

Vikram Akula

Founder of SKS Microfinance: Akula founded SKS Microfinance in 1998 to provide micro-loans and insurance, and within a period of 12 years (does not include a brief hiatus to McKinsey), had taken the company to a blockbuster IPO of \$347 million in 2010.

His roots in microfinance went back to the time when as a Fulbright Scholar in India in 1994-95, Akula led a government-funded action-research project that provided micro-credit to poor farmers for food security. Prior to which he was named in Time's list of 100 most influential people in 2006.

Since the microfinance controversy that involved his company SKS Microfinance, and his acrimonious exit from the very company he founded, Akula has made very few public appearances and largely stayed away from making public appearances. The reason why Akula makes this list is very simple.

He showed India and the world that social enterprises can achieve enormous scale. We won't go into debating the methods that were used by SKS Microfinance in gunning for growth or the ethics of profiting from the poor. Akula, for all criticism, had his heart in the right place when he started the company.

Satyanarayan Gangaram Pitroda

(better known as Sam Pitroda), chairman, National Innovation Council: Pitroda is not your topical social entrepreneur hero, but he makes the cut for the work that he put in for more than 4 decades, in areas like telecom and information technology leading to him being commonly referred to as the 'Father of India's communication revolution.'

He was the technology advisor in the 1980s, to the then prime minister Rajiv Gandhi, during which he heralded the telecom revolution in India.

Having enjoyed an illustrious career, in the past, he has been an advisor to the Prime Minister on public information infrastructure and innovations and chairman of the National Knowledge Commission.

Currently he is the driving force behind the National Innovation Council, the council tasked with driving innovation in the country, by adopting the principles of inclusive growth. Some of the interesting initiatives that Pitroda is driving through the council is the setting up of a Rs 5,000 crore venture fund for social ventures, the open government data drive and the Planning Commission organized hackathons.

The Rs 5,000 crore India Inclusive Innovation Fund plans to invest in social enterprises that are driving innovation at addressing problems at the bottom of the pyramid (BoP). Pitroda believes that the data.gov.in (open government data) initiative will help tap the power of the developer community to build apps that will be helpful in different sectors like education, healthcare and government social welfare schemes.

These all Social Entrepreneurs by their work, contribution uplifted the society with growth in economy of our country, by giving employment, self-sustainably, making nation independent in many forms.

In India, a social entrepreneur can be a person, who is the founder, co-founder or a chief functionary (may be president, secretary, treasurer, chief executive officer (CEO), or chairman) of a social enterprise, or a Non Profit, which raises funds through some services (often fund raising events and community activities) and occasionally products. Today, nonprofits and non-governmental organizations, foundations, governments, and individuals also play the role to promote, fund, and advise social entrepreneurs around the planet. A growing number of colleges and universities are establishing programs focused on educating and training social entrepreneurs.

When it comes to social entrepreneurship, India is often referred to as the epicenter of impact investing, and the world's laboratory for testing new ideas. With a billion dollars waiting to be invested in social enterprises and success stories like Husk Power Systems, Rangsutra, dLight, Waterlife and Vaatsalya Healthcare regularly making the rounds in global social entrepreneurship circles, the country is clearly a very important market.

Unlike other countries like the UK, Italy, Korea and Singapore where the agenda is being driven by government and large private enterprises (especially Korea), India's journey into the world of social entrepreneurship has been led by the vision and energy of outstanding individuals.

With the current economic climate, it is very likely that social needs will increase and, consequently, the number of people committed to addressing them will increase. Definition of social entrepreneurship has changed over time.

From corporate philanthropy to non-profit and now to self-sustainability, Social Entrepreneurship has evolved and will keep evolving with time and needs of the world.

Social entrepreneurship is expected to be the next big thing to influence India as the country juggles to achieve a balance between a growing GDP growth, ensuring inclusive growth and attempting to address issues ranging from education, energy efficiency to climate change.

The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profit for his or her investors – philanthropic and government organizations for the most part – or for himself or herself. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own. This does not mean that social entrepreneurs as a hard-and-fast rule shun profitmaking value propositions. Ventures created by social

entrepreneurs can certainly generate income, and they can be organized as either not-for-profits or for-profits. What distinguishes social entrepreneurship is the primacy of social benefit, what Duke University professor Greg Dees in his seminal work on the field characterizes as the pursuit of “mission-related impact.”⁵

In India we have many foundations who work and train people to be Social Entrepreneurs, name some are: Mr Kaushlendra, IIM-A, Founder at KAUSHALYA FOUNDATION, Patna, Civic & Social Organization, Founding Curator at World Economic Forum's Shapers Community in Patna., Co-Founder at Samriddhi, Action For India (AFI) is a social start-up enterprise dedicated to helping social organizations scale their impact by leveraging Information and Communication Technologies (ICT). They offer training and guidance to social entrepreneurs to sustainably scale their organizations through the use of technology. “India for Action” is an organization which supports and organizes various events, programs, conferences such as Silicon Vally Challenge, where in Action For India is excited to announce our newest initiative the “Silicon Valley Challenge (SVC)”. The Silicon Valley Challenge is an immersive program for top entrepreneurs chosen from among Social Innovators who apply, are selected and attend AFI's 3rd Annual Forum on January 11-12, 2014. inviting and renowned social figures on a big platform on discussing on social issues and probmes, and how they can be overcome with possible solutions. Dasra-the catalyst to change , an organisatiuon with its own strategic approach to social problems has dramatically increased the impact and scale of social change in India. Till date; we have directed over USD \$35 million in funding commitments to help scale promising nonprofits and social businesses to positively impact thousands of lives. Our success lies with our unique ability to work with both philanthropists and social entrepreneurs and bring together knowledge, funding and people to catalyze social change.

These are the people and the associations which are marching towards betterment of society with economic development of people, group, community, society and country as a whole.

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CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT: A TOOL TO ENHANCE SOCIO- ECONOMIC PARAMETERS, WITH SPECIAL REFERENCE TO PCMC

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ABSTRACT

Many factors account for the socioeconomic development of the region such as per capita income, education & literacy, population, health & sanitation, infrastructure & facilities etc. Besides the role of local, state and central government, many corporate companies / Industries/ Organizations started realizing that they would have to rise over and above the profitability and take care of all those associated with their survival in the society directly or indirectly. "No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country & its people and is achieved by fair and honest means. - JRD Tata This realization resulted into the concept of Corporate Social Responsibility (CSR). This research paper made an attempt to shape out contributions of many corporate in socioeconomic development of a PCMC region, Maharashtra. Emphasis has been given to its contribution in the Education, Employment, and Health sector specially. Research to be done on primary & secondary data collected from sources.

Keywords: CSR, Socioeconomic, Education, Employment, Development.

INTRODUCTION:

The importance of CSR emerged significantly in the last decade. Over the time, CSR expanded to include both economic and social interests. Along with this it also broadened to cover economic as well as social interests. However, the efforts of Governments may not be adequate to provide basic services to its citizens. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the Government alone, but many more stakeholders need to be involved to attain the development goal. Generally, CSR is understood as "the commitment of business to contribute to sustainable economic development by working with employers, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development. A widely quoted definition by the World Business Council for Sustainable Development state that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 1999). Thus, the meaning of CSR has two fold. On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization towards the social, economic & environment society in which it operates. CSR is regarded as vehicle through which companies give something back to the society. It involves providing innovative solutions to societal and environmental challenges. But the challenge for development professional and business community is to identify CSR priorities and the areas of interventions which are meaningful in the context of PCMC development. One of the most renowned organizations situated in PCMC- TATA Motors "Jamshedji Tata has very beautifully defined the Corporate Social Responsibility "The clear definition of Corporate Social Responsibility is that the community is not just another stakeholder in our business but the very purpose of our existence." TATA MOTORS played important role in development of PCMC with contribution of CSR for society.

PCMC HISTORY, GROWTH & DEVELOPMENT:

On 4th March 1970 late Annasaheb Magar established Pimpri Chinchwad Municipal Council by merging four villages namely Pimpri, Chinchwad, Akurdi and Bhosari. Due to increase in population and local demands of the citizens, he started the Pimpri Chinchwad Transport Service for the benefit of people of the city in the year 1974. He was elected as the "First Chairman" of the Pimpri Chinchwad Municipal Council. In 1975 the status of council was changed from C class to A class. Pimpri-Chinchwad Municipal Corporation or PCMC is a Municipal Corporation in the city of Pimpri-Chinchwad which is an Urban Agglomeration (UA) of Pune. Pimpri Chinchwad Municipal Corporation is situated on the old Mumbai-Pune Expressway in the heart of Pimpri-Chinchwad which is one and a half hours from Navi Mumbai. Pimpri Chinchwad Council was formed covering area of about 87 km² which later on was established as Municipal Corporation in 1982, which now covers an area of about 181 square kilometers. As per 2011 census population of Pimpri Chinchwad is 17, 29,000 souls growing at a rate of 6% annually, with a national average of 2.1%. The industrial area of PCMC was started with the established of Hindustan Antibiotic the first pharmaceutical company in the year 1954. In the beginning four villages of Pimpri, Chinchwad, Akurdi and Bhosari were merged into this corporation area. But today PCMC covers 37 suburbs/ Villages including Nasik Phata, Kasarwadi, Nigdi, Nigdi Pradhikaran, Akurdi, Tathawade, Bhosari, Talegaon Dabhade Talwade, Hinjewadi, Sambhajinagar, Ajmera Colony, - Masulkar colony, Sangvi, Pimple Nilakh\Aund, Camp, Wakad, Sant Tukaram Nagar, Nehrunagar Pimple Gurav, Kalewadi, Thergaon, Chikhali, Rahatani, Pimple Saudagar, Punawale, MOSHI, Ravet, DAPODI, Pradhikaran, Shahunagar, CHAKAN Indryaninagar, Rupeenagar.

INDUSTRIAL DEVELOPMENT IN PCMC:

Pimpri Chinchwad is also known as "Audyogik Nagar" (Industrial City). PCMC today is one of the major industrial hubs in Asia. PCMC is now home to the Indian operations of major automobile companies like Premier Limited, Mahindra Navistar, Bajaj Auto, BEL Optronics Devices Limited, TATA Motors (formerly TELCO), Kinetic Engineering, Force Motors (formerly Bajaj Tempo) DaimlerChrysler, Thermax and Auto line Industries. In addition to this, several heavy industries such as Forbes-Marshall, Thyssen Krupp and GEA Ecoflex Alfa Laval & Sandvik. Asia has their manufacturing units in the town and also the German company KSB Pumps, Swedish bearing company SKF. Rajiv Gandhi InfoTech Park hosts several Software and Information Technology majors like Cognizant, Accenture, IBM India, KPIT Cummins, Tata Technologies, Infosys, Wipro, Geometric Limited, Finolex cables limited, SQS India Info systems Pvt. Ltd., BNY Mellon (India), among others. Now Mercedes Benz also included in it.

This is the Richest Municipal Corporation - not only in India but the Richest in Asia. And the reason behind it is that, it has an industrial belt of small as well as big National & Multinational Companies. All the industrial units are closed on Thursdays. Because of efficient and good planning though it is industrial area the environment is quite pleasant with so many trees around it. One can never think of pollution. With the help of Municipal Corporation in urban parts, many different Parks are developed. Appu Ghar of Nigadi, Moria Gosavi of Chinchwad, Vaishnav Devi temple of Pimpri which is carbon copy of Vaishnav Devi temple of Jammu & Kashmir, and Sarpodyan of Akurd, Science Park in Chinchwad, are some of the very famous spots which one would like to see.

Present population approx	10,00,000	Area	176 sq.km
a1 number of Corporation Employees	10,252	Total length of Roads	595 Km.
Number of Industries	6195	Major bridges	11
Number of dispensaries	15	Number of private schools	119
Number of hospitals	5	Number of Municipal schools	128
Public gardens	75	Total strength of students	1,56,000

Description	1991 - 92	1992 - 93	1993 - 94	1994 - 95	1995 - 96	1996 - 97
Bus Routes	57	58	58	63	55	55
Total number of Buses	276	249	249	248	220	220
Total number of Employees	2100	2112	2056	2089	2147	2138
Daily Commuters	145067	124136	120683	131446	133999	128041

Source: <http://www.punediary.com/html/pcmt.html>

LITERATURE REVIEW:

CSR Concept, Meaning, Definitions & Models:

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. Corporate social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all stakeholders – including shareholders, employees, customers, environment and society. The term stakeholder means all those on whom an organization's performance and activities have some impact either directly or indirectly. This term was used to describe corporate owners beyond shareholders as a result of a book titled Strategic management: a stakeholder approach by R. Edward Freeman in the year 1984.

World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

The European Commission's definition of CSR is: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

According to CSR Asia, "CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders."

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are:

Enlightened self-interest - creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function well together.

Social investment - contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.

Transparency and trust - business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas

Increased public expectations of business - globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment."

CSR IN INDIA

In India, the ethical model promoted by Mahatma Gandhi during 1930s is well known which stated the role of family-run-businesses conducting social and economic activities. This was followed by the Statist model propounded by Pt. Jawaharlal Nehru. In this model, state-driven policies included state ownership and extensive corporate regulation and administration. In developing economies like India, CSR is seen as part of corporate philanthropy in which corporations augment the social development to support the initiatives of the government. However with time, the scenario of CSR has changed from being philanthropic to being socially responsible to multi stake holders. The period of 1960s and 1970s saw an emergence of CSR

activities being inbuilt in corporate philanthropy. (Mohan, 2001).

CSR needs to be understood within this context captured in the development oriented CSR framework given below:

Table 1: The four models of Corporate Responsibility (Arora & Puranik 2004)

Model	Focus	Champions
Ethical	Voluntary commitment by companies to public welfare State ownership and legal requirement determine	M.K.Gandhi
Statist	Corporate responsibility Corporate responsibilities limited to private owners	Jawahar Lal Nehru
Liberal	(shareholders) Companies respond to the needs of stakeholders	Milton Friedman
Stakeholder	customers, employees, communities, etc.	R. Edward Freeman

India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. 'Sustainability in Asia ESG reporting uncovered' (September 2010) is based on four parameters viz. General, Environment, Social and Governance. In its study based on 56 companies in India, it observed that India is ranked second in country ranking in Asia and is ranked one ranking in general category. It is observed that reporting is strongly followed by companies as well as they seek international development standards. It could be attributed to the Indian government compelling the public sector companies to provide for community investment and other environmental, social and governance liabilities.

A key finding of the survey conducted in June 2008, aimed at understanding of the role of corporations in CSR, carried out by TNS India (a research organization) and the Times Foundation, revealed that over 90 per cent of all major Indian organizations surveyed were involved in CSR activities. Besides the public sector, it was the private sector companies that played dominant role in CSR activities. A study on the CSR activities of 300 corporate houses, conducted by an industry body in June 2009, revealed that Corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. The study also revealed that about 36 per cent of the CSR activities are concentrated in the state, followed by about 12 per cent in Gujarat, 10 per cent in Delhi and 9 per cent in Tamil Nadu. The companies have on an aggregate, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development

Another study conducted by Economic Times revealed that donations provided by listed companies grew by 8 per cent during the financial year 2008-2009 and that 760 companies donated US\$ 170 million in the same year, up from US\$ 156 million in the year-ago period. As many as 108 companies donated over US\$ 216,199, up 20 per cent over the previous year.

Historically, CSR has been viewed as developed countries' phenomena. As such a large body of literature on CSR practices has merged in the context of developed countries. However, literature on the theory and practices on CSR in the developing countries remains scant (Belal, 2001). Hardly a few studies have looked at CSR practice in India. Different researches at different points of time and classical Indian literature have emphasized the CSR practice of corporate entities in India. The various dimensions of CSR valued by companies are national wealth, employment, environment and social programme including health and literacy. In a survey of CSR reporting in Asia Chapple and Moon (2005) found that nearly three quarters of large companies in India present themselves as having CSR policies and practices. What is the impact of CSR programs on socio-economic development of PCMC.

OBJECTIVES OF STUDY:

1. To understand the concept of CSR.
2. To study and understand the CSR initiatives being taken by selected public and private Indian companies for development of PCMC.

3. To examine the corporate' approach to work and their mode of action for implementation for CSR initiatives.
4. To assess the impacts of CSR actions on socio-economic development of PCMC in Pune Maharashtra.

RESEARCH METHODOLOGY:

To study the above objectives, 10 major public and private firms have been selected from PCMC. While selecting companies taken into consideration major contribution done by different Manufacturing, Automobile, Pharmaceutical, IT, KPO & BPO, Retail industries. Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data as well collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study.

LIMITATIONS

The main limitation of this paper is that this study has only focused on a small sample of PCMC. Secondly, information collected from Secondary Data - print literature, websites of these companies and no primary data were collected directly from the stakeholders through interviews or surveys.

DATA ANALYSIS & INTERPRETATION:

Sr. No	Company Name	Type	Focus Area	Business Linkage	Methodology Adopted	Impact
1	TATA Motors	Automobile	Development of weaker section of society	Indirect	1. Employment Generation 2. Economic Capital 3. Human Capital 4. Ecological Balance 5. Pollution Control 6. Natural Capital	Community Development & Environment
2	Thermax	Automobile	Community Development – Children's education	Indirect	Community based primary education development in PCMC – schools tie up	Children's Development
3	Auto	Bajaj Auto	Development of weaker section o society	Indirect	Trust Undertakes long-term projects in PCMC rural development.	Community
4	ICICI	Financial	Empower millions economically & socially challenged	Direct	Volunteer, shop, and give India.	Community Development
5	TCS	IT	Flexible global business practices	Indirect	Globally delivery model: development & high delivery services.	Whole country gets benefited.
6	M-cure	Pharma	m-cure care services		Different Hospitals tie up, donation of time, money & medicines	Community health development
7	Hindustan Antibiotics	Pharma	Specially for society health, welfare development	Direct	Hospitals, dispensaries, free medicines camp, health check up camp etc.	Societal & Environment development
8	Infosys	IT	Support & encourage underprivileged sector	Indirect	Infosys Foundation provide medical facilities to remote rural areas organizing novel pension schemes and aiding orphans and street children and rural education program titled "A library for every school", Human Capital	Successfully implemented projects,
9	Mahindra & Mahindra	Automobile	Sharing wealth & promote education	Indirect	Scholarships, lifeline express, girls education free surgeries	,Community development
10	L & T	Engineering	Enhance & empower employee value & responsibility	Indirect	Eco friendly approach awareness HIV/AIDS,	Community service & ecofriendly approach

Also LAVASA- Retail, Samrudha Jeevan's food ltd, BNY Melon, Syntel, VIRGO- go green, FINOLEX, JCB, Mercedes BENZ, Renault, BOM, SBI took major initiative for financing children's education, women empowerment, go green etc.

Table-1 No. of Companies taking CSR initiatives

Sr.No	CSR Initiative	% of companies
1	Education	100
2	Employment	75
3	Live lihood	60
4	Health	75
5	Environment	65

OBSERVATIONS & FINDINGS

The study shows that all surveyed companies present themselves as having CSR policies and practices. A substantial number of companies reflect their CSR philosophy or social, environmental and ethical objectives in mission statements, vision documents, organizational policy and plans. However, even though surveyed companies have CSR policies and objectives are philanthropic in nature, contributing in the form of social development, educational development, health protection. The study reveals that companies implement CSR programs with respect to rural development through

1. CSR activities implemented directly by the company through its own (i) CSR division,(ii) Human Resource Department(iii) Local management of manufacturing unit;
2. CSR activities implemented through a foundation;
3. CSR activities implemented through partnership with NGOs ,academic institutions, international agencies;
4. CSR activities implemented through partnership with Government.

The study reveals that Corporate no doubt have made significant contributions towards the sustainable development of PCMC.

CONCLUSION:

The conclusion of this study is that social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector, business goal, location of the company. Because Indian companies are realizing that without socio-economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the global market. The study shows that all surveyed companies present themselves as having CSR policy and practices. Most of the companies which design and implement CSR initiatives in the vicinity. PCMC is the richest & developed corporation cause of contribution of CSR of companies in government development program.

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IMPACT OF GLOBALISATION ON SMALL SCALE INDUSTRIES

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INTRODUCTION

Economic liberalization has become almost a global movement. Liberalization and globalization of country economy have brought in their wake serious challenges for the Indian industry, especially the small industrial sector (SSI). A time has come when industry has to upgrade to face global players in domestic market, not to talk of the competitors abroad.

The small scale industrial sector is the second largest which uses human resources after the agricultural sector in our country. It covers a wide spectrum of industries categorized under small, tiny and cottage segments. It encompasses a continuum of the artisans, handicrafts at one hand and modern production units with significant investments on the other producing a wide range of over 7500 products. The sector acts as nursery for the development of entrepreneurial talent. This sector has maintained its pace of growth over the years and has thus, contributed significantly in supporting the overall economic development of the country. The sector has acquired a prominent place in the socio economic development of the country accounting for almost 40% of the total production of the manufacturing sector and 35% of the total exports through their more than 32 lakh units in the country which is providing employment to more than 178 lakh persons. This paper is emphasis on the challenges before the small scale sector in India. The country has been opened up to the forces of globalization. Globalisation, no doubt, provides expanded opportunities in the different parts from the domestic market. The process has exposed it to rigorous competition from other countries. If any country is to survive under globalization, its economy should have the world-class quality and competitive price for its products particularly those of industries. Before the introduction of economic reforms in 1991 following the inevitable globalization, SSI sector was somewhat over protected. With globalization, they are now more exposed to severe competition both from large-scale sector, domestic, foreign and from the MNCs. A number of problems have confronted the SSI sector following and the WTO commitment. Thus a transition from an era of protection to an era globalization has posed threats and also challenges from the small scale sector, the threat is to be taken as a challenge and it must be converted into an opportunity for sustained development making major contribution to domestic output, employment, better distribution of income and a more even distribution of industries in the urban and the rural areas.

Economic liberalization has become almost a global movement. Liberalization and globalization of country economy have brought in their wake serious challenges for the Indian industry, especially the small scale industrial sector (SSI). A time has come when industry has to upgrade itself to face global players in domestic market, not to talk of the competitors abroad. The industry is face with the Hobson's choice in the matter. It is indeed a question of survival. While the large-scale sector may be said to possess the necessary wherewithal for effecting a paradigm shift for the purpose the small-scale sector would need external assistance in this regard.

The impact of reforms in the SSI sector can be seen in terms of increased competition for the SSI sector from large scale sector and multinational companies. As the process of reforms continues, there is likely to be a gradual shift from promotional and protective govt. Policies for the SSI sector to more liberal policies based on competition. Efficiency in production will, therefore, be one of the major determinants of the survival of the SSI sector in future.

OBJECTIVES OF THE RESEARCH STUDY

1. To examine the challenges before the small scale industry of India.
2. To suggest measures to overcome the challenges of the small scale industry.
3. To study the role of SSI in Indian economy.

RESEARCH METHODOLOGY

The said research study is based on secondary data! Such secondary data is collected from various reference books related to entrepreneurship, entrepreneurship development, trade, commerce, industry and small scale industries.

The secondary data is also collected from various websites and other related literature and reviewed it. For the said research study secondary data is also collected and reviewed from the various national and international research journals which are related to entrepreneurship and small scale industries.

GLOBALIZATION IN INDIA

Globalization in india is generally taken to mean increasing the economy of the country with the world economy. This, in turn, implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in india; removing constraints and obstacles to the entry of mncs in india allowing indian companies to enter into foreign collaborations in india and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programme by switching over from quantitative restrictions to tariffs in the first place, and then bringing down the level of import duties considerably; and instead of a plethora of export incentives (like duty drawbacks, cash compensatory support, replenishment licenses and other fiscal incentives etc.) Opting for exchange rate adjustments for promoting exports.

Divided into two section, this paper firstly discusses with the many challenges of globalization and the responses thereto. The challenges are analyzed under five categories. The first four arise from the opportunities, in the factor markets for the inputs. The fifth is the additional challenges of an unlevel playing field, because india is a entrant, with four decades of a i)protected, ii)inefficient, iii)corrupt, iv) licensee-permit raj and v)semi-statist economy with huge lags in the infrastructure.

The second and final section presents an action plan. In order to optimize indian benefits from globalization, actions are indicated not only for corporate managements and governments but also for professional and citizens.

The challenges arise from both the new opportunities and the enhanced threats. In the product markets, the threats arise from foreign investment with new. Proprietary technology, brand equity and deep pockets, and from imports, as the tariff walls come down.

CHALLENGES BEFORE SSI

In the present scenario of globalization the small-scale industry in india has to face the following challenges.

1. High interest rate

Even the institution meant for ssi sector like nsic are charging higher rate of interest than commercial banks. Compared to international rate the rate of interest in india is very high. Our bank rate of interest is 14% where as our competitors in foreign countries get finance at less than 5%. The bank guarantee commission is 3% also increases the cost of funds.

2. Lack of power

Electricity is also one of the inputs whose tariff is having wide disparity among the states and shows the same phenomena when compared with foreign countries, which ultimately escalates the end product cost. Now the quality of power is very poor and unreliable.

3. Finance

The credit flow to the small-scale industry has not been satisfactory right from the beginning. Notwithstanding the priority sector lending directives from the rbi, the ssi sector suffered from getting the required capital. This has multiplied several fold after liberalization and globalization. Much worse is waiting for the ssi sector when the commercial banks get privatized with the passing of privatization bill, which is now before the parliament. When banks are denationalized the priority sector may have more stringency for funds,

4. Globalization but no co-ordination

Even though we have already entered into globalization, there is no national co-ordination to give effect to the liberalization in all departments. Since there is no uniformity in taxation, implementation of laws, distribution of raw materials, availability of infrastructure etc. Southern states are more affected.

5. Poor technology and lack of management skill

To face competition from overseas markets, ssi sector needs to upgrade its technology and management skill it cannot compete with its competitors in the globalised market.

6. Dumping of products by the competitors

There are provisions intended to help development countries. Due to lack of necessary data and problem of accessibility to information non government organizations (ngo) and ministry of ssi&ri nsic etc. Are not able to act against dumping of products.

7. Removal of QRS

With the removal of qrs the policy of reservation of products for the exclusive manufacture of ssi sector would eventually become redundant. It is seen that most of the ssi reserved items are not under ogl. Due to removal of qrs, many of ssi units, especially in the consumer goods sector, will find it difficult to survive unless cost and quality improves.

8. High cost of raw material

In order to survive the challenges of globalization quality products are to be produced at international standards at competitive costs. But the cost of raw materials is high in india compared to other countries. When there is no restriction for the import of finished products, the raw material should also be available at international prices without restrictions.

THE EFFORT BY GOVT. AND THE SMALL SCALE INDUSTRIES (SSI) ORGANIZATIONS SHOULD BE:

1. Regarding working capital finance credit guarantee has been found to be one of the best and most realistic options. Hence, a sizeable allocation of funds towards credit guarantee support should be made.
2. Regarding, the vexed issue of product reservation, the s.p, gupta committee of the planning commission, in its interim report, has recommended continuation of the reservation for the sector for some more years as a large number of units manufacturing reserved items would be destabilized if it is withdrawn. Instead, indigenous production of the same items with economies of scale and technology decided by the market place must be encouraged, without ignoring the fact that the reduced ssi investment limit of rs.1 crore would be a hurdle to ssis upgrading themselves in terms of technology and economic of scale.
3. To make a realistic assessment of the likely impact of the wto tariff and non-tariff barrier regimes and to find remedies that are practicable.
4. Evaluate past initiatives such as allowing 24% foreign/large unit equity in ssis encouraging ssis to adopt the corporate form of organization by way of a one time tax exemption for restructuring and measures to get them listed on the otc exchange of india to tap capita! Market.
5. Even while keeping in mind the need for a certain level of confidentiality on the country strategy in future wto negotiations, attempts should be made by the authorities to warn industries in a clear manner and well in advance about what kind of government support are wto incompatible and would have to be withdrawn, and what other might have to be withdrawn or whittled down.
6. There should a clear understanding of what kind of public/governmental support to ssi/tiny sectors are wto compatible and attempts should be made to take full advantage of them where ever it would be beneficial to the small scale sector.
7. SSIs should be educated about the need for conducting a WTO audit of their business/activities and future plans and government should possibly encourage and assist industry associations to prepare trainers and conduct such audits. At

present, the confederation of Indian industry (cm) offers the services of its WTO audit cell but this needs to be a much broader and nationwide effort.

CONCLUSION

The intent of globalization is efficiency, improvement and market optimization by taking advantages of the opportunities of the global environment. Therefore, in many cases, indian companies have to globalize to survive and grow in the emerging competitive. Globalization creates an impression of bringing together the people from different concerns of the world. But in reality it widens the gap between the more powerful countries and the less development countries and the rich and the poor within the country. This should also be given due consideration by the policy makers or the arrangers of the globalization.

Moreover the entrepreneurs of ssi sector should be increasingly aware of the fact that they are part of large society, each section of which has its own strong and week points. In india the promotional institutions assist all and sundry in setting up small units with a view either to fulfilling their objective or over reach their target; but they do not ensure the provision of adequate working capital, raw materials, power supply nor do they help them in developing market outlets for sale of their products. This situation has arisen because of the absence of meaningful coordination among the concerned agencies. Moreover attitude reorientation and developing special leadership qualities necessary for taking decisions by the entrepreneurs based on wider implications is essential. Hence coordinated functioning of promotional agencies and governmental assistance in needed without red-tape or bureaucratic delays. The entrepreneurs has to be educated and should have a proper training acquiring the necessary skills in running the enterprise.

The small scale industrial sector is the second largest which uses human resources after the agricultural sector in our country. It covers a wide spectrum of industries categorized under small, tiny and cottage segments. Now there is a scope to improve the financial position of small scale industries in india.

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ROLE OF SMEs IN ECONOMIC DEVELOPMENT OF INDIA

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ABSTRACT

Small and medium enterprises play a very important role in the economy of any country and it is more so in a developing country like India. They play a role in boosting the economy of a country. The role of small and medium enterprises in the economic and social development of the country is well established. SME s emerges leaders during the period of Recession, restoring jobs and business activity lost during the time despite a slow and fragile Economy. This article paper tries to highlight the growth & performance of SMEs in India, This paper also tries to identify the strength and weakness of SMEs.

INTRODUCTION

SMEs constitute over 90% of all enterprises in most economies and are engines of economic growth and equitable development. They are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient and innovative entrepreneurial spirit. As new technologies and globalization reduce the importance of economies of scale, the potential contribution of smaller firms is increasingly enhanced. SMEs take emerging markets toward higher growth and enhance their international competitiveness.

Small and medium enterprises are the backbone of industrial development. It is very important for both developed and developing country Small and medium enterprises always represented the

model of economic development, which emphasized high contribution to domestic production, significant export earnings, low investment requirements, employment generation, effective contribution to foreign exchange earning of the nation with low import-intensive operations.

SMEs IN INDIA

SMEs are vital and of paramount importance in the development of any country especially developing country like India. Small and Medium Enterprises (SMEs) play a pivotal role and can be considered as a back bone of national economy . SMEs in emerging markets rely on more labor-intensive production processes than large enterprises, boosting employment and leading to more equitable income distribution It is evident that nurturing the SMEs in any country would have fruitful results on the income generation and employment in an economy. The degrees to which the SMEs can flourish by overcoming obstacles are important for the expansion and upliftment of the economy. According to World Bank, SMEs account to 50 % of GDP and to quote EU, it highlights the role of SMEs as two-third of employment.

In India, SMEs has made significant contribution to the economy:

1. Approximately 40% of the country's domestic production
2. Almost 50% of India's total exports
3. 45% of India's industrial employment
4. 35-40% to the GDP and account for more than 90% of all industrial enterprises in India.

SMEs are able to make their presence felt mostly because of the simple structure of an they can respond quickly to changing economic conditions and meet local customers' needs, growing at times into large and powerful corporations or failing within a short time of the firm's inception. To manage, recognize, and mitigate the credit risks at the earlier stages can be beneficial for financial institutions in identifying possible defaults of the enterprise and reduce losses incurred by the financial institutions, foresees Indian SMES as "SME will be a very big growth engine in Indiaand adequate measures like proper rating assigned to them which will aid them to get access to bank loans ".

REGULATION

SMEs need a free and fair environment to encourage growth and innovation. The current government policy focuses on abolishing state supervision of SMEs and providing an environment that is conducive for the sector to grow and meet challenges.

The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006)

MSMED Act was enacted in 2006 to address policy issues affecting SMEs as well as the coverage and investment ceiling of the sector.

OBJECTIVES

1. To understand the growth and performance of SMEs in India.
2. To study the strength and weakness of SMEs in India.

The salient features of the act include:

- Creation of a national board of SMEs
- Proper classification of enterprises
- Advisory committee to support SMEs
- Measures for promotion, development and enhancement of SMEs
- Scheme to control delayed payments to SMEs
- Scheme for closure of SME businesses

On 9 May 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries was merged to form the Ministry of Micro, Small and Medium Enterprises (MSME)[2]. This ministry now designs policies, programs, projects and schemes and monitors their implementation with a view to assist SMEs and helps them scale up.

RESEARCH METHODOLOGY

In this study most of the input and information's are gathered from journals and it is a descriptive research in nature because the objective is to understand the growth and performance of SMEs in India. The annual report of SMEs has been used to support the article.

DEFINITION OF SMALL AND MEDIUM ENTERPRISES

According to new THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

ACT, 2006 the MSME Definitions are as follows:

In the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, as –

Micro Enterprise - A micro enterprise is, where the investment in plant and machinery does not exceed twenty five lakh rupees;

Small Enterprise - A small enterprise is, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or

Medium Enterprise - A medium enterprise, where the investment in plant and Machinery is more than five crore rupees but does not exceed ten crore rupees. The definition of small and medium enterprises varies from country to country. In general, the industries all over the world are defined in terms of number of employees or capital investment or both. The employment potential criterion was dropped from Small and Medium Enterprises definition in India due to the following reasons:

GROWTH AND PERFORMANCE OF SMALL SCALE INDUSTRIES IN INDIA

Pre- and Post-liberalization Periods. The level of output by the SSIs went up from Rs 28,060 crore in 1980-81 to Rs.5,78,470 crore by the end of 1999-2000, showing an increase of nearly 20 times over a period of 20 years. Exports have also gone up by nearly 40 times over a period of two decades. The contribution of SSI in exports was high during the period, especially up to the year 1995. The trend reversed during the period 1995-2000 when the growth rate recorded a declining trend. The growth rate in employment in the 551 sector over the years had been on the decline. An all time decrease was seen between 1995 and 2000. It would also be worthwhile to look at the progress of the 551 sector in the post-liberalization. Period compared to that of the 1980s. The increase in production and exports was more impressive than that of the number of units and employment. A stagnation or reversal of trend is noticeable in the performance of the SSI industries after 1995 in creation of employment as well as in the number of units set up.

S r. No.	Year.	Total SSI Units (Lakhs)	Fixed Investment (Rs.Crore)	Production (Rs.Crore)		Employment (Lakh Persons)	Exports (Rs.Crore)
				Current Prices	Constant Prices (1993-94)		
1	1990-91	67.87	93555	78802	84728	158.34	9664
2	1991-92	70.63	100351	80615	87355	165.99	13883
		(4.07)	(7.26)	(2.30)	(3.1)	(4.83)	(43.66)
3	1992-93	73.51	109623	84413	92246	174.84	17784
		(4.07)	(9.24)	(4.71)	(5.6)	(5.33)	(28.10)
4	1993-94	76.49	115795	98796	98796	182.64	25307
		(4.07)	(5.63)	(17.04)	(7.1)	(4.46)	(42.30)
5	1994-95	79.60	123790	122154	108774	191.40	29068
		(4.07)	(6.9)	(23.64)	(10.1)	(4.79)	(14.86)
6	1995-96	82.84	125750	147712	121175	197.93	36470
		(4.07)	(1.58)	(20.92)	(11.40)	(3.42)	(25.46)
7	1996-97	86.21	130560	167805	134892	205.86	39248
		(4.07)	(3.82)	(13.60)	(11.32)	(4.00)	(7.62)
8	1997-98	89.71	133242	187217	146262.9	213.16	44442
		(4.07)	(2.05)	(11.57)	(8.43)	(3.55)	(13.23)
9	1998-99	93.36	135482	210454	157525.1	220.55	48979
		(4.07)	(1.68)	(12.41)	(7.7)	(3.46)	(10.21)
10	1999-00	97.15	139982	233760	170379.2	229.10	54200
		(4.07)	(3.32)	(11.07)	(8.16)	(3.88)	(10.66)
11	2000-01	101.1	146845	261297	184401.4	238.73	69797
		(4.07)	(4.90)	(11.78)	(8.23)	(4.21)	(28.78)
12	2001-02	105.21	154349	282270	195613	249.33	71244
		(4.07)	(5.11)	(8.03)	(6.06)	(4.44)	(2.07)
13	2002-03	109.49	162317	311952	210636	260.21	86013
		(4.07)	(5.16)	(10.52)	(7.68)	(4.36)	(20.73)
14	2003-04	113.95	170219	357733	228730	271.42	NA
		(4.07)	(4.87)	(14.68)	(5.59)	(4.31)	
15	2004-05	118.59	178699	418263	251511	282.57	NA
		(4.07)	(4.98)	(16.92)	(9.96)	(4.11)	

Source: Online available at indianresearchjournals.com

A comparison between the growth rates in the performance level of the SSIs between the two periods indicates wide disparities. The pace of growth during the 1990s was relatively lower compared to that of the pre-liberalisation period.

The SSI sector continues to remain an important sector of the economy with a noteworthy contribution to GDP, industrial production, employment generation and exports. The performance of the small-scale sector based on the final results of the third All India Census of SSIs, 2004, is given As per the Census of registered and unregistered units held for the year 2001- 02, there were 105.2llakh SSI units in the country, out of which 13.75 lakh were registered

working units and 91.46 lakh unregistered units. Their contribution to production was Rs 2,82,270 crore and 249.09 lakh persons to employment. It is estimated that during 2003-04, the number of SSI units has increased to 115.22 lakh from 110.10 lakh in the

previous year, registering a growth of 4.7 per cent. The value of production at current prices by the SSI units also increased to Rs.3,48,059 crore from Rs 3,11,993 crore during 2002-03. The sector is estimated to have grown at the rate of 7.5 per cent at constant prices over the previous year. Employment is estimated to have increased to 273.97 lakh persons from 261.38 lakh persons in the previous year. Small scale industries have registered phenomenal growth in their number, production, employment and exports over the years. The government of India has been attaching increasing Manufacturing industries are far behind with 58,777 units which is around 15% of the total. Manufacturing sector is closely followed by Food Products with 37,152 units which is close to 10%. Share of all other groups are of single digit and the share of Jute, Hemp and Mesla Products and Beverages, Tobacco & Tobacco Products together is below 1%.

STRENGTH AND WEAKNESSES OF SMEs

Major strength of Small Medium Enterprises observed are flexibility, owner management, inexpensive labor, less overhead and favorable capital-output ratio.

1. Flexibility

Small and Medium Enterprises can easily absorb new innovation and adapt new method. The cost of changing the existing system is also relatively less.

2. Owner management

In Small and Medium Enterprises owner management is a possibility, which ensures quick decision making. This ensures speed and reduces redtapism. (Dalu & Deshmuke)

3. Inexpensive labor and less over head

The main reason for sickness of large scale industry is its labor problem and escalating wage bill. Small and medium enterprises strength is its cheap labor and less over head.

4. Favorable capital-output ratio

Small and medium enterprises are labor intensive. Through proper utilization of resources Small and medium enterprise

Weaknesses

1. Lack of quality consciousness:

It is the major weakness of the small industries. Small and Medium Enterprises pay less attention to total quality programme and hence importance is less felt leading to quality problem (Derrick). Study reports show that under utilization capacity leads to reduction in level of productivity in Small and Medium Enterprises sector in India.

2. Lack of Financial Strength

The Small and Medium brand image and hence mobilizing capital through other sources is a challenge in Enterprises depend largely on banking finance. They don't have corporate image.

3. Lack of Industrial Work Culture

Laborers give more weight-age to their personal work and don't maintain regularity, discipline in reporting on time. Getting and continuing with trained workers and satisfying them is difficult.

Study reports show that in India many small and medium enterprises are sick and some are closing down. The main reason is lack of quality and increasing competition. It is necessary for Small and medium enterprises to face new challenges by adopting best strategies Hence the SMEs should take immediate step to create quality awareness, and adoption of continuous improvement techniques can keep low level of capital investment per unit of output (Gowda and Krishnamoorthy).

CONCLUSION

SMEs is an important sector and plays a critical role and has an important place in the Indian economy, in terms of employment generation, exports and economic empowerment.

million enterprises. It accounts for about 45 % of the manufacturing output and around 40% of the total export of the country which is next only to the agricultural sector. Therefore high priority has been given to this sector in order to achieve balanced, sustainable, more equitable and inclusive growth in the country. SMEs will continue to play a very important and vital role in our economy where the twin problems of unemployment and poverty constitute a major developmental challenge. In fact, if India were to have a growth rate of 8-10 percent for the next couple of decades, it needs a strong micro, small and medium sector. SMEs are the best vehicle for inclusive growth, to create local demand and consumption.

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SMALL AND MEDIUM ENTERPRISES ROLE IN CORPORATE SOCIAL RESPONSIBILITY IN INDIA.

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ABSTRACT

Corporate social responsibility becomes visible as a new field in the management research. In India, many organizations have taken the initiatives of CSR practices which have met with varying needs of the society. like charity, philanthropy, national economic development, development of educational institutions, hospitals, and temples by establishment of trusts by the business, development of public sector undertaking, The present study has try to understand the status and progress and initiatives made by Small and medium enterprises (SMEs) firms of India in context to CSR policy framing and implementation. Today may firms play a major role in CSR activities in India. Data has been collected from the official websites of the firms. Although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area.

Keyword:- CSR, SMEs, Social activities.

INTRODUCTION:

In today's social environment, issues related to social responsibility and sustainability are gaining more and more importance, especially in the business sector. Business goals are inseparable from the societies and environments within which they operate. Whilst short-term economic gain can be pursued, the failure to account for longer-term social and environmental impacts makes those business practices unsustainable. Corporate Social Responsibility (CSR) can be understood as a management concept and a process that integrates social and environmental concerns in business operations and a company's interactions with the full range of its stakeholders. Small and medium enterprises play a very important role in the economy of any country and it is more so in a developing country like India. They play a role in boosting the economy of a country. The role of small and medium enterprises in the economic and social development of the country is well established. SME s emerges leaders during the period of recession, restoring jobs and business activity lost during the time despite a slow and fragile economy. The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. It has been estimated that a million Rs. of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points. The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive.

SMEs sector was never taken into account for deliberations and conventional approach to CSR. It is generally assumed to be the part of large companies. It is a well known fact that SMEs produce large proportion of country's output, provides huge employment and generate substantial revenues to the government not only in developed countries but developing countries as well. Small to medium-sized enterprises account for about 90 percent of businesses worldwide and are responsible for around 50 to 60 percent of employment they, potentially have a significant impact on social welfare. As the SMEs also include stakeholders and an impact on the society, it is necessary to understand the role of SMEs in CSR activities. However, it is difficult to enroll the concept for SMEs as they face challenges of survival, time and resource constraints, fear of additional regulations and no systematic incentives. General problems like lack of information, getting trained employees, and getting support from related officials are other limiting factors for SMEs to get involved in CSR activities. However, there are several benefits available to SMEs like small number of employees with quick communication and decision making, unique selling propositions and competitive benefits through their

products and services, cost and efficiency savings. According to a study by the European Commission in 2007 ('Corporate Social Responsibility in SMEs - SMEs Good practice'), CSR can positively influence SMEs' competitiveness in numerous ways. SMEs can provide with improved products, high customer loyalty, motivated employees, innovative and creative employees, cost savings, increased profitability due to optimum resource utilization, enhanced networking with business partners and improved company image.

SOME CSR ACTIVITIES OF INDIA EDUCATION

- Formal and non-formal education, adult education
 - Scholarships for girls, merit scholarships and technical education for boys
 - Distance education
 - Girl child education
 - Digital literacy / computer
 - Education
 - Health care and family welfare
 - Pulse polio programme
 - Mobile clinics — doctors' visits
 - General and multispeciality medical camps, cleft lips
 - Reproductive and child
 - health care, supplementary nutrition / mid-day meal projects
 - Safe drinking water,
 - sanitation — household toilets,
 - community hospitals
 - HIV / AIDS, cancer,
 - TB awareness and prevention
- camps**
- Blood donation
 - Responsible parenting
 - Social causes
 - Widow re-marriage / dowry-less mass marriages
 - Social security (insurance)
 - Culture and sports
 - Women empowerment
 - Infrastructure development
 - Community centres
 - Schools in villages
 - Health care centres and hospitals
 - Roads
 - Homes for the homeless
 - Rural electrification
 - Irrigation and water storage structures
 - Sustainable livelihood
 - Self-help groups (microfinance for women and farmers)
 - Integrated agriculture development
 - Integrated livestock development
 - Watershed management
 - Microenterprise development
 - Skill development / vocational training through
 - Aditya Birla Technology Park for integrated training programme and VT
 - Centres at most of our plants in collaboration with ITIs

SMES AND CSR:-

As from 1 January 2012, every profitable company is required annually to set up a CSR Fund equivalent to 2% of its profits chargeable to income tax, derived during the preceding year. However, for accounting periods prior to this date the CSR Fund is calculated on the adjusted book profit after tax. Objective of Corporate Social Responsibility All profitable companies are required to use their CSR Fund on approved programmers, as defined in Part 2 of the CSR Guidelines that contribute to the social and environmental development of the country. As from January 2012, companies are required to spend of their CSR Fund on the 4 priority areas as defined under paragraph 9.0 of Part 1 of the CSR Guidelines.

CSR activities are no longer the domain of contribution of big corporate giants today even MSME and startups are trying to use advantages of CSR activities to their own favor. Small firms are already stretched to meet their cost requirements, but still perform CSR activities to meet up to the government norms or expectations of the society they belong to. Due to constraints that they face in terms of resource and personal that can be deployed for CSR activities notion of CSR among these company is philanthropic. A very few among them realize the power of CSR activity and the use them to build sustainable capacity for operations. Some SME's contribute by participating through NGO's and some directly. SME formed out of the unorganized sectors like carpet manufacturing, handicrafts, glass industries etc take part in CSR activities to enhance their manpower by enhancing skill set of the community they exist in and thus adding to their capacity. Companies like Asahi Glass, 3M India, and Bajaj Electrical take part in CSR activities with the help of NGO into activities concerning to education, community developments etc. This shows that SCR activities are also catching up among SME's of Indian economy.

CONCLUSION:-

Companies can set a network of activities to be taken up in a consortium to tackle major environmental issues. It would also provide an opportunity to learn from each other. Everyone in the organization needs to recognize their own role in promoting CSR. Companies should provide wider professional development activities. Training, conferences and seminars could be organized by companies to disseminate and generate new knowledge and information in this sector. A strong budgetary support would definitely help to grow this sector and research related to respective industry would enhance their organization's contribution further. Government regulations which are supporting in this direction could attract more response from organizations. All this would also lead to benchmark CSR activities. SMEs must adopt CSR for the benefit of Improved products and/or production processes, resulting in a better customer satisfaction and loyalty, Higher motivation and loyalty of employees, resulting in a higher creativity and innovativeness, Better position at the labor market and better networking with business partners and authorities including better access to public funds due to a better company image Cost savings and increased profitability due to a more efficient deployment of human and production resources and increased turnover/ sales due to a competitive advantage and which will give opportunity for the SMEs to involve in societal developmental activities.

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IMPACT OF GLOBALIZATION ON SMALL SCALE INDUSTRIES

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ABSTRACT

The present paper highlights on the title 'Impact of globalization on Small Scale Industries'. It also refers to the development of incorporation of the globe into one enormous bazaar. It presents quite a few equipments to various people with elimination of all trade barriers between the countries. In general, within India, it is in use to signify incorporate, the financial system of the nation with the globe economy. The Small Scale Industries plays a vital ingredient of commonly industrial zone of the nation. It also forms a leading component of Indian industry as well as contributing to a noteworthy quantity of production, exports as well as employment. Therefore, the present study analyzes the impact of globalization on Indian Small Scale Industries. The key theme of the paper is to evaluate the recital of SSI, before and after liberalization and evaluate them with standard annual enlargement rates, to recognize the impact of Globalization on the presentation of SSI.

Keywords: Globalization, Small Scale Industries, Growth, Production.

INTRODUCTION:

The current intends to focus on 'Impact of Globalization on Small Scale Industries in'. It signifies a process of internationalization plus liberalization, in which the world has become a small village due to the concept of globalization. The competition has become intense in every field. Nations fight with game plan to sustain their economy, by introducing new policies and announcing incentives to support mainly their economic-indicators.

In the history, small scale zone merited only two or three paragraphs in the more all-purpose industrial strategy statements. The information that Government deliberates it essential to make a separate strategy statement for small enterprises is a welcome recognition to the energetic as well as active natural globe of the zone. This strategy statement designed a number of path-breaking measures to mitigate the handicaps that were faced up by small enterprises in respect. Government of India introduced a huge number of inventive promotional procedures to strengthen the enlargement of small scale zone. Major features of the Small Industrial strategy of 1991:

1. Emphasis to shift from cheap credit to adequate credit.
2. Equity participation by other undertakings up to 24 percent.
3. Introducing of factoring services by banks.
4. Marketing of mass consumption goods under common brand name.
5. Setting up of sub- contracting exchanges.
6. Establishment of technology development cell.
7. Opening of quality counseling and technology information centers.
8. New technology up gradation programmes.

Globalization is a course of incorporating different economies of the globe without creating some obstructions in the open flow of goods and services, technology, assets and even labour or human capital. A variety of factors affecting the growth as well as development of small scale industries and the difficulty faced by this very important zone of Indian economy is examined. It

depends upon employment growth, production, export promotion and other trade and industry indicators are argued. It also deals with the following limits:

1. To decrease the trade difficulties to approve free flow of goods as well as services among various states and nations.
2. To make the surroundings in which open flow of assets can acquire place.
3. To design of atmosphere, permitting free pour of equipment.
4. To manufacture the milieu in which free movement of labour can take place in diverse countries of the globe.

AIMS AND OBJECTIVES OF THE STUDY:

The present study is step further to develop sufficient insight leading to formation of appropriate institutional arrangement to strength economic viability of small scale industries in India and elsewhere in country This study will provide essential guidelines to planners, policy makers, administrators and exporters. This will also assist to entrepreneurs to be cautious in planning, erecting and managing their units. It also forces the SSI entrepreneurs to enter in worldwide business, so as to avoid common pitfalls resulting dreaded industrial sickness.

The proposed study is principally aimed at bringing out some issues of the Small Scale Industries. It also focuses on the following objectives:

1. To observe the policies and practices connecting to small scale industries.
2. To find out the dissimilarity between problems and prospects.
3. To recognize the gaps in those practices which is failed to obtain the receipts.
4. To identify the troubles in the obtainable practices.

SMALL SCALE INDUSTRIES AND ITS SIGNIFICANCE

Economic development of a country is directly related to the level of industrial growth. The expansion of industrial sector leads to a greater utilization of natural resources, production of goods and services, creation of employment opportunities and improvement in the general standard of living. India has also been striving to develop the country's industrial base over since independence. It has framed various policies aimed at development of industries in the public and private sectors. Special emphasis has been laid on small-scale industries. Small scale industries play a key role in our planned development with its advantages of low investment, high potential for employment generation, diversification of the industrial base and dispersal of industries to rural and semi urban areas. The small-scale industries sector has been appropriately give a strategic position in our planned economy towards the fulfillment of the socio economic objectives particularly in achieving equitable growth.

The definition of small scale sector is broadened from small-scale industries to small scale enterprises that include all business enterprises in the services sector which provide service to industrial sector in addition to small scale industries taking into account all these factors.

The development of small scale industries is being given due importance by the Government in order to achieve the following goals:

1. To give additional employment opportunities.
2. To muster resources of capital and skill from various parts of the country.
3. To present a more equitable distribution of national income.
4. To offer a helping hand to large industries and facilitate them in their work.

The study observed that the vibrancy and dynamical of the sector anticipated under an era of deregulation and de-reservation

remaining largely unrealized. The study stated that the country needs a strong small and medium enterprises policy, which was closely linked to its international commitments. The study suggested that at the strategy level, there were need to be mechanism by which the demography of small and medium enterprises sector itself becomes a matter of public security.

The study stated that small industry had suffered in terms of growth of units, employment, output and exports. Researcher highlighted that the policy changes had also thrown open new opportunities and markets for the small-scale industries sector. The author suggested that the focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and contribute to national income and employment.

The main objective of the study was to study the growth and pattern of the SSI sector and identify the reasons for success/ failures, to evaluate the impact of globalization on SSIs and export opportunity, to identify the barriers and constraints that SSIs were facing to cope with globalization. The study analyzed that SSI sector in India has been exhibiting a striking export performance; export had grown up to double digit from the last ten years. The study concluded that both opportunities and challenges were raised as the impact of globalization on Indian Industry as a whole and the small scale sector in particular. The study found that a major portion of our exports would have to gear up to the new era of boundary less economy. The study has suggested that there was need for simplified legal and regulatory framework, good governance, sufficient and accessible finance, suitable infrastructure and competitive environment.

CONCLUSION

To bring to a close, the final objective of affluence as well as happiness of the people can be realize only during expansion of trade and industry activities, on a enormous scale in little, small and large sectors on the basis of the level-headedness of their complementarily. Therefore, need of the hour is physically powerful as well as increase small scale sector. Indian financial system will become accomplished to complete desires of the gigantic population as well as to offer sound base for industrial development only with the help of strong small scale sector. For well-built small scale sector, there is requiring of primitive measures rather than defensive quantify.

The outcome demonstrates that globalization is approximately an entire breakdown on growth pretense. To wind up, the researcher can speak that the recent trend of growth of SSI sector showed the trust of Indian economy on globalization and liberalization, which has failed to turn into an optimistic impact on the growth of Indian Small Scale zone. No sign shows the optimistic impact; in every case the standard enlargement rate is fewer in post-globalization period than pre-globalization period.

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ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

Corporate Social Responsibility has transformed a lot from the conventional giving by only big corporate houses and has come a long way from just fulfilling the responsibilities restricted to little value of welfare to its immediate employees and their families. Corporates have imbibed the advantage of ethical behaviour of their company towards society. As a result, businesses now enjoy benefits like faster approvals, highly motivated workforce, customer loyalty, risk mitigation, enhanced brand image, value-based supplier network and favorable public opinion about the company. This paper is an attempt at the role played by Corporate Social Responsibility in Small and Medium Enterprises.

Keywords: Corporate Social Responsibility, Small and Medium, Enterprises

INTRODUCTION:

Corporate Social Responsibility means the way in which business firms integrate environmental, economic and social concerns into their culture, values, strategy, decision making and operations in an accountable and transparent manner and, therefore, leading to better creation of wealth, an improved society and better practices in the business organization. Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs) are companies whose personnel numbers fall below certain limits. The abbreviation "SME" is used in the European Union and by international organizations such as the World Bank, the United Nations and the World Trade Organization (WTO). Small enterprises outnumber large companies by a wide margin and also employ many more people. SMEs are also said to be responsible for driving innovation and competition in many economic sectors.

KEY DEFINITIONS:

The World Business Council for Sustainable Development in its publication Making Good Business Sense by Lord Holme and Richard Watts, used the following definition. Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

For instance, the CSR definition used by Business for Social Responsibility is:

Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

On the other hand, the European Commission hedges its bets with two:

A concept whereby companies decide voluntarily to contribute to a better society and a environment. A concept where by companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Definitions wrapped into one:

“Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. by Lord Holme and Richard Watts SME's are defined in different ways in different parts of the world. Some define them in terms of assets, while others use employment, shareholder funds or sales as criteria. Some others use a combination of revenue and employment as a hybrid criterion. The definition of SME has been a contentious issue in India. In fact, the term, the term SSI (Small Scale Industry) is more commonly used to refer to SME's. In recent years, the Government of India has sought to provide greater clarity in this sector by specifying a clear definition.

In 2005, the definition of a Small enterprise was expanded to include a two category classification-

- a. Enterprises engaged in production/Manufacturing of goods for any industry .
- b. Enterprises engaged in rendering/providing of services.

OBJECTIVES:

To analyse and understand the role played by Corporate Social Responsibility in Small and Medium Enterprises.

RESEARCH METHODOLOGY

The Researcher has evaluated data available regarding the relationship between Corporate Social Responsibility and the role it plays in Small and Medium Enterprises.

WHAT HELP CAN SME'S GET??

There are 2 broad types of potential benefit for a company if it meets the criteria:

- 1) eligibility for support under many EU business-support programmes targeted specifically at companies of this size: E.g. research funding, competitiveness and innovation funding and similar national support programmes that could otherwise be banned as unfair government support ("state aid" – see block exemption regulation).
- 2) fewer requirements or reduced fees for EU administrative compliance.

LITERATURE REVIEW:

Baker (2004) one of the most frequently asked questions at this site - and probably for all those individuals and organizations dealing with CSR issues is the obvious - just what does 'Corporate Social Responsibility' mean anyway? Is it a stalking horse for an anti-corporate agenda? Something which, like original sin, you can never escape? Or what? Different organizations have framed different definitions - although there is considerable common ground between them. My own definition is that CSR is about how companies manage the business processes to produce an overall positive impact on society.

Jamie Snider et al. (2003): The corporate social responsibility (CSR) is described as the relationship between business and the society. The question is “Should companies take responsibility for social issues?” CSR is defined as “the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company”

Raynard and Forstater (2012) Corporate Social Responsibility is an increasingly important part of the business environment. These changes were brought by the globalization of trade, the increased size and influence of companies, the repositioning of government and the rise in strategic importance of stakeholder relationships, knowledge and brand reputation. Corporate Social Responsibility (CSR), defined in terms of the responsiveness of businesses to stakeholders' legal, ethical, social and environmental expectations, is one outcome of these developments. As with other similar type of initiatives the rate of adoption of CSR practices has been slower within SMEs. The reasons for this slower adoption can range from the daily pressures to succeed in the

marketplace to the limited amount of resources that SMEs have. In our experience however a key factor is the fact that SMEs often do not really understand the benefits of adopting these new practices.

Szekely and Knirsch (2005) suggest that some of the barriers that affect the adoption and success of CSR initiatives include the lack of integration with business strategy and appropriate measuring tools to weight the success of these initiatives. Furthermore, although innovative effort appears widespread amongst SMEs evidence suggests that this does not always translate into improved business performance (Hoffman et al, 1998). As a result SMEs often prefer to participate in one-off initiatives rather than in lasting programmes thus minimizing the possibility of successful sustainable practices (Burke and Gaughran 2006). The magnitude of this problem is accentuated if we consider that SMEs in Europe represent 99.8% of the total number of businesses and consequently a huge source of employment and wealth creation. If we take into account that companies from different sectors and products have very different requirements and drivers, understanding the reasons for this lack of success of innovation and CSR related practices in SMEs can be a complex matter. Research undertaken by (Pimenova and Vorst 2004) suggests that SMEs that implement CSR related activities are primarily concerned about their public image. Similarly, (Burke and Gaughran 2006) suggest that "compliance with legislation is the key driver" and without adequate support programmes and policies (i.e. financial benefits) sustainability would be difficult to achieve. There are many definitions of CSR as well as different opinions on how CSR should be introduced in organisations, which increases the complexity of the issue. It is important to emphasize that the stance that the European Community has taken with regards to several aspects of CSR is a voluntary one. The rationale behind this approach is that stringent rules and regulations constrain creativity and innovation in organisations reducing competitiveness (Poolton and Ismail 2000). On the other hand, it is believed that the lack of rules and legislations with a non voluntary approach may create complacency and encourage companies to do as little as possible, e.g. public relation stunts aimed at increasing profit without actually contributing in a positive way to society or the environment (Pimenova and Vorst 2004; Doane 2005). These opposite points of view are valid as they have been exposed by mass media and to witnessed by society. This raises the question: what is the role of business in CSR? Unfortunately there is no single answer to this question. The bottom line is that whether CSR practices are forced upon an organisation or voluntary, for these practices to be successful they must have a 3 fold positive impact on the company profits, the environment and the society. The review of the literature suggests that there is still a lack of understanding of how CSR initiatives can support innovation programmes that lead to business performance improvement in SMEs. The study presented in this paper aims to make a contribution in that direction.

DATA ANALYSIS AND INTERPRETATION

There is a clear and evident trend of an increased emphasis of expectations of CSR from SME's in India. In the export sector, it appears that a large number of ethical and social responsible initiatives ranging from education, codes of conduct, technology transfer and incentives have been adopted. Instances of enlightened SME's and owners appear to be by far very few. However, in future the pressure from the local community, government and the industry associations may force SME's to act responsibly in areas related to the environment. The high levels of air and water pollution in many cities in India in the last decade has caused a great deal of concern. CSR education has been undertaken by the industry associations and this could result in more SME's engaging in CSR activities related to the environment. The fragmentation of the labour market and the large participation of the work force in the informal sector in India would mean the need for Human resource practices which provide social security to employees. From the view point of practice, it appears that a number of initiatives related to CSR have been launched in the last few years. This should result in visible and tangible impacts over the next few years. From a theory building point of view, there may be opportunities for researchers to engage in meaningful action research.

The fact that the study clarifies the strategies and motivations of CSR in SMEs makes possible the development of active policies to promote CSR in the universe of these companies. This research paper can be a foundation to future studies in the area of research related to the role that Corporate Social Responsibility can play in Small and Medium Enterprises in the years to come.

CONCLUSION:

Small opportunities are often the beginning of great enterprises. With the changing technology and emergence of ideas in this highly competitive world the SME's is emerging at a faster rate. the CSR was considered the part of large companies only but now the social responsibility can be included in the small and medium enterprises. SME's are considered the most dynamic and vibrant sector of the economy. the number of small scale industries hav increased form an estimated 8.74 lakh in 1980-81 to 32.25 lakh in 1999-2000. they account for about 35% of the country's industrial production, 40% of exports and 60% of employment opportunities. the purpose of this paper is to explore the the role of CSR in SME's. the study result shows that the CSR in a SME.

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FINANCING OF ENTERPRISE – CHALLENGE FOR UPCOMING ENTREPRENEURS

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ABSTRACT

According to John Kao & H. Stevenson, "Entrepreneurship is the attempt to create value through recognition of business opportunity the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition."

Every enterprise needs short-term and long-term capitals or fixed and working capitals. The sources of raising finance can be classified into internal sources and external sources. The total capital raised from an internal & external source should be an ideal combination of composition of capital to maintain an effective capital structure by maintaining the cost of capital at the lowest. The different factors affects the capital structure includes cash flows, trading on equity, provision for future, nature of business, & size of the enterprise, etc.

Long-term loans are usually raised to meet the financial requirements of acquiring the fixed assets for the enterprise. The major sources of raising long-term loans include public deposits, issue of shares & debenture, loans from financial institutions & commercial banks & retention of profits etc.

Short-term loans means the loans raised for a maximum period of one year. Short-term loans are raised to meet the day-to-day requirements.

These loans are raised from trade credit, advances from customers, commercial banks, Bank Overdraft, Public deposits & factoring. The total amount of capital employed in business enterprise is called capitalization. The historical cost theory or the earning theory can be used to ascertain the proper size capitalization. When the actual capitalization is more than proper capitalization then, it is over-capitalization & both are not good for an enterprise.

Financing the enterprise with high technology, involving high risk as well as high rewards is called 'Venture Capital'. 'Export Finance' means the credit facilities provided to the exporters at the pre-shipment & post shipment.

In the present research paper, financing of enterprise have been studied to the point of view of source of finance, need for financing planning, venture capital & expert finances.

Keywords:- Venture Capital, Export finance, Financial Planning, Trade Credits, Over-Capitalization, Under-Capitalization, etc.

OBJECTIVES OF THE STUDY:-

1. To study the need for financial planning.
2. To study over-capitalization & under-capitalization.
3. To study venture- capital.
4. To study Export finance.

RESEARCH METHODOLOGY:-

DataCollection:-

The present study is based on the secondary data only.

INTRODUCTION:-

Entrepreneur:-

Entrepreneur is an economic agent who unites all factors of production like land, labor & capital & undertakes supervision over the activities of the enterprise.

According to McClelland defined an entrepreneur as- "Someone who exercises some control over the means of production & produces more than what he can consume in order to sell (Exchange) it for individual (or household) income."

According to Francis A Walker "The true entrepreneur is one who is endowed with more than average capacity in the risk of organizing & coordinating the various factors of production."

Every enterprise needs finance for acquiring the factors of production like land, labor & capital.

Need for Financial Planning:-

The significance of finance in production is treated like lubricant to the process of production. Finance is the life-blood of enterprise because; finance is one of the important requirements to start an enterprise. Finance is required to bring together all means of production like land, labor, raw material & machinery to combine then to produce goods.

The phrase "Whoever has the gold makes the rule" also elucidates the significance of finance for small enterprises: in particular for small enterprises, in particular, and industry.

Every enterprise needs to forecast the accurate requirement of finance in the beginning in clear terms because under capitalization and over capitalization dangers create limitation on the success of an enterprise.

Many enterprises may be very well-doing in production process but if the funds flow is not taken care of then such enterprises faces the failure.

"Financial Planning" refers to the decisions taken by the entrepreneur well in advance regarding the future financial requirements of his/her enterprise." Financial planning is a financial forecast made for the enterprise in the initial stage.

Usually an entrepreneur has to answer the following three questions while preparing a financial plan or financial forecast:-

- i) How much funds are required?
- ii) What is the source of funds?
- iii) When does the fund need to be available?

The requirement of funds can be calculated by listing out the assets required by the enterprise. The source of funds can be internal or external depending upon the amount required.

Sources of Finance

1. External Sources
2. Internal Sources

1) External Sources:

- a. Hire purchase or leasing facility from the National Small Industries Corporation (NSIC) and State Small Industries Corporation (SSIC).
- b. Terms loans from financial institutions.
- c. Deposits or borrowing from friends, relatives & others.
- d. Seed/ Margin Money, Subsidies from the Govt. and financial institutions.

- e. Credit facilities provided by the commercial banks.
- f. Borrowings from the banks for working capital purposes.

2) Internal Sources:

Funds are generated or raised within the enterprise under this source as follows:-

- a. Personal loans taken by the entrepreneurs on his/her personal assets like buildings, life insurance policies, investment or provident fund, etc.
- b. Retention of profits.
- c. Own capital including equity, depositor loans, given by owner; directors or loans given by the owner; directors or partners.
- d. Ploughing back of profits.
- e. Conversion of some assets into funds; etc.

Under Capitalization:-

According to Gerstenberg, "An enterprise may be under-capitalized when the rate of profit is exceptionally high in relation to the return enjoyed by similar situated enterprises in the same industry. The assets may be worth more than the values reflected in the books."

Under Capitalization is exactly reverse case of an over-capitalization. When its actual capitalization is lower than the proper capitalization, then an enterprise is said to be under-capitalized.

Cause of Under Capitalization:

- i. Under-estimation of the funds required.
- ii. Due to excessive earning enterprises are required to bear the burden of heavy taxation.
- iii. Under-estimation of initial rate of earnings.
- iv. Starting- up of an enterprise in the recession period.
- v. Operating at high-capacity level.
- vi. Retention of profits as a part and parcel of conservative dividend policy.
- vii. Using Lower rate of capitalization.

REMEDIES FOR UNDER CAPITALIZATION:

- a) Issue of bonus shares.
- b) If large amount of surplus available, the declaration of dividend payables in stock.
- c) Splitting-up of shares of an enterprise.
- d) To increase the per value of shares or stock.

OVER CAPITALIZATION:

Over- capitalization refers to the situation when an enterprise possesses excess of assets in relation to its requirement. The actual earnings are lower than expected earnings in the situation of an over-capitalization.

CAUSES OF OVER CAPITALIZATION:

- i. High-rates of taxes imposed by the Government.
- ii. Over-capitalization of earning for an enterprise.
- iii. Borrowing of money at a higher rate of interest as compared to rate of return of an enterprise on the capital employed by it.
- iv. Raising of excess capital through issue of shares and debentures.
- v. Payment of dividend at high rate.
- vi. Inadequate provision for depreciation.
- vii. Acquiring fixed assets by investing an excessive amount.

REMEDIES FOR OVER CAPITALIZATION:

- a. Reduction of the per value of stock, if possible.
- b. Reduction of the claims of investors and shareholders.
- c. Reduction of the rate of preference dividend.
- d. Reduction of the rate of interest on debentures.
- e. Reduction of the number of equity shares.

VENTURE CAPITAL:-

International Finance Corporation, Washington (IFCW) defines venture capital as equity or equity featured capital seeking investment in new ideas, new companies, new products, new processes or new services that offer the potential of high returns on investment. It may also include investment in turnaround & situations.

Venture Capital is a form of financing specifically designed for funding high technology, high risk and perceived high reward projects. The venture capital plays the substantial role in transforming new ideas of entrepreneurs into commercial production.

EXPORT FINANCE:-

Export finance means the credit facilities and techniques of payment at the pre-shipment and post-shipment stages. Indian and foreign commercial banks which are the members of 'Foreign Exchange Dealers Association' provide export finance. The RBI and the IDBI provide refinance facilities to the commercial banks. EXIM Bank also provides finance to exporters and to overseas joint ventures and construction projects abroad.

PRE-SHIPMENT FINANCE:

Whatever financial assistance provided to the exporters before actual shipment of goods means the pre-shipment finance.

The pre-shipment finance is provided usually for production process ranging from purchase of raw material to the production of the finished goods.

Pre-shipment finance includes:-

- a. Packaging Credit.
- b. Advance against incentives.
- c. Advance against duty drawback.

Pre-shipment finance is usually provided by the banks at concessional rates of interest. Maximum credit period remains 6 months.

POST-SHIPMENT FINANCE:-

Any loan, advance or credit provided by a bank to an exporter of goods from India from the date of supplying credit after shipment of goods to the date of realization of export proceeds is called as the 'Post-shipment finance'. Credit period is usually 6 months. Such credit works as a bridge loan for the period between the dates of granting credit to date of realization of sale proceeds.

Export Inspection Council of India (EICI) grants financial assistance to the exporters for the quality control purpose. The Government set up the Export Credit and Guarantee Corporation (ECGC) which provides financial assistance in the form of insurance cover and guarantees to eliminate the risk element in export business.

CONCLUSION:-

Every enterprise needs capital to become a successful concern. It is the skill of an entrepreneur to perform ideal combination of capital structure to minimize the cost of capital. It is important to note that selection of the source, internal or external is the critical factor of decision-making relating to raising of finance by the enterprise. For the small entrepreneurs short-term finance sources like trade, credit, Discounting of the bill of exchange, Bank overdraft & cash credit, loans from commercial banks or factoring are safer to control cost of capital or cost of raising finance for an enterprise.

But for the large concerns implementing with new technology, venture capital is more realistic, for the exporters 'Export Finance' is like necessary part of business.

But at the simultaneous point of time, every enterprise has to balance the proper capitalization by avoiding under-capitalization or an over-capitalization.

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