CHAPTER 5
SUMMARY, CONCLUSIONS AND SUGGESTIONS

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SUMMARY, CONCLUSIONS & SUGGESTIONS

5.1 SUMMARY

SMEs in INDIA can be traced back to the Gandhian Model of economic self-reliance. After Independence and with subsequent liberalization policies of the government in 1991, this sector has seen significant growth. SMEs are now being truly encouraged. Mahatma Gandhi’s vision for this economic model was aimed at providing employment to large no of people to address the prevalent issue of poverty.

Post Independence India adopted the Industrial policy resolution of 1948 that defined the role of state in industrial development for first time. Centralized planning was a strong feature for first few decades and several controls were kept on private trade, investment, land ownership and foreign trade.

Later during second five year plan through second industrial policy small industries were placed clearly that too in an important position. But the scenario of Small Scale sector changed with Industrial policy of July 1991 which for the First time in India’s development history spoke of liberalization. This reflects the growth of SSIs as against the total industrial sector from 1991-1999. In 1991 the growth rate of SSIs was almost 3 times of the total industrial sector at 3.1%. From 1992-1995 the growth rate of
SSIs exceeded that of industrial sector. However in 1995-96 the growth rate was slightly lower, but again it increased in 1996 and continued to be higher than the total industrial growth rate till 1999. Till 2006, SME segment saw a lot more development and support from government which led to Entrepreneurial Development and diversification of industrial sector with the service sector dominating SMEs (Anoop Sharma, 2012).

Erdal Akdeve (2013) through his study came to the conclusion that exports play an important role in a country’s economy and in turns its economic growth. In general, one of the main problems in exportation is that SMEs consider exporting as an operation that only large scale firms undertake and give insufficient importance to exporting. This approach also herewith brings in other issues, such as lack of knowledge about the international markets, the lack of mechanisms and tools to reduce the entry risks to international markets and a general lack of cooperation between the SMEs. Also, some other well-known factors that affect SME’s export potential in a negative way are the insufficient capital due to the size of SMEs, the shortage of skilled labor and distribution channels, the incompetency in the price setting process and the lack of promotional activities.

With an aim of removing the bottlenecks faced by SME sector like tough competition from domestic companies and Multi National Companies, inadequate access to financial resources due to lack of information, lack of
access to international markets, lack of awareness of the policy framework for them. A fresh start has taken place in the form of MSMED Act 2006, an effort to promote and support SMEs in the context of globalised competitive world.

During last one decade the trade from MSME sector has gradually been increased. Any nation will only flourish when the states grow; the MSME sector is showing considerable growth in almost all the states of India and putting their contribution in the overall GDP of the country. This research work is a case of Indore (Madhya Pradesh) where the researcher has tried to explore the potential factors which can be polished more to boost exports from Indore. Also, the researcher has tried to study the impact of government schemes, FDI & technology on Indore based MSMEs.

Against the above backdrop, the research work "Micro Small and Medium enterprises in Indore region: A Study of Export potential" has been organized into six chapters besides references and appendices.

**The first chapter** is introductory in nature; it starts with conceptual framework of the topic. In this chapter the study comprehends the meaning and evolution of MSMEs. While trying to comprehend the evolution of MSMEs and the potential factors for exports, the study finds that with the changing time MSMEs has became advanced with respect to technology adaption and
other required skills to compete in global market. Out of which techno
friendly enterprises have grown well and met the demand occurred in
domestic as well as global market. The chapter briefly analyses the
development of MSMEs with special focus on exploring the potential
factors responsible for exports in Indore region. The chapter also deals with
rationale which provides background to frame objectives and the
methodology to be followed in order to test the hypotheses.

**The second chapter** ‘Review of Related Literature’ attempts to review the
literature related to the Micro Small and Medium Enterprises. Efforts have
been made to briefly describe the available studies with respect to their
importance to the present study. These reviews help in scrutinizing what has
already been done on the related topic to give a deep insight and clear
perspective of the overall field. The scrutiny of the literature provides a
great understanding of the problem and its crucial aspects and ensures the
avoidance of unnecessary duplication. It further provides comparative data
to evaluate and interpret the significance of the findings. The published
literature is a fruitful source of hypotheses. It provides findings and
conclusions of others investigation which helps in finding a way for
conducting the study.

During the study of literature various inferences have also been drawn. The
review of various studies related to MSMEs helps to draw inference that
MSMEs are playing a pivotal role in the national economies of countries and if they get assistance and attention they can prove themselves as the prominent factor in overall growth of country. Factors like competency, total quality management, export performance indicators and financial strength are fairly present in Indore based MSMEs. The review of literature related to awareness of government schemes helps to draw inference that the government schemes and programmes are very well designed to help entrepreneurs but MSMEs are not aware of them and studies also found that many MSMEs are not interested to avail the schemes as they had a bad experience of lengthy documentation and ignorance from banks & government agencies. After analyzing the literature related to impact of technology on MSMEs, the study helps in inferring that most of the small and medium enterprises are techno-savvy, but still some medium and micro enterprises are lagging back due to use of outdated technology as they are not having sufficient funds to update the required technology. And the inference drawn from impact of Foreign Direct Investment on MSMEs in Indore is that they don’t find FDI is contributing to the growth of their enterprises; FDI only destroy the market of domestic players and dominate. The review of literature also draws an inference that as and when MSMEs grows from nascent Micro to Small and from Small to Medium the export performance will increase as they are now experienced about the market,
aware about the various government schemes which play a major role in any enterprise to rise high. The review ultimately provides broad spectrum about various aspects of the study. It also helps in formulation of appropriate methodology and a base to the present study.

The third chapter 'Research Methodology & Design' explains about the nature of study and found that the present study is descriptive in nature; primary data has been collected from MSMEs of Indore region. Also, the secondary data has been collected from various government authorities, SME magazines and official websites. The questionnaire was distributed to 300 respondents and finally received 192 completed error free questionnaires from Micro Small and Medium Enterprises of Indore region. Kaiser-Meyer-Olkin (KMO) test was applied to check sampling adequacy of the sample. The questionnaire was based on multiple scales viz. five point Likert scale, nominal scale (Yes/No) and multiple choices with all close ended type questions.

To check the reliability of the questionnaire Cronbach’s Alpha Test (Cronbach’s, 1951) was applied on all questions based on five point Likert scale (23 questions). The analysis of data was carried out by using Factor analysis, Graphs, Pie-charts and One Way ANOVA that have been presented at the end of this chapter.
The fourth chapter relates to ‘Result Analysis & Discussion’, the details of the result have been given based on statistical analysis, along with related research problems and null hypotheses. There are five objective and hypotheses. The results were discussed in light of the basic hypotheses of the study and reported findings of other related researches to draw some significant observations. The chapter has discussed the importance of findings while relating them to the existing knowledge of the subject. The summary of result was also presented for clarity at the end of each set of the results.

The fifth chapter relates to ‘Summary, Suggestions and Conclusion’. The chapter starts with summary which presents a chapter wise outline to provide a quick overall picture of the contents of the report. The suggestions highlight the critical issues and give direction for further research. The suggestion also highlights the ways to improve the hidden export potential of MSMEs in Indore region. The chapter ends with conclusions that are drawn from all the four objectives of the study. To present a brief integrated form of this research study, conclusions of the study are given below:

5.2 CONCLUSIONS

The Micro Small and Medium Scale Enterprises differ in terms of their annual turnover. The conclusions have been drawn in light of the objectives,
which were framed for carrying out the present study. The study has successfully achieved its objectives as concluded below-

The primary objective of this research is to critically appraise the overall export potential of MSMEs from Indore region. Though there is lot of limitations on the way of doing exports from MSMEs in Indore region but then too, the present study revealed that there exists a lot of export potential in the MSMEs and they are performing their best in these diverse situations too. Potential factors identified in Indore based MSMEs are viz. Competency, TQM, Export Performance Indicators & Financial Strength.

The first factor competency was measured by 10 items viz. skilled labor, Experience, Managerial skills, logistics, Marketing Information system, customer feedback, Trainings, Competitiveness, Future Export plan and Inland Container Depot, where skilled labor is the ability of a person performing the given task. The studied MSMEs are found to have reasonable skillful labor force, which are actually the assets of growing business. Its Item load is 0.841. The experience here refers to the previous business experience of the managers and other employees. Business experience as well as the relative change in experience impact upon export performance. (Majocchi et. al., 2005). Fenwick and Amine (1979) concluded that years of export experience discriminate high and low export performers. The previous experience of a firm affects its international
position (Erramilli, 1991). Firms must learn how to behave in a different market context and therefore the international experience is very important (Antonio et al., 2005). A managerial skill is another important item which plays prominent role in giving right direction to the business. SMEs are highly dependent on the capabilities of their owner managers. A great deal of the entrepreneurship and small business literatures have identified the crucial role played by the manager who determines the strategic direction of the business (Rutihinda, 2008). Its Item load is 0.837. Logistics, another item which drives any business to the desired heights. In the studied MSMEs of Indore region, logistical infrastructure and facilities are very much upgraded. The implementation of new technology and the introduction of cost-effective models have propelled a paradigm shift in the Indian logistics industry. The new models for logistics are supported by strong distribution and warehousing services (Economic Times, 2009). SME service providers in Indore are rich in local experience and have the flexibility and speed to deliver according to the expectations of the buyer. Most SMEs are also owner-driven and this re-assures their customers that they will be dealing with a person rather than an impersonal service. The Item load is 0.786.

A well planned Marketing Information System (MIS), now a days is the backbone of successful enterprises. It plays a major role in collecting and
analyzing information related to marketing of goods and services. In today’s
digital world the potential customers in the form of opportunities’ spread
globally, only the need of an hour is to catch them smartly. This smart work
is done by MIS; it helps managers and business owners to judge the pulse of
market. To achieve higher standards of efficiency and performance, it is
suggested that SMEs should introduce new innovative concepts including
MIS, if it wants to survive in the present day world of competition (Rahul
Hakhu et.al, 2012). The Item load is 0.684. The study experienced that the
studied MSMEs are very much concerned for Customer feedback.
Customers’ feedbacks are well received and take it as guide to rectify the
errors and as a source of motivation to maintain consistency in quality. The
Item load is 0.679. Various technical and soft skill trainings must be in
routine for ensuring the success of business. The studied firms are found
very active at this front in order keep themselves technically sound and
competent to offer best product in the market. The MSME-Development
Institute offers various technical and management training programmes for
the benefit of prospective/ existing entrepreneurs. Oyelaran-Oyeyinka and
Lal (2006) examined the ways in which small and medium enterprises in
developing countries learn to use and enhance their core competencies with
new technologies. He adds that, to speed-up the business activities adoption
of Information and communication technologies (ICT) is required and for
that the training oriented working environment is the first hour need. The **Item load is 0.626.** The studied MSMEs are reasonably *competitive* in all respect, they follow all the necessary procedure in production, follows important packing and bar coding norms, follows critical quality check points etc. These key qualities bring these MSMEs into lime light and made them potential future exporter. The **Item load is 0.509.** Firms have concrete future plan for expansion of their production and target market and thus almost all the studied MSMEs have *future export plan.* This proves that the MSMEs are potentially enthusiastic, energetic and ready for future progress in all respects. The **Item load is 0.475.** *Inland container depot* situated in Pithampur (M.P.) is a biggest advantage to exporting firms of Indore region. ICDs facilitate all the facilities related to hiring container, shipping line, custom clearance, documentation and other legal clearance at single window. An improved customs clearance and inspection procedure is generating faster, more certain and, ultimately, less costly trade transactions. Computerization of customs procedures resulted in time and cost savings due to the reduced need to repair, handle, store and deliver customs documentation. The **Item load is 0.427.**

Hence the Competency is **rated at 4.06 (Refer Graph 4.2.3a)** which fall under acceptance range; hence we can conclude that the enterprises in Indore region possess competencies in all respect.
The second factor total quality management is measured by 5 items viz. quality standards, government schemes, government assistance programmes, certifications and new product development where, quality standard refers to the essential product quality certification to meet the market requirements. Process standards, packaging and bar coding standards, in-process quality check etc. are the key strength of these enterprises the studied MSMEs of Indore region. Divya Sampath (2006) in her research considered Exporting to be one way of stimulating growth of SMEs; she finds that if SMEs gradually improves the quality standards of manufactured products they can capture more global shares. The Item load is 0.913. Government with the help of various schemes and other assistance programmes related to finance, quality standards, process & certifications enabling these firms to be competent for doing export. But as per the current study, not all the schemes are known to majority of entrepreneurs. The entrepreneurs did not have sufficient knowledge and awareness about the policy of the Government. The investigators found that the unawareness and the lack of sufficient fund are inhibiting factors in the development of industrial entrepreneurship in rural areas (Gaikad V K and Tripathi R N, 1982). The schemes are undoubtedly framed to provide benefits to MSMEs but there is lack of awareness and lack of support from banks which needs to be removed to make the system fully transparent so that, with such
government assistance MSMEs can prosper in their field. The Item load is 0.874 for government schemes and the Item load is 0.864 for government assistance programmes.

Various certifications viz. product quality certification, food safety certification, packaging and bar coding certification are the strategic advantage to the MSMEs. With these certifications in hand the MSMEs feel confident to compete in global market and can improve their export performance. These certifications are issued by government with the help of various concern departments in order to ensure quality standard in process and product. The Item load is 0.770. New product development is a very good business strategy for competing market. This approach enables these firms competitive in the market by taking proactive action on upcoming trend and demand pattern of the customers. The studied MSME's of Indore region are found ready to inculcate the changes as per the demand of market and customer feedback. The Item load is 0.710. Hence the overall factor load of total quality management is rated at 4.00 (Refer Graph 4.2.3a) which is under acceptance region, hence, the study concluded that MSMEs controls all the parameters related to meeting quality standards of product as well as production process.

The third factor export performance indicators is measured by 4 items viz. soft skills, product innovation, capacity of production and superior product
quality, where *soft skills* is referred to behavior and attitude of a person, body language, talking tone & pitch and many more that make an individual good or bad while dealing with others. The studied MSMEs were found very prompt on this aspect and running regular soft skills training programs in order to inculcate necessary intrinsic qualities among the employees. The entrepreneur’s personality, attitude, his/her managerial skill and technical know-how are often cited as the most influential factor to the performance of SMEs (Man *et al.*, 2002). The *Item load is 0.605*. *Product innovation* was found as a part of MSMEs’ business plan which gives a competitive edge to them. Alvarez (2004), in his study found that greater effort in international business, product innovation and the utilization of export promotion programs contribute positively to export performance in SMEs. Higón and Driffield (2010) in their study found the two types of innovation both impact positively on the decision to export. The *Item load is 0.601*. In capacity wise MSMEs in Indore region are ready to meet export requirement in all sense: production, warehousing, transportation etc. The *Item load 0.568*. The studied MSMEs are continuously improving the products in all respects by product formulation, new product development, quality improvement etc. They assure the customers that quality delivered is always superior and meets all the quality standards to qualify to the international market. The distribution and delivery quality are two parts of
marketing capabilities (Borgersen, 2006). The Item load is 0.548. Hence, the overall factor Export Performance Indicators is rated at 4.02 (Refer Graph 4.2.3a) which is under acceptance region, therefore, the study revealed that MSMEs in Indore region equipped with all parameters which indicates the ability of the firm to meet export assignments.

The fourth factor Financial Strength is measured by 4 items viz. working capital, export knowledge, credit term and networking, where working capital is the life blood to start and run any business activity. In the studied MSMEs working capital requirement were being fulfilled from firm's reserved resources and yearly earned profits and they have no working capital problem and ready to meet any export assignment technically and financially. The Item load is 0.717. The study found that the enterprises in Indore region have been exporting for more than 10 years. Firms have full knowledge of exports and export related requirements. SMEs having the international orientation, personal contact networks and personal previous experience of extra-regional expansion get success in export performance (Borgersen, 2006; Rutihinda, 2008; Baldauf et al., 2000). The Item load is 0.703. In credit terms, the studied firms of Indore region were found very comfortable in crediting export for short period of time. They have enough resources available with them that can fulfill the short term trade credit. The Item load is 0.562. Networking helps firm to generate new enquires and
searching for new prospects to enlarge business circle. Export cooperation and networking existence influence the SMEs’ export performance to a large extent (Borgersen, 2006). A firm’s relationships with other firms in the market place can contribute to its internationalization process. As the firm takes advantage of its established relationships in the industrial network, the SMEs may be able to overcome their resource constraints by using their partners’ resources (Rutihinda, 2008). The studied MSME’s of Indore region are well versed in establishing and maintaining the business networks for their business expansion. The Item load is 0.534. Hence the overall factor load of the fourth factor financial strength is rated at 4.04 (Refer Graph 4.2.3a) which fall under the acceptance range; hence, the study concluded that the studied MSMEs have financial strength to meet the export assignments.

5.2.1 The first objective is to identify the various government schemes available and their awareness level for encouragement of MSME sector specifically for Indore region. The study found that the schemes like Rajiv Gandhi Udhyog Mitra Yojna (RGUMY) is used by 64/192 enterprises, Market Development Assistance schemes (MSME-MDA) is used by 84/192 & Sensitization Program on Bar-coding, WTO, IPR and Export Packaging is used by 64/192. These are the most adapted export promotion schemes which are highly beneficial
to the manufacturer as it is mandatory for exports and provide strength to become competitive. The result revealed that only few government’s export promotion schemes are being availed by the MSMEs situated in Indore region due to lack of awareness. This result is supported by the previous researches in the context that government should come forward to make MSME’s aware about their schemes and programmes. In the light of above result, Amar Shankar and Prakash Singh (2014) in their study found that the Government of India established a separate ministry focusing on the needs of MSMEs. Being a horizontal ministry it requires support and collaborative decision making from other ministries to ensure the competitiveness of the Indian small and medium enterprises can improve. Furthermore, governments should promote the “single point of sale” concept. SMEs should not be tasked with finding which public programme best suits their needs. It should be possible for them to submit a single application and have a public body or agency which is responsible for finding the appropriate financing mechanism. (Bénédicte Callan and Jean Guinet, 2000). Undoubtedly the MSME sector has enormous potential and is a crucial aspect of the Indian economy. However it is essential on the part of the government to
take careful decisions and honest policy implementation to overcome the problems of MSME sector (Ishu Garg and Suraj Walia, 2012)

5.2.2 The second objective relates to identify the impact of FDI on MSMEs in Indore region. The result revealed that FDI has no significant contribution in the growth and development of MSMEs in Indore region. MSMEs are not getting benefit out of FDI schemes nor did they feel it's a fruitful to them. Significant relation couldn’t be found between FDI and MSMEs growth because according to the responses collected from MSMEs those are benefited by FDI felt that it contributes only 15% to 35% in their growth.

Rajen Kumar, Chief Editor, SME World, opines 51 per cent FDI in multi-brand retail sector may not push the growth. He says, “When our own efforts have failed to hand-hold the sector that remains unorganized, how we can expect FDI to benefit. First, we all must identify the sector. Corporate has its own definition while government’s definition is not realistic. FDI will have a serious impact on the manufacturing sector and manufacturing industries on the middle rung will be wiped out. Agriculture land owners will get benefits, not the farmers. Consumers will be benefitted. They will have the best of products at reasonable cost and of world-class quality.” – (Entrepreneur-India.com, 2012)
5.2.3 The *third objective* is to identify the impact of new technology on MSMEs in Indore region. The result revealed that there is a significant relation between new technology and improved production of MSMEs. Out of the total responses it was found that 100% of studied MSMEs have installed new technology and their productions increased due to new technology were ranging from 10% to 40%.

The study found that the MSMEs situated in Indore region are equipped with latest technology in their production process that results in high quality products and cost effective production. It is a significant indicator which indicates that the enterprises in Indore region are ready and efficient in meeting export requirements related to capacity, quality and standards. This result is consistent with the previous researches in the context of significant positive impact of information technology on MSME’s such as Akande Olusola and Yinus Oluwaseun (2013); Dr Charles Akomea-Bonsu and Frank Sampong (2012); M. Krishna Moorthy, Annie Tan, Caroline Choo, Chang Sue Wei, Jonathan Tan Yong Ping and Tan Kah Leong (2012), it showed that information technology has a significant Impact on performance of SMEs operation and influence the level of economic activities as a whole.
5.2.4 The *fourth objective* is to identify the difference in export performance of firms based on their enterprise type. The result revealed that there is significant difference in export performance of firms based on their enterprise type, like from Micro to Small and from Small to Medium the export performance gradually increases. This increase in export performance is due to firm age, its export experience and finally the increased turnover.

Based on the results, adoption of new technology has strongest positive relationship with the overall performance of the MSME’s. Export Potential can be enhanced by creating awareness about the different programs run by government of India so that the MSMEs get the maximum benefit out of them. The MSME-DIs are doing well but needs to be the best to explore the hidden talent in the existing enterprises by doing more workshops on international standards, Bar-coding, technical know-how etc. The Development Institute should organize more trade fairs, buyer-sellers meet, exhibitions, etc. so that products made in Indore (Madhya Pradesh) can get the national and international achievement. This study is opening up new vistas for further research studies related to Micro small and Medium Enterprises.
The sixth chapter relates to ‘Implications, Limitations and Scope for future research’ of the study. Implications focus on the utility of the generated knowledge and its application for different purposes. The present study is a pioneering effort to investigate the factors which should be triggered to boost the export potential of MSME’s, also to find the percentage contribution of Government schemes, FDI’s and Latest Technology on the growth of MSMEs in Indore region. The research problem examined very carefully using standardized tools for data collection. The data was statistically treated to arrive at the result. The study has brought important insights and suggested various dimensions for improving or enhancing the hidden export potential of MSMEs in Indore region.

The research has provided the basis for researcher and practitioners to further investigate into specific areas related to export potential of MSMEs that are clearly described in this chapter in the light of their implications. The present study will definitely help the MSMEs and upcoming entrepreneurs in Indore region to find the different ways by which exports can be increased. The study identified 4 factors: Competency, Total Quality Management, Export performance Indicators and financial strength, they not only reduces the current gap on the way to excel but also fill up those gaps to effectively enhance the exports of MSME’s from Indore region. The study has its own limitations which are discussed in this chapter, which can
be used further for rectification in related future research works. The present study will also definitely help the, academicians, existing and upcoming entrepreneurs as well as MSME-DI Indore to know as to what steps actually need to be taken to improve the competitiveness of the firms so that they can stand in a global market.

The references have been included at the end, which relate to the relevant studies cited at various place in the report.

5.3 SUGGESTIONS

The micro Small and Medium Scale Enterprises play a significant role in the overall growth of Indian economy owing to their contribution to production exports and employment. The MSME sector is contributing 11% consistently every year to the GDP of the country. Over the years, the small scale sector in India has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro wave components, electro medical equipments, etc. The process of economic liberalization and market reforms has further exposed these enterprises to increasing levels of domestic and global competition. Looking to their contribution in Indian economy the state governments are now becoming more observant in taking these enterprises at the priority level. The Madhya Pradesh government is now working towards to make the “Made in Madhya Pradesh” goods global.
Global investor's summit is taking place every year from 2012 and has recently held in October 2014, is a proof that Indore, Madhya Pradesh is now ready to show its presence in global market. This is the reason MSMEs now has gained momentum and researches are going on worldwide to find out inputs for framing effective export promotion strategies.

Ways to Explore and Improve Export Potential of MSMEs in Indore region:

Any firm in MSME sector will only flourish when it will be open for new ideas; innovation is the key to explore new markets. Therefore it’s a need of an hour that MSMEs become versatile. MSMEs now need to excel in all the aspects of trade to make them identifiable in global market. During this research it was found that some below mentioned steps needs to be taken care of, to make the Indore based MSMEs more competitive for exports.

5.3.1. Improve Quality: If MSMEs (Indore) makes higher quality goods & services than its competitors, it can command a higher price for those goods & services in international trade.

5.3.2. Improve Awareness: Though there are many beneficial schemes and programmes available for the existing and upcoming entrepreneurs, but they are not getting fully benefitted from those schemes and programmes due to lack of awareness. They don’t know what their government is doing for them. It is very necessary
to make them aware of benefits MSMEs are getting by running awareness programmes free of cost for them or by charging nominal fees.

5.3.3. **Practical instead of theory:** More and more practical training sessions should be organized by MSME-DI’s to make the entrepreneurs confident enough to fit in the market. They should learn the most important quality of an entrepreneur i.e. “Risk Taking”.

5.3.4. **Improve Competitiveness of MSMEs:** It can be improved by marketing support and technology upgradation, but for this lack of funds is a major problem. Micro and small enterprises generally faced. Banks should support these enterprises by granting them loan with ease and minimum documentation work.

5.3.5. **Improved Time Management:** In many cases it was found that Micro and Small enterprises delay in delivery of the placed orders; it is the reason behind not getting fresh orders. It can be checked out with evaluation and restructuring of existing delivery mechanism.

5.3.6. **Rural Connectivity:** The MSME-DI’s should organize workshops in rural areas like Maheshwar and Chanderi in Madhya Pradesh so
that weavers and craftsmen from these areas can also get to know about the various programmes running by Government of India for them. Indore being the heart of M.P. and is a biggest destination for buyers and sellers. Articles made in M.P. have got a growing market in Indore which is active in domestic as well as export markets. Maheshwari Sarees & Dress Material, Chanderi Sarees & Dress Material, Bagh Prints, Hand-Weaved Clothes, Handmade Articles, Clay/Mud pots, Papad, Chutneys, Pickels etc. have already make their presence in national and international markets but still they are considered as tiny sector products. It’s a challenge before MSMEs in Indore now to embark its shiny presence in global market.

5.3.7. **Single Window System:** During this research it was found that most of the firms in this sector intentionally do not want to avail the benefit from government schemes and banks, because of lot of documentation and lengthy procedure. They find that the banks are only responding to the firms with good track record and sound financial base. It is not possible for an upcoming entrepreneur to have sound financial base, hence many micro enterprises dies at their nascent stage.
Banks should co-operate and answer every necessary query of the fund seeker; they should minimize the documentation procedure. Banks should not be biased while granting loans.

Single window system is needed to simplify the registration process of MSMEs in Association of Industries, getting licenses, Importer exporter Code number and other trade related queries to the new and existing entrepreneurs. SMEs should not be asked with finding which public programme best suits their needs. Single application system should be developed and should have a public body or agency which is responsible for finding the appropriate financing mechanism. Commercial banks and the other financial agencies should implement liberal financial schemes for the MSMEs in Indore region. They must provide easy lending schemes by reducing the legal formalities for getting loan.

5.3.8. **Step by Government**: The government should take effective steps to reach the MSME promotion schemes to the targeted group. Governments should mingle the technical centers with economic advisory agencies that specialize in SMEs, advice should be organized at a decentralized and local level, governments should have a well-functioning central agency that evaluates and offers
help to the regional innovation agencies in order to mitigate against variations in quality.

5.3.9. **Enthusiastic potential Entrepreneurs need Guidance:** The potential innovators are a large and important target for novel technology or innovation policies. However their needs are very simple but different:

a) They need non-financial innovation advice, such as scanning or consulting services.

b) They need help in recruiting university graduates and other skilled personnel.

c) They need to be made aware of new ideas and technologies.

d) They need better incentives for collaboration with local technical centers or technical colleges.

Because of their very different needs, the granting institutions are not well positioned to provide these services. First, these bodies often operate at a national or regional level and innovation services are most effective when decentralized and local. Second, these institutions are bureaucratic and technical and their competence lies in the technical evaluation of proposals. The SMEs need innovation advisors, not administrators. Third, because the SME innovation problems are complex and multi-dimensional,
services should be offered by organizations that combine business and technical skills. But the actual scenario is that the current innovation policy landscape is too fragmented to offer such combined services—public bodies either offer pure technical advice or just financial help.

5.3.10. **Improved Transportation Facilities:** Transportation facilities should be checked on priority as the business runs on the wheels of transportation only. Dry port at ICD Pithampur is not in a good condition to serve efficiently the needs of exports and imports.

The study was carried out with its own limitations in terms of time and resources, thus, there is a need to testify the results by under taking similar research work on a larger sample of MSMEs. The study can be extended to identify the pattern of relationship among different dimensions of export potential like women entrepreneurship, employment generation, comparison between educated and uneducated entrepreneurs and their effect on the growth of MSME sector in Indore and Madhya Pradesh.