



Editorial

Greetings!

MSMEs have been globally considered as an engine of economic growth and as key instruments for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of large enterprises. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector.

SMEs always represented the model of socio-economic policies which emphasized judicious use of foreign exchange for import of capital goods and inputs, labour intensive mode of production and employment generation. With the positive outlook of Indian economy, Indian SMEs are enhancing their capital expenditure and number of staff. To add to this there is an increasing number of SMEs eyeing offshore expansion for their businesses.

Small and medium entrepreneurs are poised to become big in the Indian markets. It is estimated that in value, the sector accounts for about 45 percent of manufacturing output and about 40 percent of total exports. In recent years, the SME sector has consistently registered a higher growth rate in India as compared to the growth rate of overall industrial sector. The major advantage of the SME sector is its employment potential at a low capital cost. The government and regulators have also recognized this fact and introduced various policy measures to help SMEs to grow spontaneously including activation of SME listing platform. No economy in the world can hope to survive without a robust SME ecosystem.

Despite their high enthusiasm and inherent capabilities to grow, SMEs in India are also facing a number of problems like sub-optimal scale of operation, technological obsolescence, supply chain inefficiencies, increasing domestic and global competition, fund shortages, change in manufacturing strategies and turbulent and uncertain market scenario. To survive with such issues and compete with large and global enterprises, SMEs need to adopt innovative approaches in their operations. Indian SMEs have been passing through a transitional phase, keeping competitive spirit high, with a willingness to restructure themselves, facing the challenges and come out with shining colours and contribute positively to Indian economy.

Hope this issue on "Empowering SMEs for Sustainable Growth" will enlighten our valued readers to a great extent. We are very much thankful to the contributors of this issue.

Happy reading!