



GLOBALIZATION OF SMEs IN PRESENT ECONOMICAL STRATAGEM

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Introduction

Globalization is the process of increasing participation in international operations. Globalization is one of the most important paths for growth. It is a particularly significant growth strategy for SMEs whose business scope has been purely confined. It includes exporting, the presence of overseas subsidiaries, share possession by foreigners and the engagement of foreigners in the organizational structure SMEs tend to move into foreign markets as exporters and/or as foreign investors. In general, SMEs can use one or more of the four modes for internationalization- exports, contractual agreements, production investments and strategic alliances.

The retailing industries in India amounted to Rs. 10,000 billion accounting for about 10% to the country's GDP. The organized retail market in India, out of this total market accounted for 350 billion which is about 35% of the total revenues. This is the largest sector next to the agriculture. India was in exception in that it gave the small sector, large incentive and protection in the period 1948-1991, going to the extent of reserving certain production line solely for the sector. Role of small and medium scale industries in current economic scenario is mainly based on a great potential of marketing of consumer goods in rural as well as urban areas of India which is increasing day by day.

Retail Marketing Process

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. The emergence of the 24x7 culture has had a very strong impact on the changes occurring in many industries. Each passing year has new and far reaching effects on the retail industry, and this is not surprising considering that retail is an industry which is all about change. The next ten years will undoubtedly hold even more changes than the last decade. The typical Retail Marketing Equation is as follows-

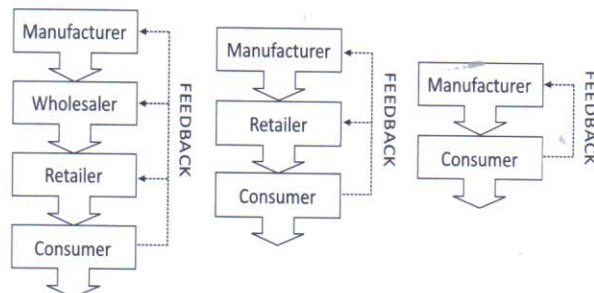
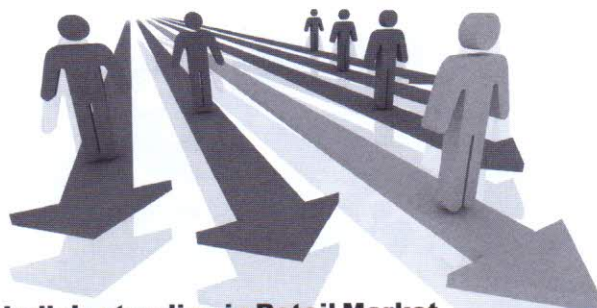


Fig. A & B shows that how traditional manufacturers or suppliers are associated with delayed consumption. These companies are called Retailers. Fig. C shows how manufacturers or suppliers are associated with immediate consumption are called direct manufacturer or supplier. Retailers are no longer dependent on the manufacturers to sell what is available and have emerged as the new leaders in the marketing channels.



India's standing in Retail Market

The global retail sector is headed for a slowdown with economic recession becoming a reality in many economies of the world. Retailers world over, will need to adapt their strategies in response to the same. Moreover, the maturing of many markets and the aging of consumers in many economies has also triggered retailers to rethink their strategies. At the same time, the emerging markets of China and India have begun a rebalancing of the global economy that will have a huge impact on the global retail market. Together, China and India, or Chindia as they are now termed, are estimated to see the GDP rise to \$6 trillion by the year 2020. They will consume 45-50% of the world's natural resources and have the potential of becoming the world's largest exporters of goods and services with a 25%+share. India is moving from a centrally planned economy to a free market. This requires economic liberalization, the removal of price controls, the lowering of trade barriers, the restructuring and privatization of financial and industrial sectors. It is usually characterised by the creation of new institutions, including private enterprises taking on activities previously performed by the state and new instruments for state governance, such as a national regulatory authority for telecommunications. The problems faced in India has included the absence of a constructive policy framework, the slowness of the establishment of the network infrastructure, the training of people to use it and to exploit commercially the information and knowledge that it makes available.

Former Prime Minister of India Mr Manmohan Singh talked about his vision for rural India : "My vision of rural India is of a modern agrarian, industrial and services economy co-existing side by side, where people can live in well-equipped village and commute easily to work, be it on the farm or in the non-farm economy. There is much that modern science and technology can do to realize this vision. Rural incomes have to be increased. Rural infrastructure has to be improved. Rural health and education needs have to be met. Employment opportunities have to be created in rural areas."

We cannot apply same marketing strategies in different states and India in rural areas. India also have

developed rural India and undeveloped rural India. In terms of expenditure, about 25% of the urban people is spending as much as 75% of what rural people is spending. Due to potential in rural India, there is a huge market waiting to be tapped there. So, rural areas can't be ignored. But corporate world and investors afraid to invest in rural areas. They only took at what gives them immediate success. They should give value for money for the brand they are selling. They have required a lot patient for returns form rural market. They have to opt different marketing strategies to make place in rural area. They have to understand the aspects:

1) The Rural Consumer

- a) Client and location pattern
- b) Culture of Market
- c) Socio Economic Position
- d) Literacy Level
- e) Lifestyle
- f) Buying Behaviour

2) The Rural Demand

- a) Identify the product
- b) Recent Trends
- c) Factors behind Growth & Diversification
- d) Attractive Market

There is a tremendous potential for consumer durables like T.V., Pressure Cooker, Small Cars, Bikes, Pesticides, Tea, Toothpowder/Paste, Sewing Machines, Cell Phones, Cloths etc. in rural India. Small & Medium Scale Industries (SMI) – The Engine of Growth:

The Small Scale Industry Sector has emerged as India's engine of growth in the New Millennium. The ongoing programme of Economic Reforms based upon the principle of liberalisation, globalisation and privatisation and the changes at the international economic scene including the emergence of World Trade Organisation (WTO), have brought certain challenges and several new opportunities before the SMI Sector. The most important challenge faced by the sector is that of growing competition both globally and domestically. At the same time sector has also been facing some problems which relate to credit, infrastructure, technology, marketing, delayed payment hassles on account of so many rules and regulations etc. In order to enable this sector to avail the opportunities and play its role as an engine of growth, it is essential to address to these problems effectively and urgently. With a view to provide more focused attention on the development of SSI, the Government of India created a new Ministry of Small Scale Industries & Agro and Rural Industries in October 1999. Immediately after the formation of the Ministry, a Mission for the Millennium giving a blue print for small scale and village industries was announced. This Mission comprises of Policy Support, Fiscal Support,

