

# A Study on Marketing Aspect of Medium and Small Enterprises

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## Abstract:

**W**orldwide, the micro small and medium enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. This 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 growth of the industrial economy of the country. Rather, Small and medium Enterprises in India are known as the backbone of the economy. The reason behind is that these enterprises are employing about 40% of India's workforce and contributing 45% to India's manufacturing output, they play a critical role in generating millions of jobs, especially at the low-skill level. The country's 1.3 million SMEs account for 40% of India's total exports. The current scenario clearly states that the growth of our economy is impossible without the growth and development of these enterprises but these enterprises are far behind the large counterparts in the economy.

**Keywords:** Exports, revenue, manufacturing, output, medium and small scale enterprises (MSME)

## I. INTRODUCTION

Worldwide, the micro small and medium enterprises (MSMEs) have been accepted as the engine of economic growth and a very important source leading to equitable development. The MSMEs constitute over 90% of total enterprises in most of the economies and are generating the highest rates of employment growth and form a major share of industrial production and exports. At the International level, in Japan, 99% units are SMEs providing 52% of total export revenue; whereas in Italy 94% of firms are SMEs contributing 43% of total GDP; and in USA, SMEs generate 54% of sales revenue.

In the Indian context, the evolution of SME sector goes back to 1951 with the advent of planned economy. Since 1951 to 1991, Government has given due protection, but, since 1991, with the policy of liberalisation and globalisation, but at the same time the reserved category of items are decreasing year after year. Small and medium enterprises (SMEs) have been the backbone of the Indian economy. In recent years the MSME sector has consistently registered higher growth rate as compared to the overall growth of the industrial sector. There exists several definitions of the term small and medium enterprises (SMEs), varying from country to country and varying between the sources reporting SME statistics.

Manufacturing Sector	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	Investment in equipments
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees

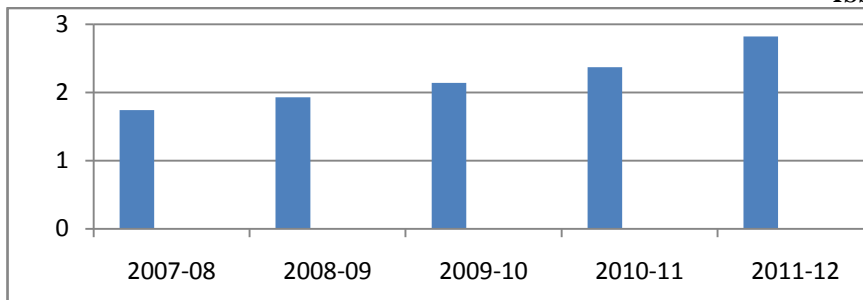
The European Union makes a general distinction between self-employment, micro, small and medium sized businesses based on the following criteria:

### Number of employees

0	Self employed
2-9	Micro business
10-49	Small business
50-249	Medium business

### Chart 1.1: Number of EM-II issued to the MSMEs by the DICs under the various State/UT Commissionerates/Directorates of Industries during 1st April, 2007 up to 31st March, 2012.

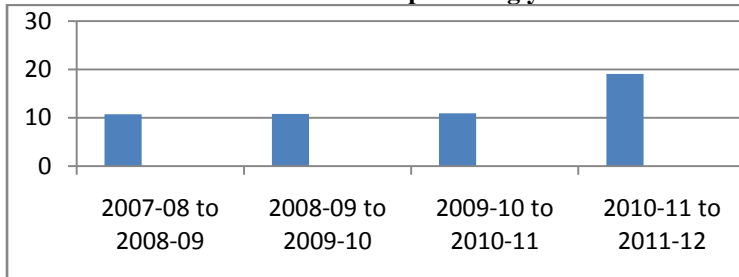
MSMEs has shown consistent growth in terms of number of Entrepreneurs Memorandum (Part II) [EM-II] filed every year. Number of EM-II filed during 2007-08 in the district Industries Centres across the country was 1.74 lakh which increased to 1.93, 2.14, 2.37 and 2.82 lakh during 2008-09, 2009-10, 2010-11 and 2011-12 respectively. (Chart 1.1)



Year	EM-II
2007-08	1.74
2008-09	1.93
2009-10	2.14
2010-11	2.37
2011-12	2.82

MSMEs has shown constant growth rate of more than 10% every year till 2010-11, whereas in year 2011-12 growth rate was 19% which is approximately twice of the Growth rate recorded for previous years. (Chart 1.2)

**Chart 1.2: Annual Growth Rate on preceding years**



Year	Annual growth rate
2007-08 to 2008-09	10.76
2008-09 to 2009-10	10.78
2009-10 to 2010-11	10.93
2010-11 to 2011-12	19.06

## II. REVIEW OF LITERATURE

In a research conducted by Raju T.V. and Gopal R.K. they found that the key to success in industrial marketing is Customer Related Marketing and it is immaterial of the size of the organisation. Also, the main stress on their research was on the innovation and capability of the marketers. They propagate to classify the customer on the basis of their focus area in terms of relationship and make a cost benefit analysis before involving in CRM2. Akula Ravi believes that co-branding can also be considered as an innovative marketing strategy to captivate consumers' attention. Agarwal, Vaishali opinioned to evolve the consumers through innovative marketing practices through internet blogs, e-stores etc. According to Jyotsana Bhatnagar, there is a need to look for a formal cluster approach to face the competition at the international level which would further help the Small and Medium Enterprises to build on cohesive market strategies to beat competition. According to Dinesh (2003), "SME sector has progressed from the product of simple consumer goods to the manufacturing of many sophisticated and precision products like electronic control systems, electro medical equipment, television sets, engineering products, steel fabrication, mechanical equipment etc". Dikshit, Dheeraj insists that Small and Medium Enterprises must emphasis on their business model and establish their core competencies through innovation and technological upgradation. Also, he suggested these enterprises to look into international markets also. All the above mentioned literature focuses on innovation in both product offerings and marketing.

### Research methodology

This study is empirical in nature. The empirical data have been collected for analyzing financial performance of small scale industries by secondary data which are used to analyze the growth, performance of exports and the like of small scale industries at all India level as well as at state level. Secondary data were collected from published and unpublished sources. They were collected from books, journals, reports and published documents of District Industries Centre, Ministry of Small Scale Industries and Agro Rural Industries, Government of India, New Delhi.

### Objectives:

- i. To know the various marketing practices applicable to SMEs,
- ii. To access the innovative marketing practices of SMEs,
- iii. To evaluate the benefits of E-marketing, internet marketing and CRM.
- iv. The study challenges of marketing practices of SMEs
- v. To provide a framework to help these enterprises to design suitable marketing strategies to face effective and enhancing competitiveness.

### Limitations of the study:

The biggest limitation that was incurred while conducting this research was the difficulty in getting accurate and updated data for the same.

### Importance of the MSME sector

The rate of employment that is generated by these enterprises is close to 40% of India's workforce and contributing 45% to India's manufacturing output, especially at the low-skill level. The country's 1.3 million SMEs account for 40% of India's total exports. Due poor adoption of technology and marketing practices have led to very poor productivity. This

sector accounts for about 45 per cent of the manufacturing output and 40 percent of the total exports of India. The MSME sector employs about 42 million persons in over 13 million units throughout the country. There are more than 6000 products, ranging from traditional to high-tech items, which are being manufactured by the Indian MSMEs.

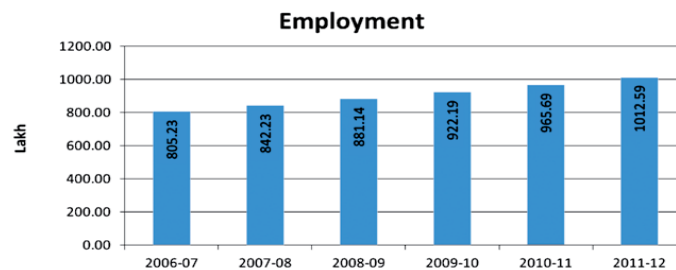
**Chart 1.3**

S.no	Year	Total working enterprises (in lacs)	Employment (in lacs)	Market value of assets (in crores)	Gross output (in crores)
I	II	III	IV	V	VI
1	2001-02	105.21	249.33	154349.00	282270.00
2	2002-03	109.49	260.21	162317.00	314850.00
3	2003-04	113.95	271.42	170219.00	364547.00
4	2004-05	118.59	282.57	178699.00	429796.00
5	2005-06	123.42	294.91	188113.00	497842.00
6	2006-07	361.76†	805.23†	868543.79*	1351383.45*
7	2007-08	377.37	842.23	917437.46	1435179.26
8	2008-09	393.70	881.14	971407.49	1524234.83
9	2009-10	410.82	922.19	1029331.46	1619355.53
10	2010-11	428.77	965.69	1094893.42	1721553.42
11	2011-12	447.73	1012.59	1176939.36	1834332.05

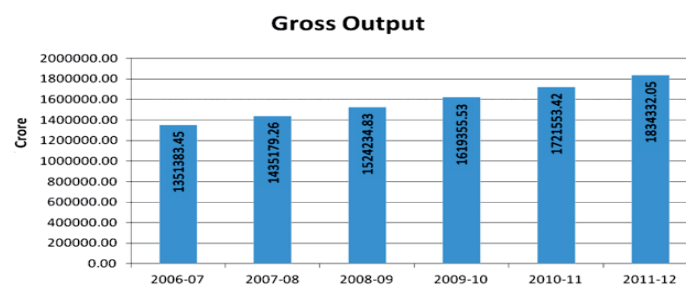
† Including activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage) for which data were extracted Economic Census 2005, Central Statistics Office, M/o SPI.

\*Projected

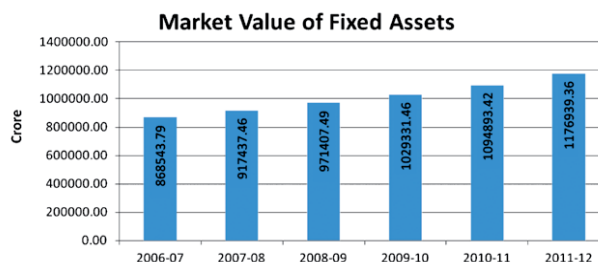
**Graph 1: Trends in the growth of Micro and Small Enterprises (MSEs) and the Employment Generated (in lakh)**



**Graph 2: trends in the growth of MSEs and the gross output generated**

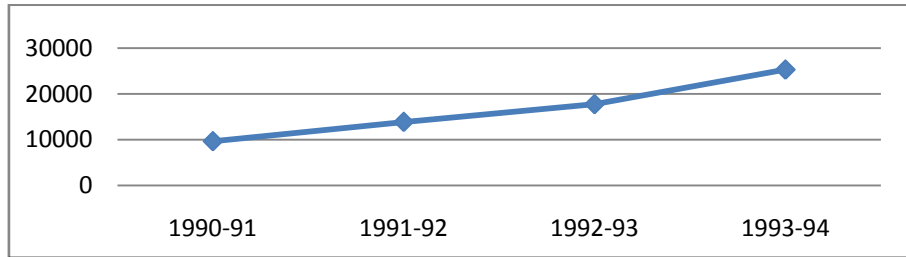


**Graph 3: market value of assets of Micro and Small Enterprises**



**Graph 4** shows that exports from the small scale industry has increased from Rs. 9,664 crore in 1990-91 to Rs. 1,50,242 crore in 2005-06. Very little progress has been made to diversify the exports from these enterprises. Since the late 1980s,

exports from SMEs continues to be dominated by just eight product groups, (namely, Readymade garments, Engineering goods, Electronic and computer software, Chemicals and allied products, Basic chemicals, pharmaceuticals and cosmetics, Processed foods, Finished leather and leather products and Plastic products) accounting for over 90 per cent of total value of exports.



### III. FINDINGS OF THE STUDY

#### Challenges to SME Sector

Despite its commendable contribution to the Nation's economy, SME Sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which is a handicap in becoming more competitive in the National and International Markets. SMEs face a number of problems :

- Lack in training, development and consultancy activities because due to lack of information they do not recognise need for raising their production and growth.
- In a potentially competitive market, SMEs find it hard to enter.
- SME faces an expensive and time-consuming regulatory requirement in licensing and registration.
- Various tax provisions and levies discourage them from entering into formal market.
- Legal requirement of the land of law prohibit their desired growth i.e. special status granted to certain states hinder them entering into high-income zone.
- Non-favourable and discriminatory tax structure.
- Rigid labour market regulations make hiring and firing difficult and expensive. It also tends to prohibit the mobility of work force.
- Lack of infrastructure facilities i.e. transportation, market and communication prohibit to access information and markets.

#### Credit flows to Micro and Small Enterprises

An Informal Economy Perspective (NCEUS, 2009) show that between August 2007 and 2008, credit for credit cards increased by 86.3 per cent, all services sectors by 35.3 per cent, construction by 48.3 per cent, and real estate by 46.3 per cent. However, the increase to credit agriculture and allied activities has been 18.5 percent and for small-scale industries (including micro enterprises) just 9.7 per cent. The overall availability of credit to small and micro enterprises as percentage of net bank credit (NBC) of the Scheduled Commercial Banks (SCB) has declined from 15.5 per cent in 1996-97 to 6.6 per cent in 2007-08. Banks' credit to micro enterprises (investment up to Rs 25 lakh in plant and machinery) declined from 4.2 percent in 2002- 03 to 2.8 percent in 2007-08. The lower segment of micro enterprises (with investment up to Rs 5 lakh in plant and machinery) has experienced a decline from 2.2 per cent to 1.6 percent in the same period. The proportion of net bank credit flows to the small scale sector has been falling in recent years (from 16 per cent in early 1990s to 8 per cent in 2006–2007).

Even the banks have shown their reluctance to extend credit to small enterprises because of the following reasons:

- High administrative costs of small-scale lending;
- Asymmetric information;
- High risk perception; and
- Lack of collateral.

So the whole scenario shows that these enterprises though being one of the major industries for the growth and development of our country are still lagging behind because of the low level of financial support received by them.

#### Initiatives taken by the government:

But still to look further at the picture, these enterprises are surviving due to the initiatives and support provided by the government. The government has followed many steps in order to make sure that these sectors should be able to survive with the help of the various steps taken by them. To ensure continuous and proper working of these enterprises, the government has allocated this responsibility of development of small enterprises to various institutes National Institute of Micro, Small and Medium Enterprises (NIMSME), National Small Industries Corporation (NSIC).

**A. Entrepreneurship development programs [EDPs] :** Entrepreneurship Development Programs are organized by the Institute as a regular training activities to cultivate the latent qualities of educated unemployed youth (both men and women) by enlightening them on various aspects that are necessary to be considered while setting up small scale industries and other service or business enterprises. These courses generally have a duration of 4 to 6 weeks.

**B. Management development programs [MDPs] :** With a view to enhance managerial competence of the Managers and Supervisors working in small scale industries as well as educated unemployed youth aspiring to become

managers of small scale business enterprise, a part time MDPs in various fields such as Marketing Management, Production Management, Export Management, Sales Tax and Business Law, Office Automation etc is also provided. These courses generally have a duration of 2 to 4 weeks.

**C. Information technology training (IT Training):** In order to make sure that a practical training is also imparted at a well equipped computer laboratory in various subjects of Information Technology both hardware & software. The courses such as computer assembly and maintenance, web page designing, MS office & Internet, E-business, etc. are also regularly organised.

**D. Sub-contracting exchange (SCX):** With a view to augment the marketing avenues for small scale industries, a fully computerized Sub-Contracting Exchange is also there. The Exchange acts as a store-house of data with regard to the capacities of the small scale units in terms of products manufactured and/or services rendered and requirements of the large & medium sector buyers, which could be produced, components, sub-assemblies, services. The Exchange also stores data about the specifications and quantities of the various facilities available with the sellers as well as those required by the buyers and the above cases. This storage helps in arranging match through appropriate software between buyers and sellers that can be helpful in increased business opportunity.

**E. Vendor development programme [VDP]:** Various vendor Development Programmes-cum-Exhibition in association with the large public/private sector industries and government organisations in different parts of the state is also organised. These programmes provide a common platform for interaction between buyers and sellers, which in turn help identification of new marketing avenues for SSIs and facilitate the buyers searching proper vendors.

**F. Central government stores purchase program (CGSP):** The Central Government Stores Purchase Program which has been in operation since 1956, was modified in 1976 and came to be known as "Single Point Registration Scheme" of NSIC which helps with the multiplicity of registration with the individual purchase organisation like Railways, defence etc. The scheme aims at assisting the small scale industries in obtaining a fair share of the total purchase made by the government and its Departments including the public sector undertakings and State government. The unit registered with NSIC for participation in Government Purchase Program derive the benefits like free supply of tender forms, exemption from payment of earnest money, security deposit etc.

**G. Technology resource centre [TRC]:** To survive in the strong cut throat competition in the economy and the exposure due to globalization, there is a need to regularly update the technology, thus TRC helps the MSEs with the same.

**H. Quality upgradation scheme (QUS):** In order to encourage upgradation of technology and improved quality in SSI sector and help them prepare to face global competition, the Development Commissioner (Small Scale Industries), has introduced the following incentive schemes:

**a. Incentive for acquiring ISO-9000 / ISO-14001 certification:** The scheme provides for reimbursement of 75% of the amount spent for acquiring ISO-9000 / ISO-14001 certification (or its equivalent) up to a maximum of Rs. 75,000/- to each small scale unit as one time assistance.

**b. Scheme for setting up of testing centre:** The objective of the scheme is to promote setting up of testing centres to offer facilities mainly to SSI units for testing the quality of raw materials, components and the end products as per the relevant standard specifications. The scheme provides for financial assistance equal to 50% of the cost of testing equipment and machinery subject to a maximum of Rs. 50 lacs as one time grant in aid.

**c. National awards for quality products:** With a view to further encourage quality consciousness and the efforts of SSIs for quality up gradation and improvement, the Government of India introduced a Scheme of National Awards for quality products in SSI sector during the year 1986. Under this scheme, every year certain products are selected for awards. The award carries a trophy, a certificate and a cash prize of Rs. 25,000/.

**Export promotion program (E.P.P.):** The capability of Indian SSI products to compete in the International market is clearly reflected in its share of 35% in national exports. Thus high priority is accorded for the promotion of export from SSI Sector. With a view to render assistance to small scale units in the field of exploring market potential, export promotion and publicity through exhibitions, the following schemes are being implemented:

**i. Participation in international trade fairs:** Participation in selected International trade Fairs and Exhibitions is arranged to assist the SSI sector in exhibiting their products without incurring expenditure towards participation by them. All the charges pertaining to participation such as space rent, display of exhibits, shipment of exhibits, handling and acquiring insurance, etc. are met by DC (SSI), for selected SSI units for displaying their products in International Exhibitions abroad.

**iii. Scheme for market developing assistance for SSI exporter (SSI-MDA):** To encourage SSI exporters in their efforts at tapping and developing overseas markets, DC(SSI) has launched a new plan scheme on Market Development Assistance for SSI Exporters similar to the one operated by the Ministry of Commerce. The scheme offers following incentives to the individual SSI exporters:

a. Reimbursement of to and fro air-fare within the permissible limit i.e. 90% of cost of return ticket by economy class subject to an upper ceiling of Rs. 60,000/- (Rs. 90,000/- for Latin American countries).

b. Financial assistance upto 25% of the cost of production of overseas publicity material limited to Rs. 15,000/- in a financial year.

c. Financial assistance up to Rs. 2 lacs for commissioning specific Market Studies.

d. Reimbursement of 75% of one time registration fee to be paid by SSI units to EAN India for adoption of bar-coding.

**10. Sick units revival program (SURP):** The Department of Industry, Government of Jharkhand has, therefore, constituted a State Level Apex Committee for rehabilitation of sick SSI units under the Chairmanship of the Secretary

(Industry) and has introduced a scheme called “Jharkhand Industries Rehabilitation Scheme-2003” extending financial assistance for revival of the ailing industrial units in the State.

**11. Small industries cluster development program [SIDCP]:** D C (SSI) has launched Small Industries Cluster Development Program with a holistic approach to improve competitiveness of these industries through technology upgradation, facilitate development of new products, improved production process, improved quality of products, built on common brand, establish marketing linkage in domestic and international markets, formation of consortia, enhance income of entrepreneurs and ultimately overall growth.

**12. National awards :** A scheme for giving National Awards to the SSI units has been introduced to recognize the performances of small scale entrepreneurs and inculcate a spirit of competitiveness amongst them. The following three categories of awards are given away every year:

**I. National awards to small scale entrepreneurs :** Awards are given to small scale entrepreneurs for encouraging and motivating them for efficient management of their small scale units, their modernization with a view to upgrade the quality of their products, productivity, increasing their share both in the domestic and export market, innovation and bringing about technological improvement.

**II. National awards for quality products :** National Awards comprising of cash prize of Rs 25000/- to the SSI units engaged in the production of quality products, selected every year on rotation, are given away to bring in quality consciousness and recognize this merit among small scale entrepreneurs.

**III. National awards for R&D efforts in SSI units :** To encourage in-house R&D efforts and to promote the spirit of innovative vision and ambition for producing new products of greater utility adopting better technique, quality production for higher societal relevance, through in-house R&D efforts, this award is given.

**13. Marketing Assistance and Technology Up gradation Scheme for MSMEs:** To enhance MSME’s competitiveness in the National as well as International market through various activities such as technology up gradation in packaging, skills up gradation/development for modern marketing techniques, competition, studies of threatened products, Identification of new markets through state/district level, local exhibitions/trade fairs, Corporate Governance Practices, Marketing Hubs and Reimbursement to ISO 18000/22000/27000 Certification is encouraged in this scheme.

**Marketing assistance scheme :** Ministry of Micro, Small & Medium Enterprises, inter-alia, through National Small Industries Corporation (NSIC), a Public Sector Enterprise of the Ministry, has been providing marketing support to Micro & Small Enterprises (MSEs) under Marketing Assistance Scheme. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 addresses these issues and also other issues relating to credit, marketing, technology up gradation concerning the micro, small and medium enterprises.

**Marketing support to MSMEs :** Under the Scheme, it is proposed to provide marketing support to Micro, Small & Medium Enterprises through National Small Industries Corporation (NSIC) and enhance competitiveness and marketability of their products, through following activities:

#### IV. FINANCIAL ASSISTANCE

**4.1 Organizing International Technology Exhibitions in Foreign Countries by NSIC and participation in International Exhibitions/Trade Fairs:** In addition to the organisation of the international exhibitions, NSIC also facilitate participation of Indian MSMEs in the select international exhibitions and trade fairs.

<b>B. Participation in International and technology Exhibitions/Trade Fairs held in Foreign Countries:</b>		
<b>S. No.</b>	<b>Eligible Items</b>	<b>Scale of Assistance</b>
1.	<b>Space rent</b> (Built up stall)	<b>For General Category Enterprises:</b> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises :</b> 75% of the actual charges</li> <li>• <b>Small Enterprises :</b> 60% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 25% of the actual charges</li> </ul> <b>For the Enterprises belong to NE Region/ Women/ SC/ST entrepreneurs:</b> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises :</b> 95% of the actual charges</li> <li>• <b>Small Enterprises :</b> 85% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 50% of the actual charges</li> </ul>
2.	<b>Freight charges</b> for the goods transported to the events	Actual subject to maximum of Rs.15000/- (Rs. 20000/- for Latin American countries) per entrepreneur.
3.	<b>Air fare:</b>	<b>For General Category Enterprises:</b> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises :</b> -85% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Small Enterprises</b> -75% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Medium Enterprises:</b> -25% of the economy class return fare (for one representative from one</li> </ul>

		enterprise).
Advertisement and theme pavilion	20% of the total subsidy admissible under the above four sub-heads subject to a maximum of Rs. 20 lakhs.	Advertisement, publicity and theme pavilion

**Scale of Assistance:**

Built up space would be provided by the implementing agency i.e. NSIC, to MSMEs in various domestic exhibitions at subsidised rates to enable them to exhibit their products and services. The rates of subsidy available on space charges would be as under:

<b>General category</b>	<b>Enterprises belonging to NE Region/ Women/ SC/ST category</b>
Micro enterprises:75%	Micro enterprises:95%
Small enterprises:60%	Small enterprises:85%
Medium Enterprises: 25%	Medium Enterprises: 50%

However, the budgetary support towards net expenditure for organising such exhibition/trade fair would normally be restricted to a maximum amount of Rs. 30 lakhs. The corresponding budgetary limit for participation in an exhibition/trade fair shall be Rs. 10 lakhs. In cases exceeding the above budgetary limits, the approval of Administrative Ministry would be required.

**"Techmart" exhibition by NSIC :** NSIC has been organising "Techmart" exhibition every year during India International Trade Fair (IITF) in the month of November. This is an international exhibition showcasing the best MSME products, technologies and services of India. The rates of subsidy available on space charges for the Special category would be as under:-

Micro Enterprises : 95%

Small Enterprises : 85%

Medium Enterprises: 50%

The total budgetary support for organizing "Techmart" would normally be restricted to Rs. 75 lakhs only. The proposal exceeding this limit would require approval of the Administrative Ministry.

**Support for Co-sponsoring of Exhibitions organized by other organisations/ industry associations/agencies:** Support is provided to various institutions, industry associations and organisations engaged in promotion & development of MSMEs, for organizing exhibitions/ fairs within the country for the benefit of MSME. This support would be in the form of co-sponsoring of the event by NSIC.

**Scale of Assistance:** The scale of assistance to the applicant organisation/agency for co-sponsoring of an exhibition/trade fair would depend on the place of the event. The budgetary support towards partially meeting the expenditure on hiring of exhibition ground/hall, erection of stalls, publicity etc. for co-sponsoring the event and would be limited to 40 % of the net expenditure, subject to maximum amount of -

Rs. 5 lakh in case of 'A' class cities.

Rs. 3 lakh in case of 'B' class cities.

Rs. 2 lakh in case of 'C' class cities.

Rs. 1 lakh in case of rural areas.

The assistance towards co-sponsoring the event shall be provided to the applicant organisation on reimbursement basis after the event, on submission of event report and other relevant documents.

**Buyer-Seller Meets:** Buyers-Sellers Meets are organized to bring bulk buyers / Government departments and micro, small & medium enterprises together at one platform. Bulk and departmental buyers such as the Railways, Defence, Communication departments and large companies are invited to participate in buyer-seller meets to bring them closer to the MSMEs for enhancing their marketing competitiveness.

**Intensive Campaigns and Marketing Promotion Events:** Intensive Campaigns and Marketing Promotion Events are conducted all over the country to disseminate information about the various schemes for the benefit of the micro, small & medium enterprises. They are also facilitated to enrich their knowledge regarding latest developments, quality standards etc. and improve the marketing potential of their products and services.

**Scale of Assistance:**

Expenditure incurred for organizing Intensive Campaigns and Marketing Promotion Events would be met out of the budgetary support provided by the Government under the Scheme, subject to a maximum limit of : -

Rs. 80,000 in case of 'A' class cities.  
Rs. 48,000 in case of 'B' class cities.  
Rs. 32,000 in case of 'C' class cities.  
Rs. 16,000 in case of rural areas.

No financial assistance is given to the participating units for attending the event. The participating MSMEs have to attend these programs at their own cost.

#### **4.2 Other Support Activities:**

Under the Scheme, the following activities for supporting the marketing efforts of MSMEs may be undertaken by NSIC:

- Development of Display Centres, Show windows and hoarding etc. for promoting products and services of MSMEs.
- Printing of Literature, Brochures and Product-specific Catalogues and CDs etc. and preparation of short films for disseminating information
- Development of website/portal for facilitating the marketing of MSME products and services.
- Development and dissemination of Advertising and Publicity material about various programs / schemes for MSME sectors and events.
- Preparation and Upgradation of MSME Manufacturers/Suppliers /Exporters Directory.
- Documentation of the success stories of MSMEs.
- Conducting studies to explore and assess new markets/businesses and product ranges for both domestic & International markets.
- Hosting international delegations and networking events.

The maximum amount of budgetary support for such activities would be limited to 5% of the total annual budget for the scheme and for an individual proposal, the maximum permissible limit for any of the above event/activity would be Rs. 5.00 lakh only.

#### **The effect of financial viability as a marketing strategy for MSEs**

In order to make the continuous growth and development of these MSMEs, the availability of finance is the major concern. Usually this is available at a higher cost of credit due to lack of reliable information, difficulty in enforcing contents and lack of appropriate instruments for managing risk. In India, governments have supplemented it by credit guarantee schemes at subsidised interest rates. Nevertheless, above mentioned measures have not been able to achieve their fundamental objective, thus following are the suggestions to revive the MSME's for the same.

#### **Suggestions:**

The current scenario is demanding change and innovation in the techniques of work and the products offered by them. This can be the only way to fight with the tug of war between various products in this cut throat competition

There are many innovative marketing techniques, which can be considered by the managers for their enterprises. Better growth and development can be achieved by this sector by ensuring the fulfillment of the following steps:

- a) **Customer Relationship Management (CRM):** As now all the entrepreneurs know that 80 percent of their business comes from their 20 percent loyal customers. The SMEs should provide special training to their sales team to bring in enthusiasm and commitment for the work with new ideas and innovation.
- b) **Digital Advertising:** The activities of the companies can be video recorded and uploaded in the internet, which in turn will help the potential industrial buyers to understand the functioning of the SMEs without making factory visit.
- c) **Mobile applications as a Service tool:** Mobile applications can be used as the service tool, the regular updating of payments, receipts, and other business related information will help the customers in meeting their commitments without overlooking at them.
- d) Reducing the barriers to entry by reconsidering their capital requirements.
- e) Simplification of laws of contract enforcement etc.
- f) Promotion of various lending technologies i.e. e-banking which can help reducing associated administrative costs.
- g) Improving feedback mechanism.
- h) Generate new sparks (Idea).

## **V. CONCLUSION**

The marketing can function effectively only when the commitment from the management and people in the organization comes. These enterprises can easily bring in the innovative marketing practices as they don't have layers between the decision makers and the people who implement

the decisions. Their innovative marketing strategy can work, if it is based on clearly formulated marketing program to reach the potential and existing customers. Though the medium enterprises are also proposed to be included as the target beneficiaries in the scheme, but at the same time, marketing of products and services of micro and small enterprises, in rural as well as urban areas also has to be stressed. In present economic scenario, these enterprises are increasingly focusing on improved production methods, penetrating strategies and modern scientific capabilities to sustain and strengthen their operations. These are usually registered business entities but lack of formal business systems in place and operate in both formal and informal sectors of economy. They have always been the engines of growth for every country but used to face marketing challenges with constraints on sustained advertisement and other market promotion.



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