

# Preparing MSMEs for the year 2015



# MSMEs

- Ø **MSMEs comprise a widely divergent spectrum of establishments, engaged in economic activities ranging from micro and rural enterprise to modern industrial units using sophisticated technologies. Such enterprises exist in the form of factories , workshops, trading and service organizations.**
- Ø **Ownership patterns range from proprietorship and partnership to companies and co-operatives.**

# MSMEs

- Ø **Due to their contribution to their respective national economies, the importance of SMEs has been accentuated in the minds of policy makers.**
- Ø **World wide MSMEs are emerging at a very rapid rate, there is also a very rapid rate at which SMEs close down as come up each year .**

## Contribution of SMEs: world wide

<b>Country</b>	<b>Share of total establishment</b>	<b>Share of output</b>	<b>Share of Employment</b>	<b>Share of exports</b>	<b>Criteria for recognition</b>
India	95%	40%	45%	35%	Fixed assets
U.S.A.	98%	n.a.	53%	n.a.	Employment
Japan	99%	52%	72%	13%	Employment
Taiwan	97%	81%	79%	48%	Paid up capital, assets & sales
Singapore	97%	32%	58%	16%	Fixed assets & employment
Korea	90%	33%	51%	40%	Employment
Malasia	92%	13%	17%	15%	Shareholders funds & employment
Indonesia	99%	36%	45%	11%	Employment

# Role of MSMEs in India

**Small and Medium Enterprises play a vital role for the growth of Indian economy by contributing**

**Ø 45% of industrial output,**

**Ø 40% of exports,**

**Ø 42 million employments,**

**Ø Create one million jobs every year an**

**Ø Produce more than 8000 quality products for the Indian and international markets.**

# Role of MSMEs in India

**SME contribution should be seen not only in terms of output, employment, income, investment or exports**

**but also in terms of the more qualitative indicators such as**

- Ø The synergies they promote with large industry**
- Ø Contribution towards balanced regional growth**
- Ø Nurturing entrepreneurial spirit**
- Ø Innovation and**
- Ø Providing a nation wide pool of skilled and trained manpower.**

# MSMEs in Gujarat

- Ø Gujarat has been identified as an entrepreneurial hub of India primarily due to the innovative and entrepreneurial nature of the *Gujaratis*.
- Ø It is this spirit that ushered the emergence of many small and medium scale industries in the state.
- Ø As per United Nations Industrial Development Organization (UNIDO) estimates, there exist around 350 Small and Medium Enterprises (SMEs) clusters in India, of which Gujarat commands a large share.
- Ø At present Gujarat has 3 lakh units in the small and medium sector.

## Some important SME clusters in Gujarat

- Ø Readymade Garments, Drugs & Pharmaceuticals, Dyes & Intermediates at *Ahmedabad*;
- Ø Ship breaking at *Alang*;
- Ø Re-rolling Mills at *Bhavnagar/ Shior*;
- Ø Plastic Industry at *Dhoraji*;
- Ø Brass Parts at *Jamnagar*;
- Ø Wall Clocks at *Morbi*;

## Some important SME clusters in Gujarat

- Ø **Chemicals at *Nandesari, Vapi & Ankleshwar*;**
- Ø **Diesel Engines, Electric motors, Ferrous Castings, Gold & Silver Ornaments, Machine Tools, Wrist Watch & Components at *Rajkot*;**
- Ø **Powerlooms, Diamonds, Gems & Jewellery, Jari at Surat; Pottery & Ceramics at *Surendranagar (Than) & Wankaner*;**
- Ø **Ceramic Products at *Thangadh* and**
- Ø **Petrochemicals at *Vadodara*.**

# Characteristics of SMEs

- Ø **Born out of individual initiatives & skills**
- Ø **Greater operational flexibility**
- Ø **Low cost of production**
- Ø **High propensity to adapt technology**
- Ø **High capacity to innovate & export**
- Ø **High employment orientation**
- Ø **Utilization of locally available human & material resources**
- Ø **Family Owned Businesses**

# Challenges to MSMEs

- Ø Intense competition in International market
- Ø Access to formal finance
- Ø Quality industrial infrastructure
- Ø Marketing of products
- Ø Lack of adequate working capital ( due to delayed payment cycle and sickness and NPA management)
- Ø Technology up gradation and improvement in quality of products

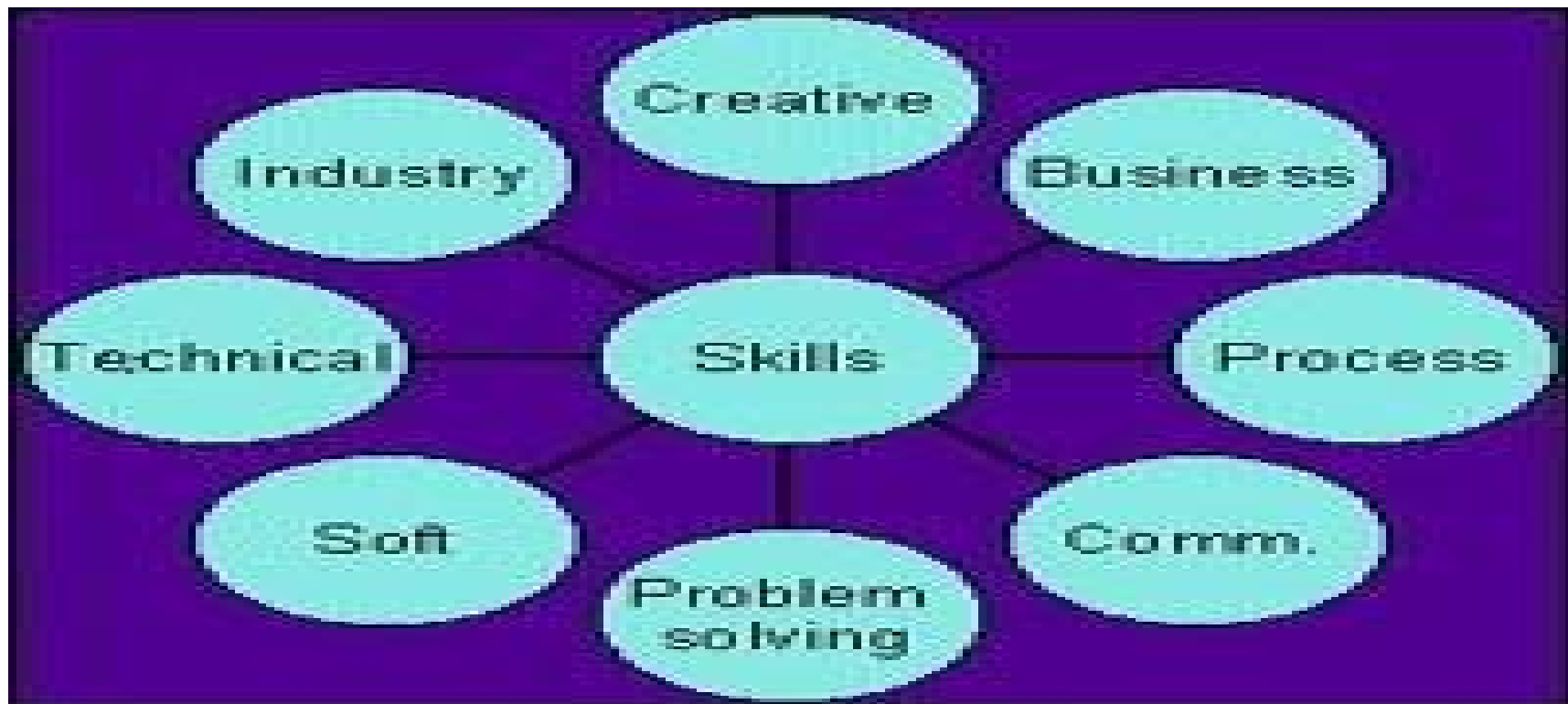
# Managerial Challenges

- Ø **Lack of Professional management**
- Ø **Lack of Transparency**
- Ø **Inadequate long term Planning**
- Ø **Lack of Trust**
- Ø **Image of MSMEs**
- Ø **Conflicting Goals of different stakeholders**
- Ø **Lack of Proper Communication – to stakeholders**

**As Globalization and free trade become stronger ,  
the SME sector is required to reorient, /reinvent  
itself.**

# Strategic Move

- **Upsurge need for a professional education for the head of the MSMEs**
- **Skill-Set required for professional Education**



# Strategic Move

**In order to play a pivot role**

**To groom the head of MSMEs and**

**To become a mentor in the growth of MSMEs**

**Management Schools**

**Should offer**

**A unique course to impart the management  
education to the MSMEs Head**

**&**

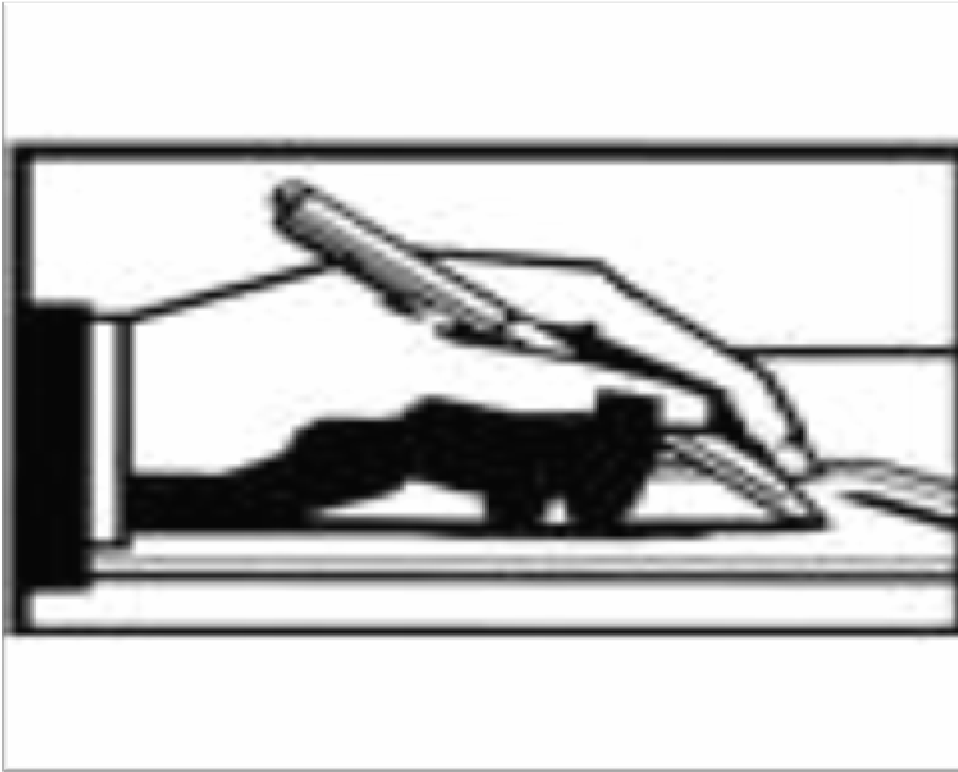
**Groom Management Graduates to work under  
MSMEs in a efficient and productive manner**



**Unitedworld School of Business  
plans to play a role**

“ Keeping the Small and Medium Enterprises ALIVE is perhaps the toughest management job on the earth”

**Randel S. Carlock & John L. Ward**



***Thank You***