

INNOVATION IN SMALL AND MEDIUM ENTERPRISES IN INDIA

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ABSTRACT

To succeed in the era of globalization and to manage change more effectively, small and medium enterprises need to innovate, develop, market and integrate new technology. The prospects of SMEs would be widened if they are provided with a more innovation friendly environment with improves conditions for the creation and development of new companies, the diffusion of new technologies, the emergence of new economic activities and at fostering the “innovation culture” In the Indian business scenario. This paper aims at exploring the innovation culture and conducive environment prevailing in our Indian subcontinent which would nature the growth of SMEs.

Key Words: *Innovation in Small and Medium Enterprises,*

INTRODUCTION

The major objective of the this paper is to analyze the relationship between experience of entrepreneurs in a particular business and innovation in that field and also the factors influencing innovation with respect to small and medium enterprises. The post liberalization era (1991) has thrown up new challenges to the Indian small and medium enterprises (SMEs). Innovation is the basis for all competitive advantage. Innovation can cause change. Organizations need innovation to stay in business. Quality programmers are vital for providing improvement. Innovation leads to better performance, growth, competitive positioning and greater market share. This article attempts to bring out the factors influencing innovation in small and medium enterprises.

Significance of SMEs in India

The SMEs sector in India employs round 26 million folks and is worried with the creation of over 7500 industrial items with the product range varying from quite simple gadgets produced with ordinary science to high tech product. As gift, the SSI sector accounts for over 90 per cent of industrial items within the country, 40 per cent of value addition within the manufacturing output and roughly 35 per cent of India’s exports. The small and medium enterprises also have particular benefits.

- Size
- Higher labor-capital ratio
- Shorter gestation period
- Focus on relatively smaller markets
- Lower investments
- More equitable distribution of national income
- Effective mobilization of resources of capital and skills, which might otherwise remain unutilized

Innovation in India

Innovation is one of the key differentiators for the success of corporations. Triumphant firm differentiate themselves via how good and how speedy they are able to adapt science to go well with their business procedures. However such innovation particularly is not an option today. Innovate or perish has become the unwritten norm of the globalised financial system. With the outstanding broaden within the pace and complexity of information innovation isn't a chance, however alternatively opportunities to higher serve consumers.

OBJECTIVES OF THE STUDY

- To analyse the relationship between experience and innovation in SMEs.
- To identify the factors influencing among SMEs
- To find the impact of type of innovation on type of business among SMEs.
- To study the various types of the SMEs industrial units in Salem district.
- To find the association of sales, employment capacity and experience on innovation culture among SMEs.

RESEARCH METHODOLOGY

In this study, small and medium enterprises in Salem district are selected. In order to pursue the present study, the researcher has undertaken a study with a view to find out the suitability of information furnished in the questionnaire to the proprietor or 50 Respondents of the SMEs. The study is undertaken with reference to 50 sample respondents in study area, which are 10 respondents in each type of industry. To conducting a survey on Innovation of SMEs units in Salem, probability sampling methods have been used. Stratified random sampling techniques have been adopted in this survey.

DATA ANALYSIS AND INTERPRETATION**Table No.1. Growth Performance of SMEs in Tamil Nadu**

S.NO	PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
1	Most influence	18	36
2	More Influence	12	24
3	Moderate Influence	10	20
4	Less Influence	8	16
5	No Influence	2	4
	Total	50	100

INTERPRETATION

From above table it is clear that 36% of the respondents are Most influenced by Growth Performance of SMEs, 24% of the respondents are more influenced by Growth Performance of SMEs, 20% of the respondents are moderately influenced by Growth Performance of SMEs, 16% of the respondents are less influenced by Growth Performance of SMEs, 4% of the respondents are not influenced by Growth Performance of SMEs.

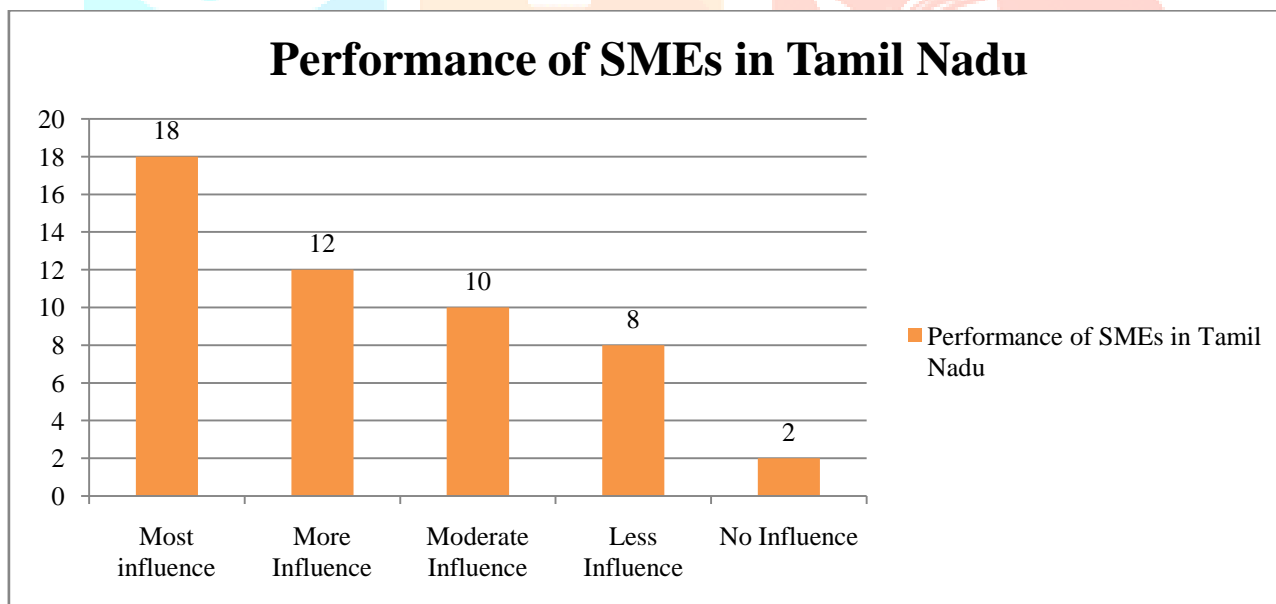
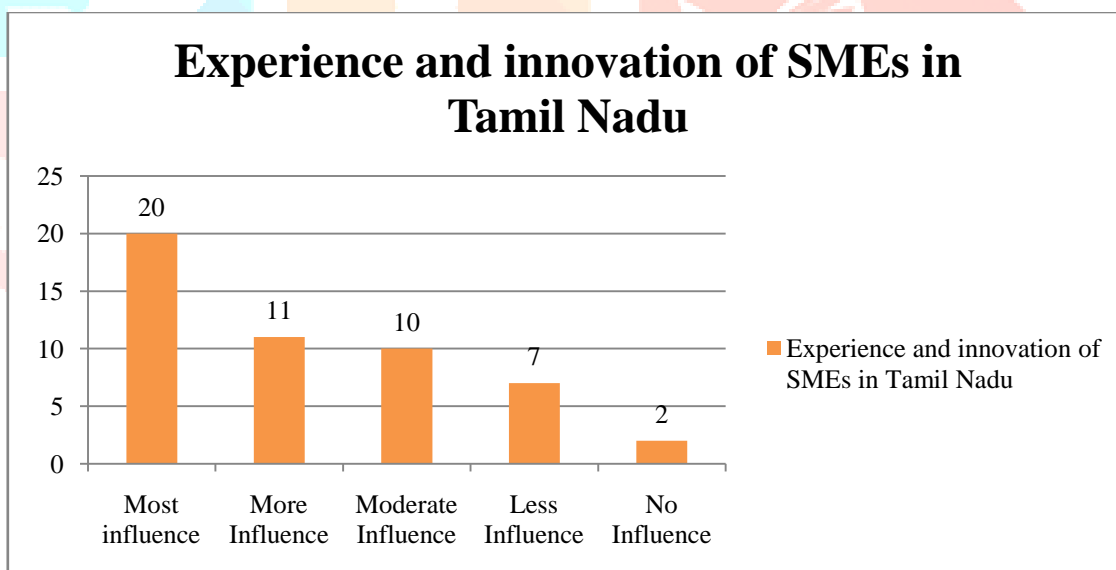
Chart No: 1. Performance of SMEs in Tamil Nadu

Table No.2. Experience and innovation of SMEs in Tamil Nadu

S.NO	PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE
1	Most influence	20	40
2	More Influence	11	22
3	Moderate Influence	10	20
4	Less Influence	7	14
5	No Influence	2	4
	Total	50	100

INTERPRETATION

From above table it is clear that 40% of the respondents are Most influenced by Experience and innovation of SMEs, 22% of the respondents are more influenced by Experience and innovation of SMEs, 20% of the respondents are moderately influenced by Experience and innovation of SMEs, 14% of the respondents are less influenced by Experience and innovation of SMEs, 4% of the respondents are not influenced by Experience and innovation of SMEs.

Chart No: 2. Experience and innovation of SMEs in Tamil Nadu

CONCLUSION

One who is enterprising is taking a big leap from being a job seeker to a job giver. People behind SME's therefore will have to reward for this difference they make. Some of the people just think, some just start, some get going, and some sustain. Only very few are successful. In the era of global markets, innovation on an ongoing basis is the true reason not for growth but for the very survival of small and medium scale enterprises.

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