CONTRIBUTION TO NEW KNOWLEDGE
CHAPTER-8: CONTRIBUTION TO NEW KNOWLEDGE

This research will not only add to existing knowledge of Small and Medium Enterprises but would also help in understanding the problems of SME Sector in the post WTO era, with special reference to financial support system in India.

In general, smaller firms experience greater market and customer uncertainty. Those who own and manage the small and medium businesses, exhibit a vastly greater range of aspirations than Owners/Managers of large firms. The smaller and medium firms rationally respond by favoring short over longer term gains and flexible over specific investments even where there is some cost penalty.

The main barriers for SMEs competitiveness are inadequate technologies as well as inadequate in-house human expertise and poor financial resources. Resource scarcity can impact on the ability of small and medium firms to enter export markets and can also limit a smaller firm's ability to reach more advanced stages of internationalization.

More significantly, SMEs have survived under protected environment so far. With the introduction of WTO many of the existing support structures would vanish and SMEs would have to struggle on their own. SMEs would not be able to compete with MNCs due to their inherent weaknesses such as obsolete technology, uncompetitive prices, poor quality of goods, costly credit, weak infrastructural facilities, plethora of labor legislation, lack of cohesion among SSI Units, ineffective associations, lack of up-to-date information and lack of international exposure etc.

As such there is an urgent need to address these issues. However, of all, technology upgradation and modernization will be the most significant issue to be tackled on priority basis. The demand for finance is bound to increase in the medium to long run in the very near future.

The present study on ‘Credit flows and their use in SMEs in India in the post WTO era” would help in not only addressing the emerging trends and opportunities in the SME Sector but also would focus on providing an adequate financial support system for the smooth growth of this Sector in our country.