

“A Comparative Study of SMEs’ Contribution in India and China: A Study of Selected Sectors”

Synopsis of the PhD Thesis

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“A Comparative Study of SMEs’ Contribution in India and China: A Study of Selected Sectors”

a. Introduction

The topic of the thesis is broadly related to the SMEs contributions in India and China with special focus on Selected Sectors Chemical, Pharma and Textile Sectors.

In many aspects, China and India are very similar. Both countries are located in Asia with similar sized populations, and both belong to the group of emerging markets with fast-growing economies. The most important feature for economic development of any country is its industrialisation. In the process of industrialisation, importance given to four major sectors, Large-scale industries, Medium & Small-scale industries and cottage industries. The Small and Medium Enterprise sector is the real engine of growth for the Indian Economy in the New Millennium. It provides gainful employment to a large chunk of population. The share of SME sector in the manufacturing output and export is significant and has been growing consistently. Therefore, it is very important to evaluate the performance of SMEs to support that role. Current SME performance models suffer from a number of disadvantages. Scope of the study is limited to make micro level comparative analysis of unit, employment, production & export of SME sector in India and China and their contribution with special reference to Chemical Sector, Pharmaceutical Sector and Textile Sector.

b. Brief description on the state of the art of the research topic

b.1 Role and Importance of SMEs

In developing countries like India and China, the role and importance of small-scale industries is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities. It is estimated that this sector has been contributing about 40% of the gross value of output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of the large-scale sector. This clearly shows the importance of small-scale industries in the economic

development of the country. The small-scale industry has been playing an important role in the growth process of Indian economy since independence in spite of stiff competition from the large sector and not very encouraging support from the government. The SME sectors in India and China are playing important role in many areas.

b.2 Employment generation

The basic problem that is confronting the Indian economy is increasing pressure of population on the land and the need to create massive employment opportunities. This problem is solved to larger extent by small-scale industries because small-scale industries are labour intensive in character. They generate huge number of employment opportunities. Employment generation by this sector has shown a phenomenal growth. It is a powerful tool of job creation.

b.3 Provides opportunities for development of technology:

Small-scale industries have tremendous capacity to generate or absorb innovations. They provide many opportunities for the development of technology and technology in return, creates an environment conducive to the development of small units. The entrepreneurs of small units play a strategic role in commercialising new inventions and products. It also facilitates the transfer of technology from one to the other. As a result, the economy reaps the benefit of improved technology.

b.4 Promotes exports:

Small-scale industries have registered a phenomenal growth in export over the years. The value of exports of products of small-scale industries has increased tremendously. This contributes more than 40% India's total export and 65% of China's import and export. Thus they help in increasing the country's foreign exchange reserves thereby reduces the pressure on country's balance of payment.

b.5 Supports the growth of large industries:

SMEs are supporting the growth of large industries by providing, components, accessories and semi finished goods required by them.

Therefore, it is very important to evaluate the performance of SMEs to support that role. Current SME performance models suffer from a number of disadvantages. Therefore, Scope of the study is limited to make micro level comparative analysis of unit, employment, production & export of SME sector in India and China and their contribution with special reference to Chemical Sector, Pharmaceutical Sector and Textile Sector.

In many aspects, China and India are very similar. Both countries are located in Asia with similar sized populations, and both belong to the group of emerging markets with fast-growing economies.

The thesis addresses three major questions (1) Evaluate & compare the performance and contribution of Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in India & China. (2) Study the policy matters related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in India and China and their impact on the business (3) Find out problem, issues & prospects of Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in India & China.

There are negligible researches available on comparative study of India vs. China with special reference to SMEs. Therefore, there is a need to study the role and contribution of SME sector in India and China.

b.6 Role of Chemical, Pharma & Textile industries to the Economy in India

Chemical industry accounts for approximately 6% of GDP of India. Share of industry in national exports is around 13%. As per FICCI's Handbook on Indian Chemicals and Petrochemicals Sector 2014 India's chemicals industry represents around 3% of the global chemicals. With more than 80,000 products for downstream industries

Pharma industry accounts for approximately between 9.0 % to 9.5% of GDP of India. As per McKinsey & Company Inc. Report Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of

generic drugs globally and accounting for 20 per cent of global exports in terms of volume. Indian pharma sector exports to reach \$ 25 billion by 2014 at an annual growth rate of 25 per cent.

Textile sector contributes 14 percent to industrial production and 4 percent to GDP (CII-Textiles & Apparel report). With over 45 million people, the industry is one of the largest sources of employment generation in the country. The industry accounts for nearly 13 per cent of total exports.

b.7 Role of Chemical, Pharma & Textile industries to the Economy in China

The chemical industry is the third largest in China, after textiles and machinery, and accounts for 10 percent of the country's GDP. It accounts for 52.1 percent of the Asia-Pacific chemical manufacturing sector's value, making China the second largest consumer of basic chemical products as mentioned in KPMG's article "China's Chemical Industry: The New Forces Driving Force".

China's thousands of domestic Pharma companies account for 70% of the market, and the top 10 companies about 20%, according to Business China. China's changing health-care environment is designed to extend basic health insurance to a larger portion of the population and give individuals greater access to products and services. The average annual growth rate of total health expenditure in China was as high as 18.2% over the period from 1991 to 2004, while the average growth rate of GDP was only 9.3% and the average GDP per capita growth rate was 8.2% in the same period (CFSSS, 2006).

According to the WTO's Trade Policy Review, in 2006, China consumed 75 percent of the textile and apparel sector's output. The NBS reported that retail sales of apparel increased 18.7 percent year-on-year in October 2008, and first-quarter 2009 apparel sales increased 14.3 percent year-on-year. China's response to international trade barriers, increasing environmental -protection requirements and climbing labour wages are among factors that will play a major role in determining the future of its textile and apparel industry. The country's rapidly developing economy and increasing demand - along with rising export tax rebates and government policies issued to foster the textile industry's growth - should help

China ride out the effects of the global economic downturn and return to an upswing. Textiles and clothing, are important part of China's exports.

(c) Definition of the problem

From the review of literature of 50 articles, researcher found that there are lots of materials available on various subjects but very few research/study have been done on the area of SMEs contribution in India and China in selected sectors. Since there are negligible researches available on comparative study of India vs. China with special reference to SMEs, therefore, there was a need to conduct comparative study on the role and contribution of SME sector in India and China in selected sectors i.e. Chemical, Pharma & Textile. The literature as well as various research on the subject related to the SME sector, its development and its problems is then reviewed in relation to the research problem, and from this review emerge five research questions that represent the essence of the research problem and which must be satisfactorily addressed for its resolution:

1. In what manner the SMEs, especially Chemical, Pharmaceutical and Textile sectors have played roles in economic development of India and China?
2. Which factors contributed for the development of SMEs in Chemical, Pharmaceutical and Textile sectors in terms of production, employment and export in India as well as in China?
3. What are the different facilitating and limiting factors of growth and development of SMEs in Chemical, Pharmaceutical and Textile sectors in India and in China?
4. How the government policies played role in the growth and development of SMEs in Chemical, Pharmaceutical and Textile sectors in India and in China?

c.1 Major Hypothesis

H₁₀= Within the given legal & policy framework, there is no difference between the performance of Chemical SME sectors in India and China

H₁₁= Within the given legal & policy framework Chemical SME sectors in China are performing better than India

- H2₀= Within the given legal & policy framework there is no significant difference in Pharma industries in SME sectors between India and China
- H2₁= Within the given legal & policy framework Pharmaceutical SME sectors in China are performing better than India
- H3₀= Within the given legal & policy framework, there is no significant difference between the performance of Textile SME sectors in India and China
- H3₁= Within the given legal & policy framework performance of Textile industries in SME sector in China is doing better than India
- H4₀: There is no significant difference between the Government Policies and related issues which make impact on growth and development of SMEs in India and China.
- H4₁: SMEs of India and China significantly differ in the opinion of SMEs on various issues due to government policies”.

(d) Objective and Scope of the work

d.1 Objective of the study

From the study of 50 articles, it is found that there are lots of materials available on various subjects but very few research/study have been done on the area of SMEs contribution in India and China in selected sectors. Since there are negligible researches available on comparative study of India vs. China with special reference to SMEs, therefore, there was a need to conduct comparative study on the role and contribution of SME sector in India and China in selected sectors i.e. Chemical, Pharma & Textile. The Objective of this research is to analyze and interpret three major issues:

1. To evaluate & compare the performance of Chemical Sector, Pharmaceutical Sector and Textile Sector SME in India & China.
2. To study the policy matters related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in India and China and their impact on performance of these sectors.
3. To find out problems, issues & prospects of Chemical Sector, Pharmaceutical Sector and Textile Sector SME in India & China.

4. To recommend best practice and policy development to be adopted by the government policy makers for the Growth and Development of SMEs in Chemical Sector, Pharmaceutical Sector and Textile Sector in India & China.

d.2 Scope of the Research

Scope of this research is limited to the financial Performance as well as impact of Government policies of Chemical, Pharmaceutical and Textile Sectors in India and China. The scope of research is significant to identify the problems and find out solutions to improve the performance of Chemicals, Pharmaceuticals and Textiles in SME sector in India & China

Also scope of the study is limited to make micro level comparative analysis of units, employment, production, & exports of SME sector in India and China with special reference to Chemical Sector, Pharmaceutical Sector and Textile Sector.

This study is restricted to the Registered SMEs under three sectors of Chemical Sector, Pharmaceutical Sector and Textile Sector. This research study depended upon the secondary data and hence secondary data will have all the limitations in analysis.

(e) Original Contribution by the thesis

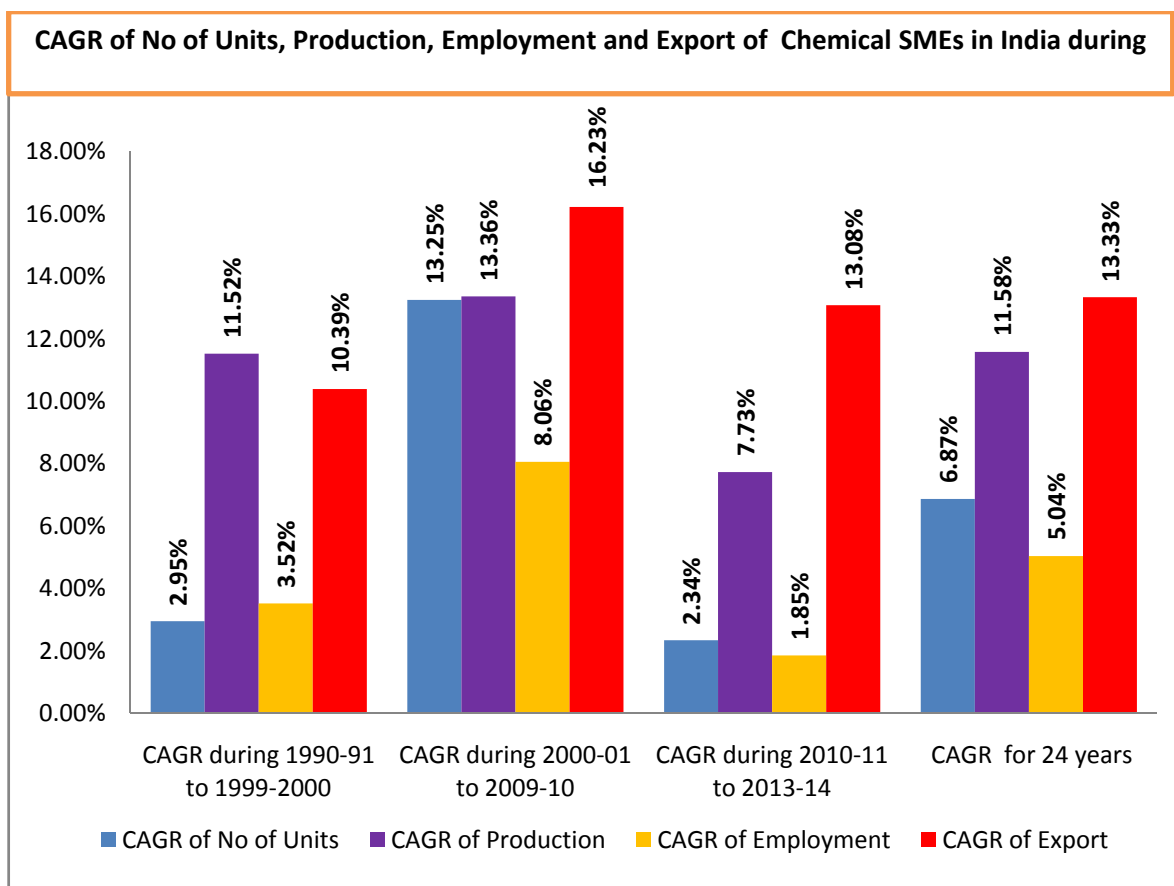
India and China both are major doing economy in the world. Both countries are highly depended on SMEs for their economic growth. The research has tried to study the growth & development of SMEs with reference to Chemical Pharma & Textile sectors in Indian and China. Through this research the new knowledge about the causes, effects, problem and issues which made impact on the growth and development of number of units, production, employment and exports by Chemical, Pharma and Textile industries in SME sectors in India and China have been extracted.

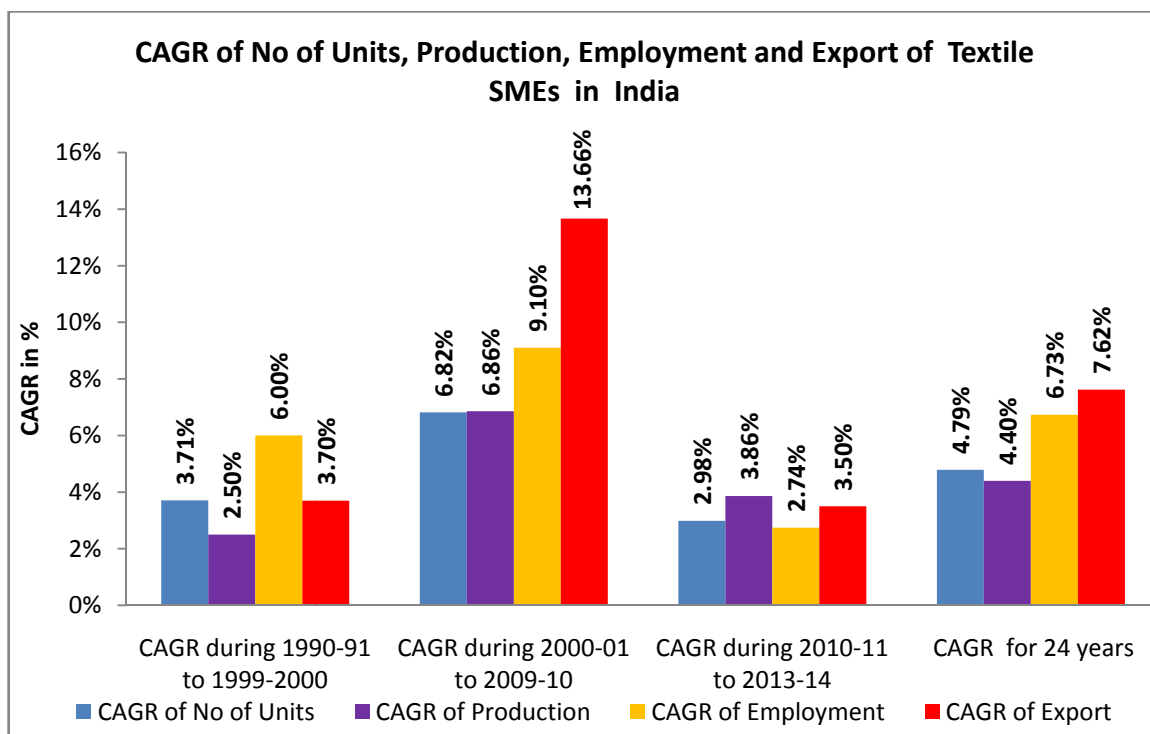
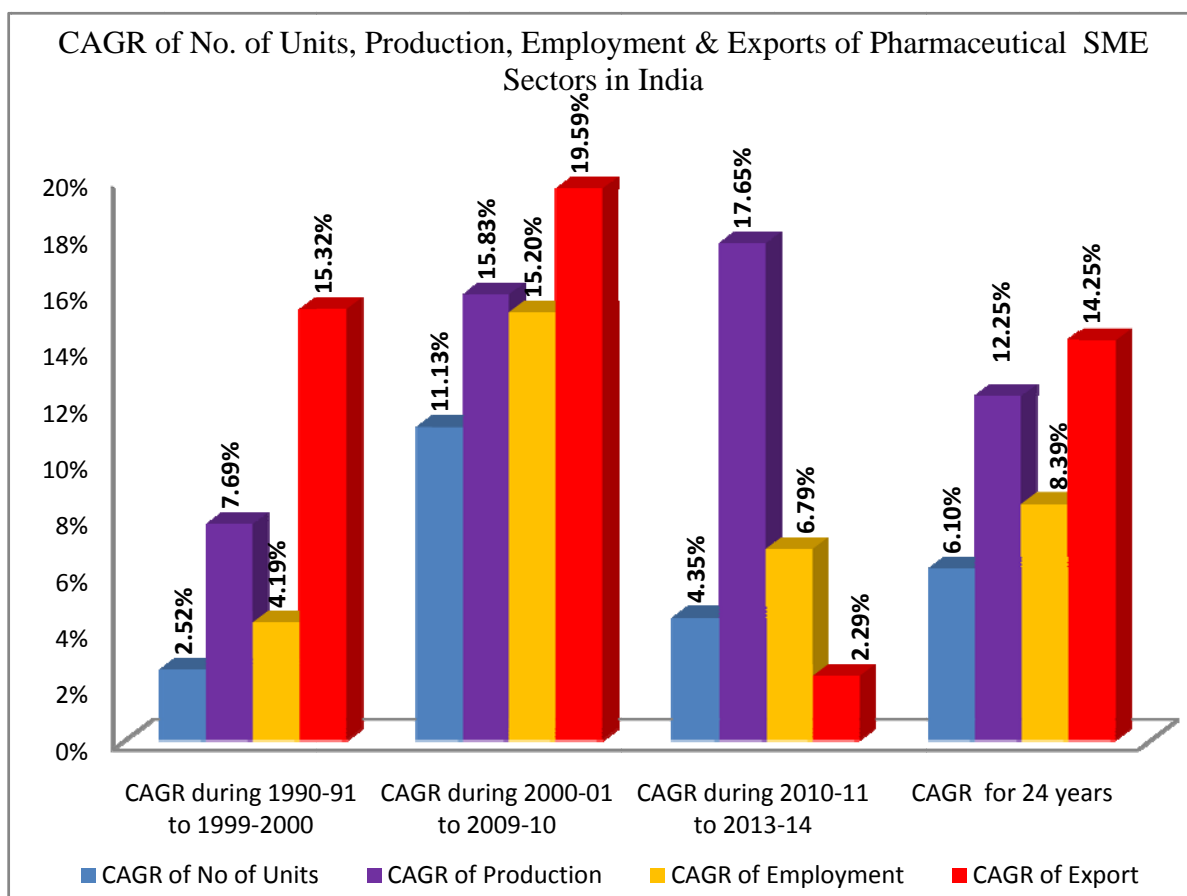
(f) Research Methodology:

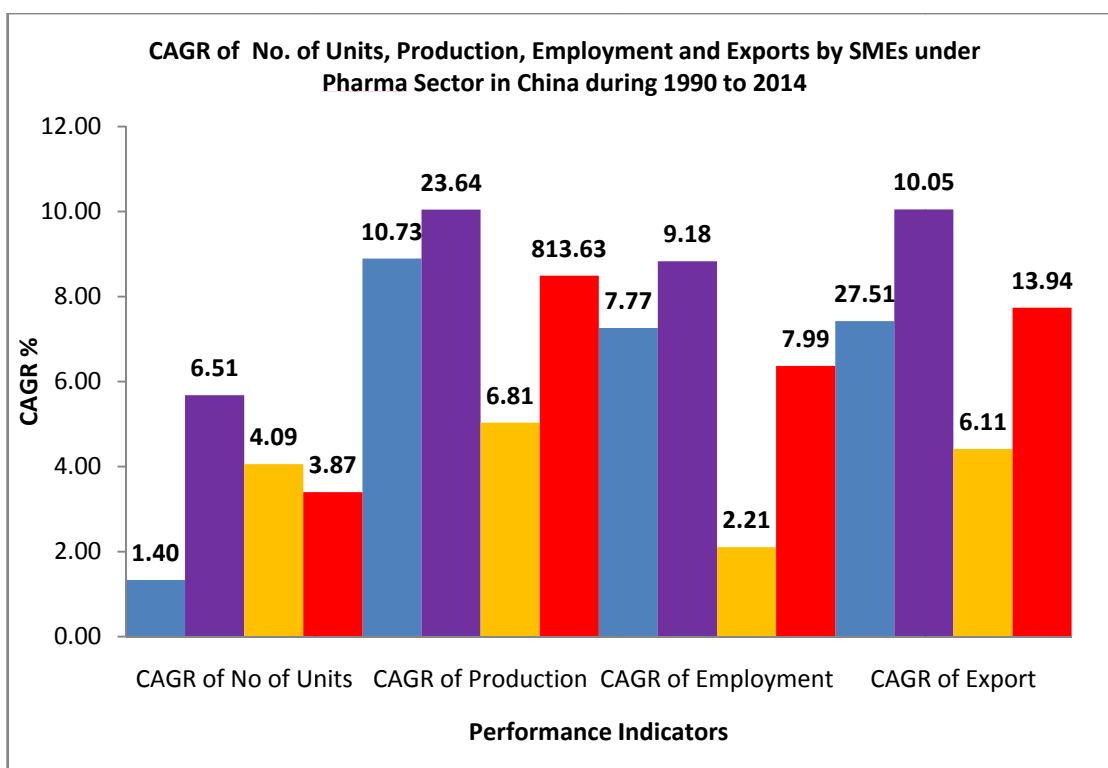
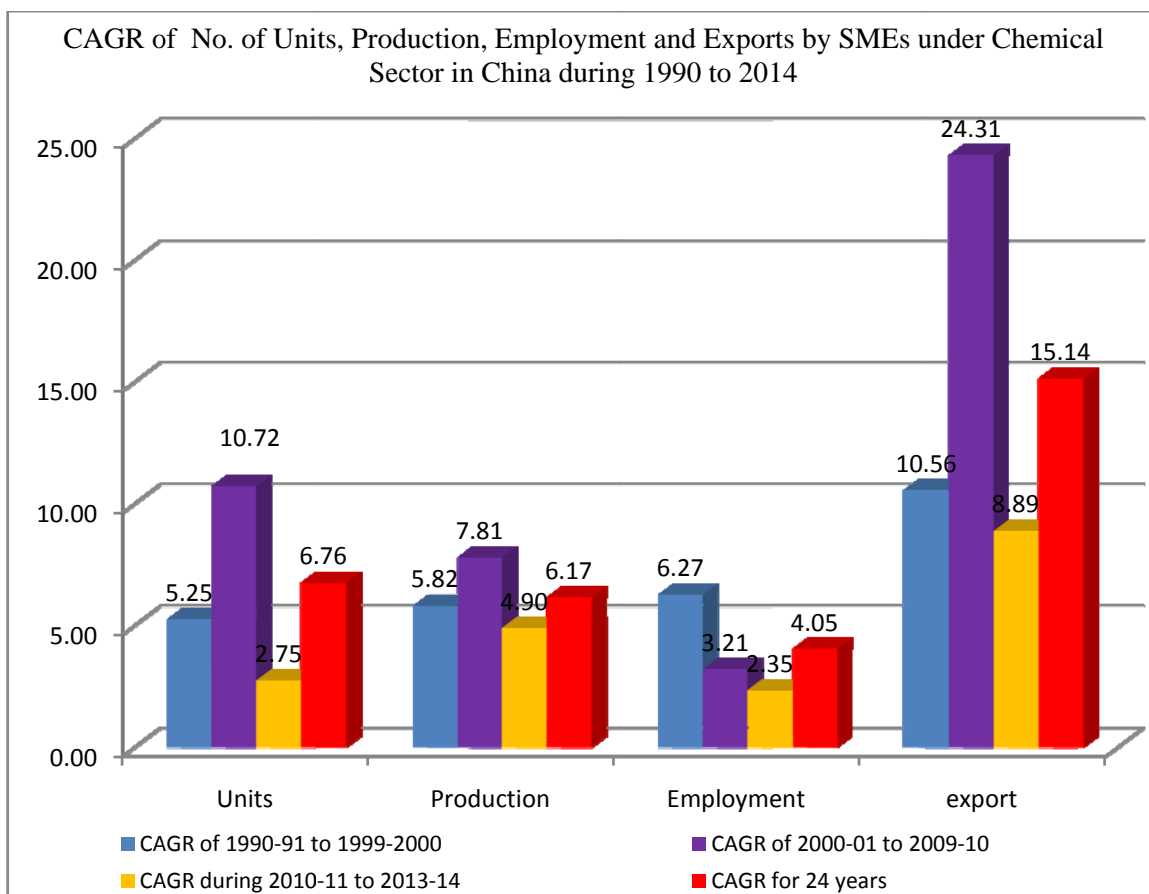
This research is exploratory and applied research based on the secondary and printed data. In order to obtain data for the research study, researcher as per Slovin's formula selected 450 respondents were selected by stratified/clustered and convenient sampling method from a wide spectrum of Chemical, Pharma and Textile SME industries from India and China. Questionnaires with close-ended questions, as well as interviews with the Entrepreneurs of the SMEs were used to collect data. The data collected were then analysed by using various statistical tools such as Trend analysis, Ratio Analysis, T-Test and ANOVA study to draw meaning and inferences, and make appropriate recommendations.

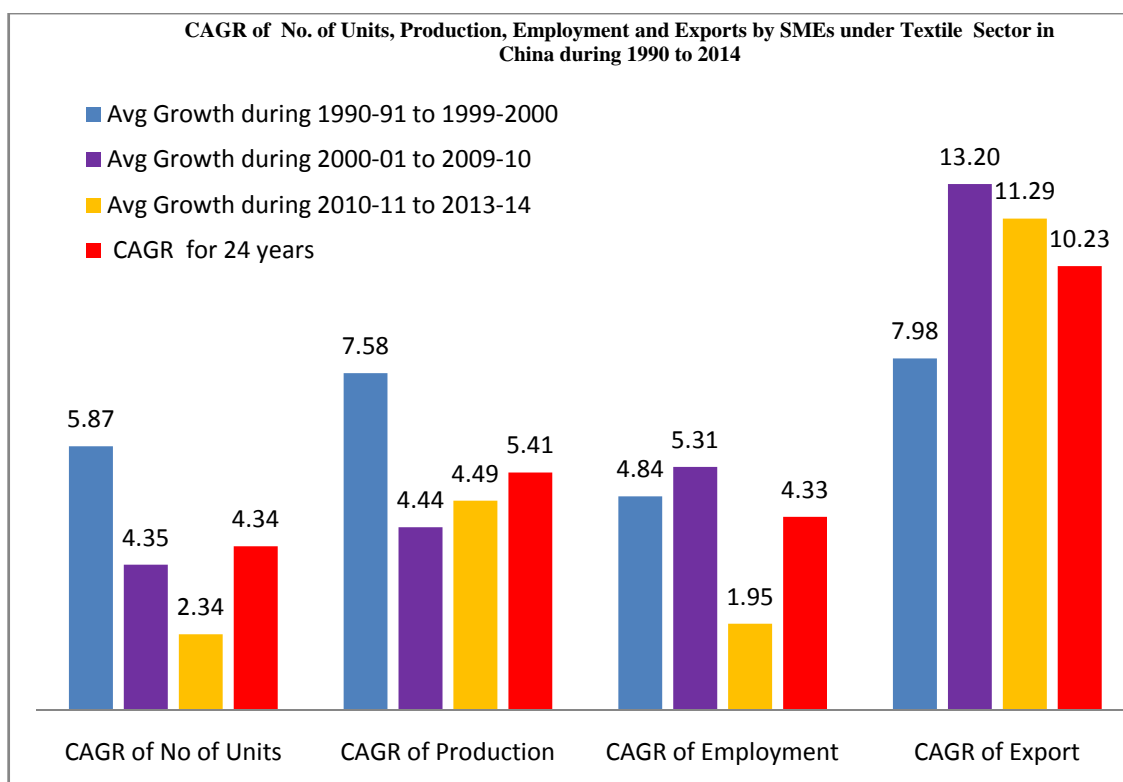
(g) Achievements with respect to objectives:

- 1. To evaluate & compare the performance of Chemical Sector, Pharmaceutical Sector and Textile Sector SME in India & China.**









Both Indian and Chinese SMEs in Chemical Sector, Pharmaceutical Sector and Textile Sector have made significant progress in the development and growth in terms of all performance parameters especially in growth in number of SME units, production, employment generation and exports.

The growth in terms of absolute number was indisputable and the growth rate of all the selected parameters were in growing trend but it was highly inconsistent. The SMEs in China have adopted policy of massive production and massive exports which resulted in to huge employment generation and earning of foreign currency. Continuous growth by Chinese SMEs was mainly due to the advantage of its cheap production cost as well as actively participating in domestic and foreign market competition in an open manner, rapidly expanding production capacity and increasing market share.

2. Achievements with respect to objective No.2

Study of the policy matters related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in India and China and their impact on performance of these sectors.

Impact of policy matters on performance on Growth of Units related to Chemical , Pharmaceutical and Textile SME sectors in India								
1990-1991 to 1999-2000			2000-01 to 2009-10			2010-11 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	Unfavorable	Unfavorable	Favorable	Favorable	Little Favorable	Unfavorable	Unfavorable	Unfavorable

Impact of policy matters on performance on Growth of Production related to Chemical , Pharmaceutical and Textile SME sectors in India								
1990-1991 to 1999-2000			2000-01 to 2009-10			2010-11 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Favorable	Little favorable	Unfavorable	Favorable	Favorable	Little favorable	Little Favorable	Favorable	unfavorable

Impact of policy matters on performance on Growth of Employment related to Chemical , Pharmaceutical and Textile SME sectors in India								
1990-1991 to 1999-2000			2000-01 to 2009-10			2010-11 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	Unfavorable	Little favorable	Little Favorable	Favorable	Favorable	Unfavorable	Little favorable	unfavorable

Impact of policy matters on performance on Growth of Export related to Chemical , Pharmaceutical and Textile SME sectors in India								
1990-1991 to 1999-2000			2000-01 to 2009-10			2010-11 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Little Favorable	Favorable	Unfavorable	Favorable	Most favorable	Most Favorable	Favorable	Unfavorable	Unfavorable

Impact of policy matters on performance on Growth of Units related to Chemical , Pharmaceutical and Textile SME sectors in China								
1990-1991 to 1999-2000			2000-01 to 2009-10			2010-11 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	unfavorable	Favorable	Little Favorable	Favorable	Favorable	Not favorable	Little Favorable	Little favorable

Impact of policy matters on performance on Growth of Units related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in China								
1990-1991			1999-2000 to 2009-2010			2010-2011 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	unfavorable	Favorable	Little Favorable	Favorable	Favorable	Not favorable	Little Favorable	Little favorable

Impact of policy matters on performance on Growth of Production related to Chemical								
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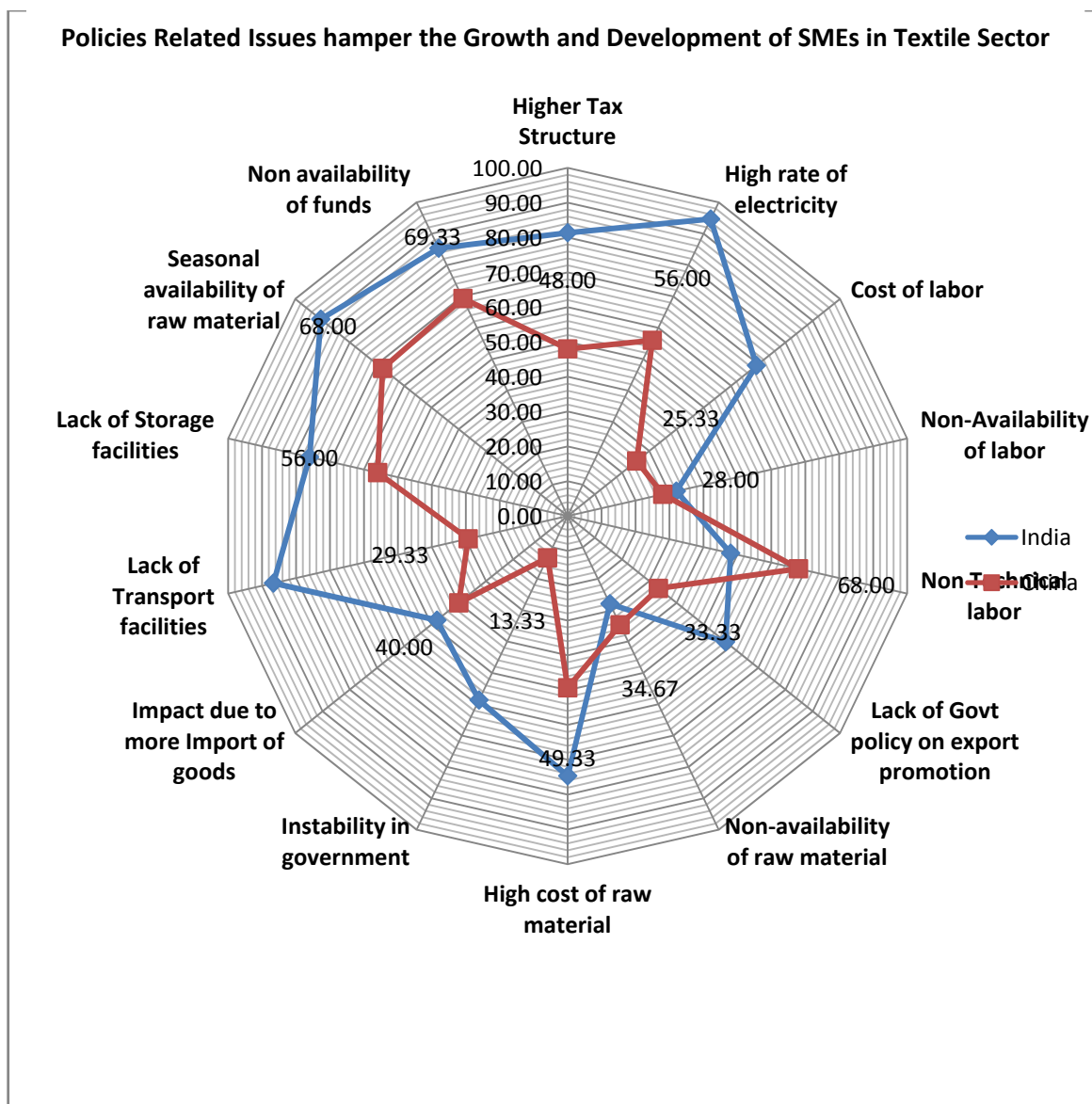
Sector, Pharmaceutical Sector and Textile Sector SMEs in China								
1990-1991			1999-2000 to 2009-2010			2010-2011 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	little favorable	unfavorable	Little favorable	Favorable	unfavorable	unfavorable	Favorable	little favorable

Impact of policy matters on performance on Growth of Employment related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in China								
1990-1991			1999-2000 to 2009-2010			2010-2011 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Unfavorable	Little favorable	unfavorable	Not favorable	Little Favorable	little favorable	Unfavorable	Unfavorable	unfavorable

Impact of policy matters on performance on Growth of Export related to Chemical Sector, Pharmaceutical Sector and Textile Sector SMEs in China								
1990-1991			1999-2000 to 2009-2010			2010-2011 to 2013-2014		
Chemical	Pharma	Textile	Chemical	Pharma	Textile	Chemical	Pharma	Textile
Favorable	Unfavorable	little favorable	Favorable	Favorable	little favorable	Little favorable	Favorable	little favorable

The research reveals that the policy related factors which hampers the growth and development of all the three SMEs sectors in India and China are different. The Indian policies are also worthy and supportive to the growth of SME sector but they are not as upright like China in terms of government interventions in providing cheap energy, cheap labor, cheap raw material, cheap funds from banks, research and development support, and basic infrastructure like roads, storage, transport and export incentives and tax rebates. The study reveals that the Indian SMEs in pharma sector are prone to more problems than SMEs under pharma sector in China. The problems faced by Indian SMEs like high rate of electricity, high cost of funds, high cost of raw material, lack of transport and storage facilities, and high tax structure are more than the Chinese SMEs. During the study while analysing the data for growth and performance of SMEs in pharma sector in India and China and the graphical analysis, it is proved that there is significant difference between the policies and their implications on the growth and development of SMEs in pharma sector.

3. To find out Problems, issues & prospects of Chemical Sector, Pharmaceutical Sector and Textile Sector SME in India & China.



Like China, the SMEs in India face major problems of high cost of energy, high rate of interest, high cost of labor, high cost of raw material and lack of basic infrastructure like storage, transport etc.

Also Indian SMEs were not able to get tax rebate and export subsidies alike China. The study also reveals that the Indian SMEs in chemical sector face more problems than SMEs under chemical sector in China. The problems like high rate of electricity, high cost of funds, high cost of raw material, lack of transport and storage facilities, and high tax structure, competitive disadvantages due to more import of chemical products from other

countries are more than the Chinese SMEs. There is significant difference between the policies and their implications on the growth and development of SMEs in chemical sector

h. Summary and Conclusion:

After the analysis of data related to growth and development of Chemical Pharma and Textile industries in SME sector in India and China following major conclusions have achieved.

1. The SMEs under chemical sector, Pharma sector and Textile Sector grown significantly in both the countries continuously with almost similar growth rate during the study period.
2. The production capacity and utilization of capacity of SMEs in China was bigger than Indian SMEs and even smallest SME unit in any sector was five to six time bigger than Indian SMEs in terms of production, productivity, labor, employment and export.
3. Despite of huge growth of SMEs in India in 2006-07 by inclusion of several existing small industries under SME fold, the position of SMEs in India was found trivial in compare to China.
4. The progress of Chinese SMEs of all the selected sectors were found extra ordinary because the policies of Chinese government to promote the SME sector by providing several supports like cheaper labor, low cost raw material, low cost of electricity and tax rebates from the beginning. On the other hand India has minimum support on the above parameters.
5. The SMEs growth in China was higher than India because of liberalized policies of Chinese government in terms of easy establishment of new industry, easy legal procedure, simplified clearance system, easy access to skilled labor, low cost raw material and electricity and tax incentive/rebates and export incentives etc.
6. Chinese SMEs have massive production capacity and economies of scale which resulted in to huge employment generation and huge export. On the other hand India is lagging behind in all the above parameters in comparison to China.
7. Comparison between employment generations by SMEs in India and China shows that the Chinese SMEs have provided ten times more employment than in India.

8. The comparative analysis through descriptive analysis reveals that the SMEs in India and China, face the problems which hamper the growth and performance of SME sector. The set of identical problems faced in two different countries wipes out the location choice to start the business in either of the country redundant. The set of problems are faced by Indian as well as Chinese SMEs under Textile, Chemical and Pharmaceutical sector with respect to availability of labour, non-technical labour, availability of raw material, high cost of raw material and transport facilities.
9. Indian SMEs in selected sectors face the important problems related to higher tax structure, seasonal availability of raw material and non-availability of funds.
10. Higher rate of electricity, conventional government policies on export promotion, lack of availability of raw material, high cost of raw material, increasing import of goods from other countries, transport facilities and storage facilities have also negative impact on the growth of SMEs in India.
11. Cost of labour, availability of labour, non-technical labour and instability in government were other problems for Indian SMEs.
12. SMEs under Textile, Chemical and Pharmaceutical sector of India and China significantly differ in their opinion on various problems. Imports of goods from other countries, Storage facilities, Non availability of funds are the factors in which SMEs under Textile, Chemical and Pharmaceutical sector significantly differ.
13. In relation to descriptive statistics it may be noted that in India import of goods from other countries and storage facilities are moderately important problems.
14. Non availability of funds in India is an important problem faced by SMEs under Textile, Chemical and Pharmaceutical sector.
15. In China, unlike India, import of goods from other countries and storage facilities are not important problems. Also the availability of funds is not major problems of SMEs in China.

Problems, issues & prospects of Chemical, Pharmaceutical and Textile SME sectors in India

1. Problem:

SMEs under chemical, pharmaceutical and textile sectors in India do not get adequate, cheaper and timely finance for the establishment of new units and run the existing units, which hamper the growth of development of SMEs.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in India research suggest that our banking system does not provide sufficient amount of credit to fulfil the requirement of establishment of MSME and as well as not for the operational activities. Therefore, there must be availability of credit according to the requirement at cheaper rate. There should be detailed survey to assess the financial needs of the SME sectors. So that, the proper arrangement could be make to fulfil the needs of the SMEs. Expand the list of SE financing tools to include fiscal, banking, security market, commercial credit, and private financing sources.

2. Problem:-

The SMEs in chemical, pharmaceutical and textile sectors in India face the problems of availability of raw material on time and inadequate quantity as per the required quality.

Suggestion:-

For the growth and development of SMEs in chemical, pharmaceutical and textile sectors in India research suggest that SMEs should get raw materials at a competitive cost. Also at the reduced duties for imported raw-materials.

3. Problem:-

The SMEs in chemical, pharmaceutical and textile sectors in India do not have modern and updated technology to increase the production and productivity. The technology is very costly and hence not affordable for SMEs under chemical, pharmaceutical and textile sectors in India.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in India research suggest that SME should adopt modern and updated technology and government should provide the subsidy as well as banks should give finance at discounted rate for acquiring the modern and latest technology.

4. Problem:-

The norms for environment protection framed by the government are very harsh and mostly they are copied from international standards which cannot be made applicable for Indian environment. And hence the SMEs under chemical, pharmaceutical and textile sectors in India are not able to comply with and they are not able to increase the production and go for expansion.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in India research suggest that SMEs should get ASIDE scheme (Assistance to States for Development of Export Infrastructure and Allied Activities) for upgrading Common Effluent Treatment Plants. Government should frame the environment protection policy according to the Indian environment and standards.

5.Problem:-

Availability of Skilled labor is another major problem for SMEs under chemical, pharmaceutical and textile sectors in India, which hamper the growth of SMEs in India.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in India research suggest that Labour Law to be modified and it should be industry friendly. Setting up of more Tool rooms/Technology Development Centre is important for enhancing the skill level of workers for SME sectors

Problems, issues & prospects of Chemical, Pharmaceutical and Textile SME Sectors in China.

1. Problem:-

The study shows that SMEs in chemical, pharmaceutical and textile sectors in China are facing the problems because of non-friendly and complex government policies related to establish new units in China is not so encouraging. State Council issued a 'Circular on Intensifying Land Control' which provided stricter measures for administrating concentrations in land control and getting more land was very difficult which has limited the development of SMEs in China.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China research suggest that ‘Circular on Intensifying Land Control’ issued by State Council should have simple norms specially for SMEs for getting more land easily for the development of SMEs in China. Government policies related to establish new units to be industry friendly. Single window policy to be implemented for getting clearances from State Council as well as Provincial and local government of People Republic of China), Land development/ Land use certificates, NOCs from various departments\agencies.

2 Problem:-

China's economic marketization reform is mainly controlled by the Chinese government. Large enterprises and projects become preferences of the local government. The local government often chooses to offer land as mortgages, and provide enterprises with implicit guarantees to control the allocation of financial resources and support their preferences, therefore SMEs under chemical, pharmaceutical and textile sectors in China have to face lots of difficulties for getting finance.

Suggestion:-

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China, research suggest that SMEs should get timely and adequate Finance at lower rate for startups as well as for their day to day operation from Industrial and Commercial Bank of China as well as various state owned Banks.

3. Problem:

Pollution prevention and waste management refers to administrative, legislative, economic, research, and educational measures to prevent the occurrence of pollutants and waste; as well as the comprehensive management of the sources, control processes and treatment of pollution. The enterprises involved in pollution prevention and waste management generally operate their business in the field of materials reuse and recycling.

Suggestion:

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China research suggest that different from traditional materials and processes which cause environmental pollution, environmentally friendly new materials and processes refers to researching and developing new materials and innovating the process that cause no harm to or even benefit the environment, and which save natural resources at the same time.

4. Problem:

Availability of Skilled labour is another major problem for SMEs under chemical, pharmaceutical and textile sectors in China, which hampered the growth of SMEs in China. Central Government has strengthened workplace regulations and legislated better labour rights in response to workers' unrest. In the year 2010, the Social Insurance Law was passed, providing basic social security for the whole respondents. Two of these new laws – the Labour Contract Law and the Labour Dispute Mediation and Arbitration Law – aim to regulate workplace relations and limit labour conflict. These acts end the era of cheap labour in China and increased real wages, better social protection and pension benefits, and improved labour rights. The wage increased more than 10 times in the past ten years

Suggestion:

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China research suggest that Labour Law to be modified and it should be industry friendly.

5. Problem:

SMEs under chemical, pharmaceutical and textile sectors in China do not get adequate, cheaper and timely finance. A vast majority of small and micro enterprises have a hard time passing conventional bank loan appraisals, due to the incomplete and unclear industry value chain where they find themselves, and also because of their “asset-light” business models. Moreover, some banks do not have a clear understanding of energy efficiency and low-carbon technology, and have reservations about the

financial management of SMEs, which increases SMEs' very difficult to get their loan applications approved.

Suggestion:

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China, research suggest that to provide SMEs with plenty of financing opportunities, the government should strive to develop corporate bond market, and allow some SMEs, which have good operating conditions, to enter the bond market for financing.

6. Problem

China has ranked on top of SMEs in terms of employment, production and exports, but the trained and skilled workforce is in shortfall. Though China has no shortage of human resource, most of them are unskilled workers. Hence the productivity of SMEs under chemical, pharmaceutical and textile sectors in China is found less.

Suggestion:

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China research suggest that the training and skill development programs in respect of SME's development concern should be very fast and meaningful. Government should provide satisfactory training or skill development schemes suitable to SME requirements so, skilled manpower will be available to SME sector. There is a need to develop a better communication strategy and use of new age media tools.

7. Problem:

Most important issues facing companies conducting trade with China is the subject of taxes and duties imposed on goods imported into and exported out of the country. Importing to and exporting from China generally involves three types of taxes: Value-added tax, Consumption tax and Customs duties. Customs duties include import duties and export duties taxed vide China's 2013 Customs Tariff Implementation Plan. China continues to levy temporary tariffs on exports including chemical fertilizers to conserve resources.

Suggestion:

For the growth and development of SMEs under chemical, pharmaceutical and textile sectors in China research suggest that Custom duties should be SME friendly and modified as per SMEs requirement.

(k) References:-

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