Chapter- 2

REVIEW OF LITERATURE

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In the present chapter an attempt has been made to review the existing literature on the present study. The studies relating directly or indirectly to the present subject have been reviewed (Year-wise) in order to determine the research gap and to establish the need for this study.

Yalawar Y.B. (1974) concluded in his study on “Managerial Problems of Small Business” that Small Scale Industries are playing significant role in our economy in terms of employment and production. With their growth, the problem of unemployment can be solved to a great extent. People engaged in small business can improve their standard of living if they know how to manage business efficiently. Because of limited capital resource, entrepreneurs need finance and credit to run their business smoothly. Credit Guarantee Corporation and Commercial Banks provided these services. But the procedure of sanctioning loan was cumbersome and inflexible which discourage small entrepreneurs to go for financial assistance from these institutions. Small entrepreneurs had to face the problem of marketing their goods and services. The Govt. had set up export cell for this purpose but the results were not good. This defect can be removed by fixing standard for the items reserved for small units by ISI.

Kumar, P.S. (1974) revealed in his study that with the addition of large number of items to the reserve list, there will be further scope for the expansion of the Small Scale Sector and ancillary units. Many entrepreneurs had taken advantages of the facilities that are being offered for setting up such enterprises, particularly in the industrially backward areas. These measures will play a crucial role in the development of SSI Sector in India.

Sharma, Murari Lal (1974) studied the impact of Financial Institutions on the Industrial Development of Bihar. He evaluated the performance of these financial institutions. He found that these institutions could not finance effectively. They require support from the Government. There should be a special set-up for financing of SSI Sector. In order to satisfy the demand of small and medium sized industries, the setting up of Small Industries Bank, had been suggested.

Mongia, M.L. (1974) made an attempt to study the development of ancillary units. He suggested that small ancillary units were not subsidiary of large units. In April 1960, a committee was constituted which recommended the preparation of list of parts, components and assemblies required by large industries. As entrepreneurs of small units, they were unable to get consultancy and technical know-how. But these were made available to these small units just by gaining the status of ancillary units of large industries.

Oommen, M.A. (1975) conducted a study on the Small Scale Industries in Kerala state. The Small Scale Industries in Kerala faced major difficulties regarding the dearth of capital, lack
of knowledge of modern techniques of production and marketing and lack of suitable factory accommodation. The industrial estate programme was a device to save time, efforts and capital. SFC, NSIC, SBI and commercial banks had assisted in providing loans and machinery. The development programmes for the promotion of Small Scale Industries had failed to fulfill their objectives due to the un-utilisation of local resources, creation of employment and dispersal of industrial growth. The poor performance was not due to any basic weakness in the conception of these programmes but due to the defects in their design, strategy and implementation.

Rao, G.V. Chelapathi (1976) also made an attempt to study ancillary units. He examined that large industries could gain economically by encouraging not only the establishment of ancillaries but also by converting the existing Small Scale Industries into ancillaries units. There was considerable resistance on the part of the major industries in the public sector to encourage ancillaries due to the difficulty of following tender procedure and observing other purchase formalities, which were not present in private sector. It was suggested that the parent industries should be made responsible to provide important critical raw material to the ancillary industries. By adopting these suggestions ancillary units will be able to supply dependable and quality components or service at rates much cheaper than that of the parent industry without increasing its manpower with all its attendant problems.

Ready, P.K (1977) observed in his study on “The Role of Small Scale Industries” that during 1974 Census Small Scale Industries had a number of plus points from the point of view of location, capital, import needs, employment and income distribution. It was suggested that employment in the industrial sector could be increased by increasing the number of production units or by increasing capital utilization. There should be maximum utilization of installed capacity in the SSI industries.

Vepa, Ram. K. (1978) had examined the Industrial Policy of 1948 and 1956. He explained that Small Scale Industries had been provided significant place and it had been interlinked with the other related sectors such as handlooms, handicrafts, khadi development and even with agro industries to bring a greater economic prosperity to the region. District Industries Centers had been set up to overcome the credit and marketing problems. Industrial Estates were established in the rural areas for providing ready-made accommodation to the entrepreneurs. New training programmes were started for SSI Entrepreneurs for making them aware of the new technologies through induction of R & D efforts.

Sonthalia, A.R. (1979) emphasized in his study that a product can be produced by different techniques. The choice of techniques depends upon the proportion in which inputs were combined to obtain output. Attention should be given to those industries, which will create favorable conditions for the growth of other industries. This is very important for the
development of industrial sector and economic growth of the country. It was suggested that poor countries should invest in labor intensive industries instead of investing in capital-intensive industries.

Singh, Y.P. (1979) in his study on “Small Industrial Units and Entrepreneurship in India” was of the view that Small Scale Industries account for a large proportion of the industrial enterprises, industrial employment and the gross domestic industrial product in the country. Small Scale Industries mobilize savings, which were idle, more efficiently. Small Scale Industries and entrepreneurs were closely interrelated as they help in promoting each other. The main cause of backwardness was the lack of resources and not the lack of entrepreneurship. It was suggested that production facilities to the entrepreneurs under a single roof through District Industries Centers should be provided.

Reddy, S.T. (1979) found that in Anantpur most of the Small Scale units were structured on proprietary basis rather than on partnership basis which made difficult for them to get loans from financial agencies due to their inability to provide collateral security. Entrepreneurs from agricultural background got more loans instead of entrepreneurs from trading community because their fixed property takes time to turn into cash. Commercial Banks had not provided loans to tiny units but Government persuaded them to provide advances and loans to small industries.

Choudhary, R.P. (1979) conducted a study on the growth in unemployment and large scale poverty of rural masses. West Bengal Government had introduced Margin Money Scheme and State Incentive Scheme to create employment opportunities for unemployed educated youth. Close interactions between agricultural and industrial sectors were set up as per Industrial Policy of 1956. The Government provided various measures such as purchase preference and reservation for exclusive purchase by Government department and public sector undertakings and support for the marketing of the products.

Rao, Vadapalli Lakshmana (1980) made an attempt to study the industrial entrepreneurship and productivity. He found that estate entrepreneurs suffered from procurement of raw material. Labor and human resource productivity increased as a result of increased capital intensity. But capital and total factor productivity has declined reflecting the fall in efficiency. No correction had been made for the degree of capacity utilization in measuring capital stock.

Seth, P (1980) in her study on “Development of Small Scale Industries in Meghalaya” revealed that Meghalaya had good scope for industries based on mineral resource, agriculture, livestock, forest and forest produce. But Small Scale Industries were set up according to the need and resources. In order to develop small scale industries, Government of India had opened the branch of Small Industrial Service Institute and Small Industrial Extension Training Institute.
to provide technical advisory service. In order to support entrepreneur's financial assistance, requirements will be given by Financial Institutions.

Choudhary, R.P. (1980) in his study on “Changing Pattern of Small Business” observed that prior to independence small industrial finance was mainly supplied through the proprietor’s own investment, indigenous banks, managing agents and public deposits. But the pattern of business finance in India had changed rapidly since independence especially after the establishment of SFCs and due to bank nationalization. Policy decision by the Government in favor of small industries from time to time is also responsible for the revolutionary change in the pattern. Financial Institutions provided timely guidance and assistance to these units instead of simply watching these activities.

Singhal, M.L. (1980) in his study on “Changing Pattern of Business Finance” observed that public deposits had been an important source of business finance in the beginning financial needs of cotton textile, sugar, engineering, chemicals, power generation and distribution, tea gardens and other industries were generally fulfilled through public deposits. But since the nationalization of the fourteen largest Private Sector Commercial Banks, huge amount of funds have been mobilized for agriculture, export and Small Scale Industries.

Chakraborty, B.(1980) in his study on “Small Scale Industries around Steel Plants” established that in order to get higher productivity at a lesser cost, Steel Plants should be set up in the country. To upkeep these plants, heavy spares and other materials be produced either from heavy industries already established or imported. Steel Plants had encouraged the establishment of Small Scale Industries around them to provide light spares and other materials required by the plants, to use as by-products, scraps, wastes available from the plant and to provide employment opportunities. These industries should be considered as ancillary and auxiliary of the steel plant, so that Small Scale Industries had not to face problems relating to availability of raw-material, marketing of product and testing facilities which would be provided only by the large scale industries. In these cases united efforts of Government and plants had been helpful. Effective communication system between small and parent industries had been designed and implemented.

Iqbal, Badar Alam (1981) observed that Agro Industries had played an important role in the economy of developing countries. The economic prosperity of a developing economy is dependent on integration of its agriculture with industry. In this way agro based industries were set up in rural areas, so that excessive pressure on land is reduced by shifting the excessive unemployed labor to industrial area. Many factors slow down the growth of agro based industries in Uttar Pradesh, financial resources was one of them. To overcome these disparities, it was suggested to set up apex financial institutions at the national or state level, which would exclusively look after the financial affairs of agro industries.

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Rai, H.L. Brahmamandan, G.N.(1981) in their study on “Marketing Problems of Small Scale Sector” observed that Small Scale Industry instead of playing a prominent role in industrial structure had to face marketing problem. They were unaware of up-to date market information and had no frequent contact with potential customers abroad. In India, small industries had failed to compete with large industries. Marketing was not only a problem in itself but gave rise to sickness. It was suggested to provide marketing facilities by forming groups and consortia to producer of similar goods and set up export formation council for important manufactured products.

Devi, Indira (1981) conducted a study on “Small Scale Industrial Units in Visakhapatnam City. The study shows that with the increasing urbanization people migrate from rural to urban. Amongst the working age groups, the ratio of educated and un-educated unemployment grows very fast in Visakhapatnam. The problem of all these can be solved by establishing more and more Small Scale Industrial Units.

Bala, Mohan Das. V (1981) made an attempt to study the “Ancillary Industrial Development.” He found that in Vishakhapatnam Hindustan Shipyard and Bharat Heavy Plate and Vessels made efforts towards the formation of small scale units as ancillaries. But they faced marketing and financial problems, which were connected with the problems of production and management. Price fixation was one of them and the ancillary unit due to their weak bargaining power could not effectively negotiate for a better deal. It was suggested that State Government should persuade the large units to encourage parent-ancillary relationship.

Singh, K.S. (1982) made an attempt to study “Marketing Challenges for the Eighties”. He found that during eighties, Small Scale Industries faced marketing problem due to limited area of marketing. Market research was almost neglected as a sales promotion device to sell their product through intermediaries. This had adverse effect on their working capital and leads to stoppage of production. The period of credit was unduly longer particularly in case of Government and Semi-Government purchases and media of advertisement was unscientific. In order to overcome these problems SSIDC suggested investing on market research programme as well as exploring new area of marketing and selling the product through sales depots and emporia. It had provided free marketing consultancy services and free training programmes in marketing management. But most of the services extended cannot be implemented successfully without an effective co-ordination between Government’s Association of Manufacturers and Chambers of Commerce, Banking and Financial Institutions.

Victor. F.S. Sit had (1983) conducted a detailed study on “Strategies for Small Industry Promotion in Asia”. In this study he brings out the approach that a reform of Government
policies should redirect the focus from the micro-economic level of the firm to the macro-economic level of business and the economic environment.

Chavan, S.B. (1983) found that during the sixth plan large and basic industries created employment to only half a million unemployed whereas Small Scale Industries provided nine million jobs both part time and full time. It was suggested that to bring industrialisation in no-industry districts and backward area, Government should announce incentives so that regional imbalances could be overcome.

Sharma, K.R. (1985) made a study relating to economic problems of Small Scale Industries in Rajasthan. He found that Rajasthan is an economically backward state with vast land but major part of it is dry and infertile. Agriculture depends upon rainfall, which is scanty and uncertain. Planning for industrial development in the state mainly emphasized on the development of infrastructural facilities, which were inadequate. He suggested that the activity for the development institutions had to be determined for better utilization of resources and talents. Industry-wise development committee should be set up at State, District and Local levels.

Balu, V (1991) studied economic development of Tamil Nadu. He revealed that finance is the main cornerstone for the economic development of country. Due to lack of finance, Tamil Nadu topped the list of sick industries in India during the year 1987. It was observed that entrepreneurs with non-business backgrounds, like agriculture, heavily relied upon the external sources like Banks and Financial Institutions, whereas entrepreneurs with business and professional backgrounds could manage initial capital from their resources. Their reliance on external sources is comparatively less. Majority of the entrepreneurs feel that though banks and financial institutions lend money, the various problems like delay in sanctioning and disbursement of loans, inadequacy of funds and narrow attitude of the officials are some hindrances in the way of development. Further, he suggested that a single agency should be established to provide quick and timely service to the entrepreneurs.

Sunil. K. Saikia (1992) studied different problems faced by Small Scale Industries in North East Region of the country. According to him, despite of vast deposits of minerals and forest resources available in the region, the region still is industrially backward. This was due to lack of coordination among different industrial units and lack of technical information. In order to increase the industrial development of the region, these problems have to be tackled very soon.

Wani, V.P. (1993) conducted a study on “Quality Consciousness in Small Scale Sector”. According to him Small Scale Entrepreneurs should be quality conscious about their product. Traditional concept of quality consciousness which indicates that it increases cost of production should be changed. Today productivity means goods of better quality at less cost.
which has less chance of rejection, good profitability with less alteration. The entrepreneurs who are taking advantage of such opportunities and are quality conscious about their product should be considered as a successful entrepreneur.

Ramaswamy, K.V. (1994) in his study on “Small Scale Manufacturing Industries” found that the performance of Small Scale Industries was good in terms of employment, export and value added because of the basic characteristics of the industry. The items of products reserved for Small Scale Industries were low. There was direct relationship between wages and productivity. The wages of the workers were low as compared to corporate sector. Further he signified that there is not much change in the structure of Small Scale Industries.

Khanka, S.S. (1994) in his study on “Growth and Sickness in Small Scale Industries in India”, observed that global experience indicates that in the process of economic and industrial development, a certain level of industrial sickness is inevitable. Industrial sickness is not an overnight occurrence but a gradual process taking 5 to 7 years to erode the health of a unit. Sickness cannot be attributed to a single factor alone. It is an ultimate result of the cumulative effect of many factors, which may be closely inter-related. These are broadly classified into internal and external causes of industrial sickness. In most of the cases small scale units become sick due to external causes like infrastructural bottlenecks, economic cycles, industrial and fiscal policies of the Government, shortage of raw material and working capital and marketing problems.

Himachalam, Jaya Chandran and Narender (1995) in their study observed that central capital intensive sector made no attempt to varied socio economic problems chronic unemployment, disparity in income and wealth of different regions, untapped natural, local based resources and so on. Keeping in view the needs of the country, the Government of India had played an important role to uplift the small scale sector which has high potential for employment generation, narrowing economic imbalances and un-utilisation of untapped natural resources which are locally available. It was suggested that small units should be provided required financial assistance at right time and at concessional terms by financial institutions. The industrial estates should be provided all infrastructural facilities, technical, managerial and financial assistance at reasonable rates.

Yarran, Raju.B. (1995) in his study on “Small Industries : An Overview” found that the main cause of sickness was high cost of production because the raw material purchased were in short quantities and at higher price. Small Scale Industries also lack adequate funds from the banks and consequently leads to shortage of working capital. Small units also delay in getting payments from large industries, which were the bulk purchase is of their products. It was suggested that all these units at the initial stage should be supported not only by lending funds
but also by creating specialized agencies within banks to advise and guide the Small Scale Industries to run the industrial units.

Chen et al (1995) in their study on "Speed, Stealth and Selective Attack : How Small Firms Differ from Large Firms in Competitive Behavior" observed that smaller firms experience greater market and customer un-certainty. Those who own and manage the smaller businesses exhibit a vastly greater range of aspirations than owners/managers of large firms. The smaller firms rationally respond by favoring short over longer term gains and flexible over specific investments even where there is some cost penalty.

Ward et al (1995) in their study on "Business environment, operations strategy and performance : An Empirical study of Singapore Manufacturers" have observed that link between environment and operations strategy determines firm performance. Therefore, based on the market environment, SMEs should decide their strategies for investments, development of competencies and priorities for reducing cost and improving quality. Formulation of strategies and their effective implementation will influence their performance.

Chadha Vikram (1995) found that the use of outdated technology by SSI Units is the critical obstacle in the way of growth and modernization of the small industries. Small Industries can be modernized by improving productivity, enhancing quality, reducing cost and restructuring product mix through up-gradation of technology and enlarging the skill of the workers. The liberal fiscal and monetary incentive should be given to these units so that they can carry out R & D particularly in technology intensive industry.

Williams et al (1995) in their study "Manufacturing strategy, business strategy and firm performance in a mature industry" identified significant relationship between manufacturing strategy and firm performance. They observed that it is generally believed that SMEs are reluctant to change due to fear of failure and other constraints but due to the dynamic nature of the market scenario. SMEs will need dynamic strategies in this competitive era.

D.V. Avsthi (1996) in his study on , "Fostering Entrepreneurship among Engineering Students in the Post-Liberalisation Era" had suggested some strategies. The study besides establishing a link between the quality of engineering education and enterprenuual success, proposes some strategies for making the young generation of Indian Engineer the future Enterpreneurs of the country. Some suggestions for improvement in the country's existing infrastructure development are also included.

Arun, A.V. (1996) found that the growth of modern small scale industries increased in Kamataka and these industries were welcomed in terms of their basic performance. However, the performance has taken place in few industries. It was found that SSI units were established on the pattern of large and medium size industries and concertrated generally in
urban areas. It was suggested that such type of policy should be incorporated which will help in the diversification of the small scale sector to other districts of the state.

S. Matadeen (1997) in a study on “Small and Medium Enterprises in Mauritius – It’s evolution and growth with special reference to investment criteria” argues for considerable Government support in the form of tax, duty concessions and soft term loans. The results of the study reveal that of the SMEs with an investment of over Rs. 1 Million, 76 per cent are corporate and of those with an investment of more than Rs. 3 Million, 90 per cent are companies. Similarly, irrespective of their year of formation, 64 per cent of SMEs in the corporate sector are willing to re-invest more than 1 Million in Plant and Machinery.

Rao, D. Subba (1997), made financial analysis of small paper mills in Andhra Pradesh. He observed that due to the acute shortage of paper in Andhra Pradesh, Govt. of India set up small paper mills based on non-conventional raw material. But insensitive to many facilities and fiscal concessions, the operational figure of small paper mills had generally fallen short of expectation and many of them categorised as sick and close down due to shortage of financial help. It was suggested that for the steady progress and prosperity of the small paper mill their finances should be managed efficiently and effectively.

Tidd, J. (1997) in his study on “Complexity, Networks & Learning : integrative Themes for Research on Innovation Management”. Observed that the main task of corporate strategy for SMEs is not to describe the current state of art but to identify and explore core competencies that must be added. Otherwise, the current competencies can become obsolete and begin to function as core rigidities. A more natural and fruitful approach is therefore to think of knowledge and skills required by the SMEs in order to maintain or improve its competitiveness.

Khanka, S.S. (1998) made an attempt to study “Development of Small Scale Industries in Assam”. He found that industrial activities in the country like India, concentrates on the areas connected with road, urban centre and markets. The number of industrial units can be increased by reviving the closed units of the small scale sector. The product wise, food and allied industries dominate the industrial scene of the state, followed by engineering and manufacturing, wood products, textiles and non-metallic and mineral products in that order. But proper infrastructure facilities, easy availability of finance and marketing facilities need immediate attention. He suggested that as a result of Government’s promotional policies, the growth of small scale industries in Assam and the share of SSI units in the country’s total products can be increased to a great extent.

D. Fink (1998) in his study on “Guidelines for the successful adoption of Information Technology in Small and Medium Enterprises had provided a pattern of the factors that
facilitate I.T. adoption policies and procedures to replace the adhoc ones in use. The recommended phased approach minimizes the overall risk of technology acquisition.

Moen (1999) in his study on “The relationship between firm size, competitive advantages and export performance revisited” observed that resource scarcity can impact on the ability of smaller firms to enter export markets and can also limit a smaller firm's ability to reach more advanced states of internationalization.

Marria, Danilo Gambelli and Christine Philips (1999) in their study on, “The growth of Small and Medium Enterprises with reference to TV Industry in Township and Rural China had analysed the working of Small and Medium Enterprises with special reference to T.V. Industry operating in rural China. It focuses on factors that affect the growth of TVs run by Township and Village Enterprises. The results of the panel estimates highlight some important features of TVs run by T.V. Sector and provide empirical evidence in support to the possible role of clustering and human capital in the provincial growth of this sector.

Jethra, B.D (2000) in his study on “Export Orientation for Small and Medium Enterprise” observed that there is a vast potential to increase export from the Small Sector but this would require well directed and combined efforts on the part of the Government, the industry associations and the entrepreneurs to overcome the major problem and constraints being faced and capitalize on the inherent strengths which the country possesses in plenty. It is further observed that it could be looked forward to a sustained and very healthy growth in the Small Scale Sector in the year to come.

A.H.M. Nuruddin Chowdhury (2000), in a study on “Small and Medium Enterprises in Asian Developing Countries” focused on some of the issues pertaining to the role of Small and Medium Industries in Industrial Development. This study is based on surveys and findings in four countries, namely, India, Bangladesh. Indonesia and Philippines. It first gives a brief account of the performance of Small and Medium Industries in the four countries and then reviews the policies adopted in regard to these industries and finally suggests some possible reforms.

Mersha, T. (2000), “Quality, Competitiveness and Development in Sub Saharan Africa” found that firms in industrialised countries that have adopted a quality oriented strategy have achieved improved productivity, greater customer satisfaction, increased employee morale, improved management labour relations and higher overall performance.

Dangayach G.S and S.G. Deshmukh (2001) in their study “Practice of Manufacturing Strategy : Evidence from select Indian Automobile Companies” observed that the new competition is in terms of reduced cost, improved quality, higher performance products, wider range of products. better service, all delivered simultaneously.
Gary A. Knight (2001) has conducted a detailed study on “Entrepreneurship and Strategy in the International SME” in U.S.A. Using data from an empirical study of SMEs in U.S.A., the author had devised a structural model that reveals the role of international entrepreneurial orientation, key strategic activities and the collective effect of these constructs on the international performance of the modern international Small and Medium Enterprises. Findings imply that International Entrepreneurial orientation tends to promote the development of a strategic competence, as well as internalization preparation and technology acquisition.

Rajput, Jyotsna (2001) in her study observed that the globalization means free market economy. All tariff and non-tariff barriers to import and export cease under globalization. Indian economy decided to participate in globalization because it faced a very difficult situation during the year 1990-91 on account of domestic as well as external front.

Chaston et al (2001) in their study on “Organisational Learning Style, Competencies and Learning Systems in Small U.K. Manufacturing Firms” have observed that the areas of competence concerned with new product development, human resource management practices, organizational productivity, the management of quality and management of information were extremely crucial in terms of influencing small firms growth rates. They observed that firms which have adopted a higher level learning orientation can be expected to exhibit statistically significant higher competencies across the areas of measuring customer expectations, identifying quality variance, implementing quality improvements, using information to optimize information technology to acquire data.

Vinas et al (2001) in their study on “A conceptual Model for the Development of Technological Management Processes in Manufacturing Companies in Developing Countries” found that global competitive strategies are increasingly becoming technology driven in the context of extremely dynamic and turbulent environments. Technology operates on competitiveness in two ways. First, by altering the price structure through the development of more efficient and flexible processes and second by enabling the creation of better products of greater quality, better design, after sales service and short delivery periods.

Mukherjee, Neela (2002) evaluated the performance of Small Scale Industries in India and World Trade Organisation. According to him small and medium enterprises occupy a crucial position in the Indian Economy, not only because they contribute to GDP, income, exports and employment but they also provide self employment, livelihoods and small business. And it is important to create and ensure space and more opportunities for such a sector.

Corbett L.M. and Campbell-Hunt, (2002) in their study on “Grappling with a Gusher : Manufacturing’s Response to Business Success in Small and Medium Enterprises” observed that SMEs can gain competitive advantage through the quality of their products because they
can implement a just-in-time system with low defect rates or higher quality of products. It will also help in reducing product cost.

Sharma Ashok, B. (2002) in his study on “Food Processing Industry Disappointed” discussed that Government had protected the agro-producers by raising import duty but did not give similar protection to the processed food sector. But reduction in import duty without initiating reforms in domestic policy would make difficult for domestic concerns to face global competition. It was suggested that duty should be reduced to protect food industry, to exempt processed fruits and vegetable from excise duty would increase the sale.

Aggarwal Abha (2002) observed that the idea of establishing industrial estate in India came into existence in the year 1956 and the first industrial estate was established in Rajkot and gradually all the states adopted this policy of industrial development. Industrial estates were established in most part of the backward area of Uttar Pradesh as well as in other States of India. In the beginning it was thought that if all kinds of basic facilities related to the infrastructure of small scale units are provided by the Government through these industrial estates, rapid industrial development would take place. With this idea and vision for rapid advancement of the backward regions of the state, the Government of Uttar Pradesh established the first industrial estate in Bhimtal.

Atri Anjana (2003) in her study on “Performance Appraisal of Small Scale Industries in Himachal Pradesh” suggested that the small scale units be provided with modern technology on subsidized rates so as to enable them to compete with other industries. The long term financial position can be improved by changing the financial mix of small industries. The greater dependence on outsider’s fund should be reduced by applying more and more owner’s fund. Owners should raise funds by issuing Share Capital. In this way the burden of interest charges can be reduced to a large extent. Long-term capital must be used for long-term purposes and similarly short-term capital must be used for short term purposes.

Allan Gibbs (2003) in a study, “Small and Medium Enterprise Development : Borrowing from elsewhere, explores the issue of ideas internationally. The focus is upon the transfer of knowledge and practice in the field of Small and Medium Enterprise Development. It points out that there is greater opportunity for ideas transfer via the new communication technologies. It argues that there has been a neglect of such work in academic field and is a strong case for greater academic interest.

Luostarinen and Gabrielsson (2004), in their study on globalization of the SME Industry, concluded that born global or drawn from large countries globalize mainly because of the demand based pull forces in global markets for their products. Conversely, Born Global drawn from small and open economies do so due to the push and pressure forces related to the
smallness and openness of domestic markets and the fear of expected future competition coming from Born Global located in large countries.

Dr. Syed Vazih Hussain (2004), in a study on “Performance of Small Scale Industries in India and the Challenges ahead had made an attempt to access the performance of Small Scale Sector in India through five variable viz., Number of units, Investment, Production, Employment, Export and the challenges ahead. The author had cautioned that with the introduction of WTO and its conditional ties many of the existing support structures would vanish and SSIs would have to struggle on their own. As such, the Government should take measures to safeguard the interest of SSIs after de-reservation era and to make them competitive both domestically and globally. The areas which require special focus are: Technology up-gradation, Infrastructure assistance, Enhancement of fiscal support, Timely availability of credit, Adoption of modern management facilities, use of electronic infrastructure and other I.T. applications to face the emerging challenges of trade liberalization.

Dana and Wright (2004) conducted a study on the need and factor responsible for entering into Joint Ventures by the SME Entrepreneurs. They observed that new technology based firms are more capable and competitive. They are in a better position to form alliances. They are able to develop networks that raise the probability of selecting a Joint Venture to enter the foreign market.

The study by LE Gales et. Al (2004), throws some light on the factors for internationalization of the SME Sector. It reveals that firms that are inexperienced at internationalization may not have the human capital or financial resources to identify potential partners and build networks with large organizations.

Oyelaran-Oyeyinka B, (2004) in their study on “Learning and Local Knowledge Institutions in African Industry observed that internal training opportunities greatly contribute to improving the performance of organizations.

Westhead et al (2004) conducted a study on the environmental factors and internalization prospects of SME Sector. He observed that SMEs perception of environmental turbulence were not significantly associated with the propensity to export or the intensity of internationalization.

Eren (2004) in his study on “Technological Intelligence and Competitive Strategies: An Application study with fuzzy logic” observed that firms have to develop competitive strategies in order to compete. A firm cannot have a strategy for only a month. Factors concerning long-term stability and short-term need for continual updating in response to evolutionary changes in the environment have to be considered.
EIM (2005) in his study on technology upgradation observed that growing enthusiasm for internationalization by new technology based firms has led to a general perception that all Small and Medium Enterprises, irrespective of industrial activity, can enter foreign market through Foreign Direct Investment.

A recent study (by Grunert Norden and Weber (2005) compares the accuracy of two Internal Rating Systems, one using only quantitative data and the other additionally using qualitative data. The combined use of quantitative and qualitative variables result in significantly more accurate default predictions than the inclusion of only quantitative data. Both these techniques should be used for the efficiency of SME Sector.

Klapper, Leora (2005) investigated the role of factoring for Financing Small and Medium Enterprises. Around the world, factoring is a growing source of external financing for Corporations and Small and Medium Enterprises. What is unique about factoring is that the credit provided by a lender is explicitly linked to the value of a supplier’s accounts receivable and not the supplier’s overall creditworthiness. Therefore, factoring allows high-risk suppliers to transfer their credit risk to their high quality buyers. The author also discusses reverse factoring, which is a technology that can mitigate the problem of borrower’s informational capacity in business environments with weak information infrastructures if only receivables from high quality buyers are factored.

Clarysse et al (2005) observed that the mechanisms for learning may need to be introduced for the members of the network to learn from one another and internationalise what has been learned within the firm. They pointed out that the experience of firms in one country should be adopted by the entrepreneurs of other countries to reap the benefits of globalization for growth of SME Sector.

Taymaj and Kilicaslan (2005) observed that certain localities may acquire a global strength that enables individual Small and Medium Enterprises located in the cluster to leverage a broad range of resources i.e. legitimacy, technological and marketing knowledge, brand name etc. that can be used to circumvent obstacles to internationalization. Network linkages between a smaller firm and a large organization may only be facilitated in receptive environments that may need to be created.

P. Mishra (2005) in his study on “Performance of Small Scale Manufacturing Units in the post-economic reforms with special reference to factor productivity – A Study of five industrial clusters in Orissa” had examined the reasons for closing down of SSI Industries. Since, incidence of closure of SSI Units in Orissa is very high, the reasons for closure/sickness were explored. It had been observed that lack of demand, tax problems, competition in the local markets, financial problems and attitude of the SSI entrepreneurs are the important reasons for the high incidence of the SSI Units in Orissa.
CREDIT FLOWS AND THEIR USES IN SMEs SECTOR IN INDIA IN THE POST WTO ERA

G. Azumah, SCL, Koh and S. Maquire (2005) had conducted a detailed study on “E-Organisation and it’s future implication for SMEs”. This study incorporates several perspectives to examine how Small and Medium sized Enterprises use the network technologies & Information and its effects to ascertain the appropriate strategies within a range of SMEs. The results of this study reveal that the SME journey towards becoming E-Organisations can be classified into three stages: V2-fusion, fusion and the ultimate E-Organisation stage. Based on this work, strategies solutions are proposed for future SMEs intending to adopt internet and other network technologies.

Tulus Tambunan (2005) in a study on “Promoting Small and Medium Enterprises with a Clustering Approach : A Policy Experience from Indonesia” had reviewed the Government’s policies on SMEs with a clustering approach in Indonesia. He argues that in many cases, the development policy has not been so successful. Neglecting cluster linkage to markets is one main reason for the failure. Pre-requisite for successful cluster development is the cluster’s potential to access growing markets, either domestic or abroad.

K. Ramesha (2005) in a study on “Globalisation : Changing Policy Framework and SME Strategies has observed that in the changing environment, it is imperative to address the need for reforms in the existing policies and design new policies and strategies for the promotion and development of SMEs in the developing countries. However, the efficacy of these policies/programmes depends critically on the openness of trade regime and existence of domestic competition. Against this backdrop, it attempts to critically examine the framework of policy support and strategies for the development of SMEs in India.

M.H. Bala Subramanya (2006) in a research paper on “Small Scale Industry in the Liberalisation Era : Emerging Dimensions of needs for Finance: have raised certain issues viz. How Small Industry’s demand will be different in the next decade as compared to the present one? What are the opportunities available in the changed scenario? What are its implications on the present set-up of SME Sector of India? Will the current financial infrastructure be sufficient to meet the demand? Is there any need for a new strategy? This paper attempts to address these issues, with a backdrop of India’s Small Industry Structure and Growth in the 90s.

Ahmad. Q.A. (2006) in his study on “Problems and prospects of Small and Micro Enterprises in the process of economic liberalization in South Asia” had presented a strong case for SME Sector. The study reveals that in many Asian developing countries, industrialisation has not succeeded in achieving the intended objectives of absorbing surplus labour, alleviating poverty and bringing about a more regional balanced growth. The paper argues that in view of these circumstances, the development of Small and Medium Scale Industries is being considered as a more appropriate alternative to promote industrialisation.

By: G S Popli
Kohn V. Petrof et al (2006) in their study on Small Business Management: Concepts and Techniques for improving Decisions had observed that managing a Small Business requires more than the possession of technical knowledge. Because most small businesses are started by technical people, such as Engineers and salesman, their managerial acumen is often less developed than their technical skills. That is the central problem to which this study is addressed. Since technical knowledge and previous employment experience are not enough to ensure success in an independent business venture, the objective of this study was to teach people with non-managerial backgrounds how to improve their managerial skills.

Anil Nair (2006) has conducted a detailed study on SME Cluster, titled "Collaborative Logistics can make SME Clusters Competitive". This study of cluster logistics is an eye opener in many ways even to the SME Sector. The potential for both the SME Sector as well as the logistics companies is immense. There is intense competition amongst the SMEs in the cluster and also sharing of resources. This, according to the analyst, would result in logistics offering competitive costs as well as service.

Nalini Govindraju (2006) had conducted a detailed study on "Application of demand chain initiatives to Small Businesses – Key findings from the Indian Context". This paper provides an exploratory and qualitative study of the capability of SMEs that can add not only customer value but also ensure their survival in the demand chain. It also focuses on the challenges being faced by them. In addition, directions for future research and implementation for Managers are provided.

Dr. Kalchetty Erose (2006) in his study of, "Management of Finance in Small Scale Industry had focused on the financial management in a Small Scale Industry. On the one hand, there is an urgent need to address the finance related issues of SME Sector and on the other hand stress on the efficient management of available funds.

G.S. Batra, Harvinder Singh and B.S. Bhatia (2006) in a research paper on, "Role of State Sector in the development of Small Scale Industries – A Case study of PSIEC" had made an attempt to evaluate the performance of the Small Industrial Development Corporation with particular reference to PSIEC. This study is based on the secondary data collected from the annual reports of the State Small Industries Development Corporation Bureau of Public Enterprises and Industrial Department, Govt of India.

Kozan, Oksoy and Ozsoy (2006), in a study of Turkish Entrepreneurs found that business management training and financing are significantly related to an SME owner's expansion plans. To be specific Turkish entrepreneurs need market information, technical assistance, information resources and training in finance and marketing to accumulate the resources necessary for expansion.
Wheeler (2006), studies on the urge to work by Micro – entrepreneurs in West Africa. He found that they were motivated by a desire to satisfy basic physiological needs – food and shelter. The Government should ensure provision of basic infrastructure and conducive environment for the survival and growth of the SME Sector in the country.

Vinnova (2007) conducted a study on “Competence Barriers to Innovation in SME Industries”. The findings of the study showed that 18 per cent of SMEs consider a shortage of qualified personnel as a high barrier to innovation. As such, they must look into this factor for successful implementation of the proposed plan.

Chu, Benzing and Mcgee (2007), conducted a study on entrepreneurs in Kenya and Ghana to find out the main motivation factors for the growth of SMEs Sector in these countries. They observed that the strongest two motivators were to increase income and to provide themselves with employment.

Laura Bacali (2007) studied about financing the development of Small and Medium Enterprises in Romania. He observed that In order to support the entrepreneur in the process of taking decisions, there have to be within the firm professionally trained persons for all the functions of the firm. In order to sustain the SMEs there will be a series of funds. Unfortunately, the level of absorption is still not satisfactory. On one hand the access to information concerning the existence of these funds is still not high enough, especially the once concerning the governmental funds.

MA Quaiyum Sarkar, Nasima Akter of RED Environmental Research Unit(2007) develops an environmental, health, and safety Guidelines for small and medium enterprises supported by BRAC Bank. They observed that there are a number of areas where SMEs affect the local environment. Many of the businesses create hazardous waste and discarded indiscriminately since there are inadequate disposing facilities and lack of regulation or enforcement. This should be taken care of by the SMEs Entrepreneurs and the Government.

Jong Wook Ha, Soon-Gwon Choi and Sungwoo Jung (2007) analysed the Korean firms “on When, how and where do SMEs start global business”. This paper investigates whether traditional internationalization theory, especially Uppsala Internationalization Process (UIP) perspective, can be applicable to analyze new international phenomena of small and medium sized enterprises, such as International New Venture (INV). They recommend the development of a new concept to explain and analyze new internationalization phenomena, such as INV, Born-global, as ‘Condensed Internationalization.’

Dimitrios Buhalis (2008) in a study on Information Technology for sized tourism observed that Distribution intermediation are increasingly recognised as critical factors for the competitiveness success of the tourism industry in general and SMTEs in particular. The rapid development of bookings through electronic media introduces several opportunities for
innovative SMEs which use ITs to develop their virtual size to communicate with clientele partners. The paper concludes that innovative entrepreneurs who re-engineer their business processes take advantage of the emerging opportunities will gain major benefits enhance their profitability viability the global marketplace.

Gary Lynch-Wood and David Williamson (2008) in a study on the "Social License as a form of regulation for Small and Medium Enterprises" observed that traditional forms of regulation have been criticized for not adequately protecting the environment. Indeed, there is evidence and growing support for the view that societal pressure can act as a social license and help in protecting the environment.

Eshetu Bekele and Zeleke Worku (2008) conducted a study on Women Entrepreneurship in Micro, Small and Medium Enterprises in Ethiopia. This examines the factors that influence the long-term survival and viability of Micro, Small and Medium Enterprises. The majority of businesses that failed were operated by women. Businesses that failed were characterized by inability in obtaining loans from formal money lending institutions such as commercial banks, inability to convert part of profit back into investment, poor managerial skills and shortage of technical skills and low level of education.

Daiva Radzeviciene (2008) analysed the role of knowledge management in small and medium-sized enterprises in Lithuania by looking at information and knowledge resources, the development of information technology which supports the business process and the main processes of KM inside companies. There appears to be a strong awareness of KM. However, the development of adequate methods to make IM and KM fully effective appears to be lacking or only partially realized. There is some evidence to suggest that Lithuanian SME managers are becoming more psychologically prepared to work within KM.

Aung Kyaw (2008) in Myanmar studied a number of constraints that hinder the development of SMEs, such as the shortage in power supply, un-availability of long-term credit from external sources and many others. Such is deeply rooted in demand and supply issues, macro-economic fundamentals and lending infrastructure of Myanmar. The Government’s policy towards SMEs could also lead to insufficient support for the SMEs. Thus, focusing on SMEs and Private Sector development of the country is a fundamental requirement for SMEs development. This paper recommends policies for stabilizing macro-economic fundamentals, improving lending infrastructures of the country and improving demand and supply side conditions from the SMEs financing perspective in order to provide a more accessible financing for SMEs and to contribute in the overall development of SMEs in Myanmar thereby to sharpen national competitive advantage in the age of speedy economic integration.

Ida Wieslander, (2008) designed and tested a model to prepare and secure an implementation of a performance measurement system at SMEs. The model is constituted by phases and