SMEs in India: The Challenges of Internationalization and Strategies for its Survival

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ABSTRACT: SMEs are an integral part of developing economies such as India. They create jobs, contribute to the GDP and sustain economic sustainability. India as one of the fastest growing economy greatly depends on the success of its SMEs. However, SMEs sector in the country currently faces enormous challenges due to internationalization and globalizing. This study attempts to examine some of those challenges in order to suggest practical recommendations. Adopting a mix mode research, the researchers interviewed 430 representatives of1000 selected SMEs of India. They include textilemills, food manufacturing, leather and allied product manufacturing, machinery manufacturing, computer and electronic product manufacturing, electrical equipment, and appliance. It was observed that the SMEs in India face several challenges such as lack of infrastructure, lack of funds, restrictive regulatory policies, barriers to entry, poor electronic support, and lack of entrepreneurial orientation that adversely impacts the growth and scale of SMEs in the country. It is also noticed that there is lack of government support for the development of SMEs in India.
Keywords: SMEs, India, Internationalization, Globalization, Challenges

I. INTRODUCTION

Small and medium enterprises (SMEs) are considered to be among the most dynamic and vital sectors in every country's economy in the world. The importance of SMEs is attributed to their ability to generate employment, reduced capital and technology requirements, use of traditional or inherited skills, mobilization of resources and exportability of products(Savlovschi et al., 2011).

For many decades, multinational corporations dominated internationalization research. However, nowadays, SMEs are also internationalizing at a large number, leading to the need of further research on the internationalization of SMEs. Previous studies have emphasized the crucial role of small and medium-sized enterprises in stimulating social and economic development and creating employment through internationalization. Moreover, due to internationalization of economies and accelerating globalization processes a decade ago, a growing number of SMEs have been trying to take advantage of new environmental conditions(Toulova et al., 2015).

It is noticed that internationalization of firms – as a research topic – until 1970s concerned only large firms rather than SMEs. It was due to the fact that mostly small firms not only functioned locally, but also were not interested in going international at that time. However, international behaviors of SMEs as well as researchers' attitudes towards internationalization of firms got changed over time. Initially, internationalization was taken as an export-led phenomenon and an incremental process. Later, new approaches were developed(Daszkiewicz & Wach, 2014)

1.1 SMEs in India

With particular reference to India, SMEs have always represented the model of socio-economic policies of Government of India which emphasized judicious use of foreign exchange for import of capital goods and inputs; labour intensive mode of production; employment generation; non-concentration of diffusion of economic power in the hands of few; discouraging monopolistic practices of production and marketing; and finally effective contribution to foreign exchange earning of the nation with low import-intensive operations(Batra et al., 2018).

It is noticed that SMEs in India face greater barriers than large corporations, due to their lack of resources and as a result account for a low percentage of Indian exports. Research indicates that SMEs in India are facing critical challenges of availability of finance, skilled manpower, very

limited access to technology and markets. However, a number of these challenges relate to their lack of business knowledge and training. The entrepreneurship of SMEs in India suffers from a knowledge gap and they lack proper procedures of bookkeeping, accounting, manpower training, organizational governance and marketing. Most of the SMEs are still not affiliated with any rating agencies. Moreover, large number of the SMEs also lacks proper succession plans which further add to the risks of SMEs' long-term survival. Financial institutions thoroughly investigate all such factors before sanctioning any financial facilities to the SMEs. Low or lack of capital leads to all the further problems related to technology and manpower acquisition. As well as infrastructure problems, finding customers overseas, and limited international marketing experience are impediments that majorly limit the internationalization activities of SMEs(Bade, 2015).

With the introduction of reform measures in India since 1991, the Govt. has withdrawn many protective policies for the SMEs and introduced promotional policies to increase competitiveness of the sector. Though internationalization process has expanded the market facilitating supply of superior technology, this has also forced the SMEs to face bigger competition from large domestic firms and the MNCs(Ruhela & Banerjee, 2014).According to the latest reports by the SME Chamber of Commerce and the Ministry of Micro, Small and Medium Enterprises, India currently has more than 51 million SMEs. These SMEs contribute more than 45% of India's industrial output, 40% of the country's total exports and create 1.3 million jobs every year. It can be observed that by and large, SMEs in India met the expectations of the Government in this respect(Centobelli et al., 2021).

II. LITERATURE REVIEW

SMEs play an extraordinary role in most economies of the world, particularly in the economies of developing countries. Formal SMEs contribute significantly to the total employment as well as to the national income (GDP) in the developing economies. These numbers are higher when the informal SMEs are also included. In emerging markets, most formal jobs are created by SMEs. It has gained a lot of attention in literature as a proper field of research through which low and middle income countries can move to a high income status. Therefore, this study is being carried out to find out how the SME sector is performing in relation to economic growth in India in order to suggest ways of improving SMEs industry(Kesk et al., 2017).

2.1 SMEs' Definition

There is no general definition of SMEs because it depends on the culture of business, the country's population, and industry, the level of integration between the country and the outside world, and pressure forces. However, from a layman, SMEs can be described as small businesses that often operate in their local area, targeting a small market and have limited access to capital. They have very little market share. As they have a smaller market share, they also have very little control of the market and price.One of the first attempts to define SMEs is the one made by Bolton Report of 1971. This report proposes two approaches to define SMEs: quantitative approach and qualitative approach. Academics, policy makers, international institutions and statistical agencies apply quantitative criteria mainly to define the term SMEs (Carter & Jones-Evans, 2006).
Defining SMEs, the European Commission proposed that "the number of the staff as a key criterion to recognize SMEs. However, the introduction of a financial standard is still an important complement to understand the real size and performance of a company and its position compared to its competitors"(Muller et al., 2015). It is obvious from this approach that the fulfillment of staff standards is mandatory, while meeting one of the two financial criteria is an option for the company. The definition of SMEs that entered into force on 1 January 2005 is as follows:

Table 1: Definition of Small and Medium Enterprises with European Union standards

Enterprise Category	Headcount: Annual Work Unit	Annual Turnover	Or Annual Balance Sheet Total
Medium-sized	<250	≤€50M	Or ≤€50M
Small	<50	≤€10M	Or ≤€10M
Micro	<10	≤€2M	Or ≤€2M

Source: Muller et al., (2015)

2.2Internationalization:

The term Internationalization per se and related processes that contribute to its context may have different faces, dimensions, perspectives, horizons and levels. For example, their meanings differ in economics, administration, management and political science. What's more, they can even vary within the economics as a scientific discipline. Moreover, the level of analysis within a scientific field is very important. Most authors suggest these processes at three levels: macro (economy), meso (industry) and micro (enterprise)(Lu & Beamish, 2001). This limitation is necessary to adopt an appropriate definition in a particular area of research (for example, in relation to the economy for the macroeconomic and for a company of management science or microeconomics). Even taking into account the levels, it is essential to bear in mind that there is no generally accepted definition of internationalization or globalization(Toulova et al., 2015).

The internationalization of the economy is an ancient as international trade since ancient times, from the earliest civilizations. Zweig (2012) defined internationalization as "the expanded flow of goods, services and people cross state boundaries, increasing the share of transnational exchange in relation to domestic exchange, along with a decline in the level of regulation affecting those flows"(Lu & Beamish, 2001).

2.3Globalization

Globalization concept compared to internationalization is considered to be much newer. It became popular as an academic issue in the 1990s. At the macroeconomic level, globalization is considered as the phenomenon of increasing global linkages among economies, as a result of the increasing volume and diversification of commodity transactions, services and international financial flows, as well as technology transfer(Stiglitz, 2017). Merriam Webster Dictionary defined it as "Globalization is the integration of national economies through trade, investment, capital flow, labor migration, and technology".

2.4Internationalization in the context of SMEs

Internationalization of SMEs generally refers to those SMEs that are engaged in international business, and have developed cooperation, associations, links and networks with foreign companies and institutions(Fischer, 2003; Ghani et al., n.d.).Internationalization is a process that comes up in stages where companies gradually improve their involvement abroad over time.

Lu and Beamish (2001) believe that internationalization should include "internal and external"activities, and therefore the concept is defined as a process of intensifying involvements in operations abroad.Lane and Beamish (1990)proposed a wider definition of internationalization that refers to "the process of increasing awareness of the direct and indirect impact of foreign transactions on the future of the company and business transactions with other countries".

For its part, the vision of the network defines the concept of internationalization as a process involving the establishment and development of international trade relations through the interactions and influences of actors, activities and resources (Johanson & Mattsson, 1994).From the above, it can be concluded that internationalization is the process of making goods and services available to the market outside the country of origin where it is manufactured or the country in which such goods and services originate.

2.5Drive Motives of SMEs Internationalization:

According to the SME Observatory (2007), the main drive motive of SMEs internationalization is the desire to improve the company's competitiveness and, above all, the intention to reach new and larger markets. This can happen due to different factors. The assumption that the process of internationalization of a firm is determined by its growth is the key motive in many theoretical approaches.For example, Lefebvre and Lefebvre (2002) refers to four factors that speedup the internationalization and globalization of SMEs. However, it seems that the entrepreneurial factor (looking for growth) is the most important. If the owner is oriented to the growth of the company, he can try to enter foreign markets.

In contrast, the so-called push factor is associated with the company's inability to achieve growth in the domestic market. The push factor is sometimes described as a negative factor, forcing the company to wind-up from the competitive market; the pull factor in foreign markets occurs when the demand for the company's product appears just in the external market. This pull is sometimes called a positive factor. The chance factor in turn relates to the use of the opportunities that appear in a foreign market. However, it should be emphasized that the entrepreneurial factor is the most important factor without which the function of other factors would be almost impossible(Johanson & Mattsson, 1994).

The following figure describes the above factors:
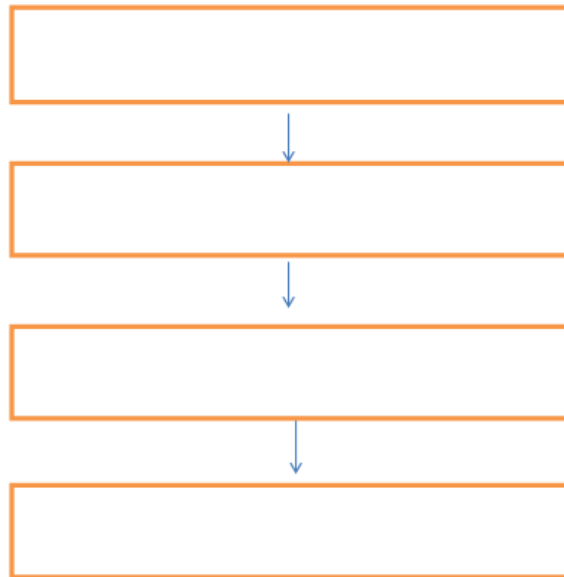
Source: Own study

III. RESEARCH METHODOLOGY

The research work follows the concepts of quantitative methods and deductive approach. As perRanjit (2011)quantitative research has its derivation from its accepted sciences. Quantitative research is expressive in character and the researcher uses it to appreciate dissimilar promotional inputs property on the purchaser thus making open the marketers to discover the performance of end user.Patton (2005) affirms that the inductive approach basically implicates the data collection in the form of texts, reports and documents. This approach helps the researcher in understanding the obtained composite data through formulating themes and summarizing the unprocessed data to the point as per the research objective.

3.1 Sample Size

According to Mason and Ranjit (2010),the sample size is defined as the population which is involved in this research to obtain apt verdicts. The sample size is very important in case of quantitative study as it determines the reliability of the research instrument involved in the study. 400 people among 1000 SMEs of India were involved in case of quantitative study. 30 respondents are interviewed for qualitative study.

The following sectors of SMEs are involved in this study:
- i. Textile product mills

- i. Food manufacturing
- i. Leather and allied product manufacturing
- v. Machinery manufacturing
- v. Computer and electronic product manufacturing
- i. Electrical equipment, appliance and components manufacturing

3.2Primary data

The primary data of this study is framed with close- finished questionnaires formed in supporting research aim. The implementation of 5-point likert's scale, which enables the easy assessment of collected data with the aid of pragmatic tools. The questionnaires are to be given to the respondents at their comfortable place for obtaining required data (Palys, 2008). Questionnaires will be sent through emails, posts to reach the respondents properly.The data required for qualitative analysis were gathered through personal interviews and telephonic interviews.

3.3Data Analysis

Statistical analysis is an integral part of a quantitative research approach. Statistical analysis is very much essential for the test of hypothesis too in an empirical deductive research approach

(Ranjit, 2011b). The following techniques are involved in the study for the purpose of quantitative data analysis:

i.   Simple percentage analysis

The analysis of simple percentage is used in comparing between more than two collections of data. In this method the percentages are used to represent relationship percentages can also be used to compare similar terms.

$$Percentage = No. of responses \times 100$$
$$\div Total number of responses$$

ii.   Chi-square Test:

Chi-square test is used in testing the frequency deviations that exist between two or more actual samples. This aids in testing the strength of association between two categorical variables. The following is the formula for calculating the value of chi-square:

$$X^2 = \Sigma \frac{(observed frequence - Expected frequence)^2}{expected frequence}$$

IV. DATA ANALYSIS RESULT AND DISCUSSION

4.1 Inferential statistics

Hypothesis testing has been done for analyzing the main objective of the study which is considered as inferential statistics. One sample test is applied by using SPSS for the hypothesis testing. One sample test involves the determination of t-value, df (degree of freedom), significance value and mean difference. T value is estimated for each hypothesis. Following hypothesis testing has been determined:

Hypothesis - 1

$H1_0$: There is no significant difference in the internal challenges for SMEs in India

T-test has been applied to one sample by using SPSS for testing hypothesis 1. The T value that corresponds to the mean difference between the internal challenges and a fixed mean value of 3 has been estimated as 0.00 that is less than 0.05. As the p value is less than 0.05, it can be analyzed that there is a significant difference in the internal challenges for SMEs in India.

Hypothesis - 2

$H1_0$: There is no significant difference in the external challenges for SMEs in India

T-test has been applied to one sample by using SPSS for testing hypothesis 2. The T value that corresponds to the mean difference between the external challenges and a fixed mean value of 3 has been estimated as 0.00 that is less than 0.05. As the p value is less than 0.05, it can be analyzed that there is a significant difference in the external challenges for SMEs in India.

Hypothesis - 3

$H1_0$: There is no significant difference in the role of government policies and strategy development for competitiveness for SMEs in India

T-test has been applied to one sample by using SPSS for testing hypothesis 3. The T value that corresponds to the mean difference between the role of government policies and strategy development for competitiveness for SMEs in India and a fixed mean value of 3 has been estimated as 0.00 that is less than 0.05. As the p value is less than 0.05, it can be analyzed that there is a significant difference in the role of government policies and strategy development for competitiveness for SMEs in India for SMEs in India.

Hypothesis - 4

$H1_0$: There is no significant difference in the factors influencing growth of SMEs in India

T-test has been applied to one sample by using SPSS for testing hypothesis 4. The T value that corresponds to the mean difference between the factors influencing growth of SMEs in India and a fixed mean value of 3 has been estimated as 0.00 that is less than 0.05. As the p value is less than 0.05, it can be analyzed that there is a significant difference in the factors influencing growth of SMEs in India.

4.2 Descriptive statistics Breakdown

From the following table we can observe that, about 57.8% of the respondents were educated up to post graduation/ diploma. Following bar chart also shows taller bar corresponding to the same.
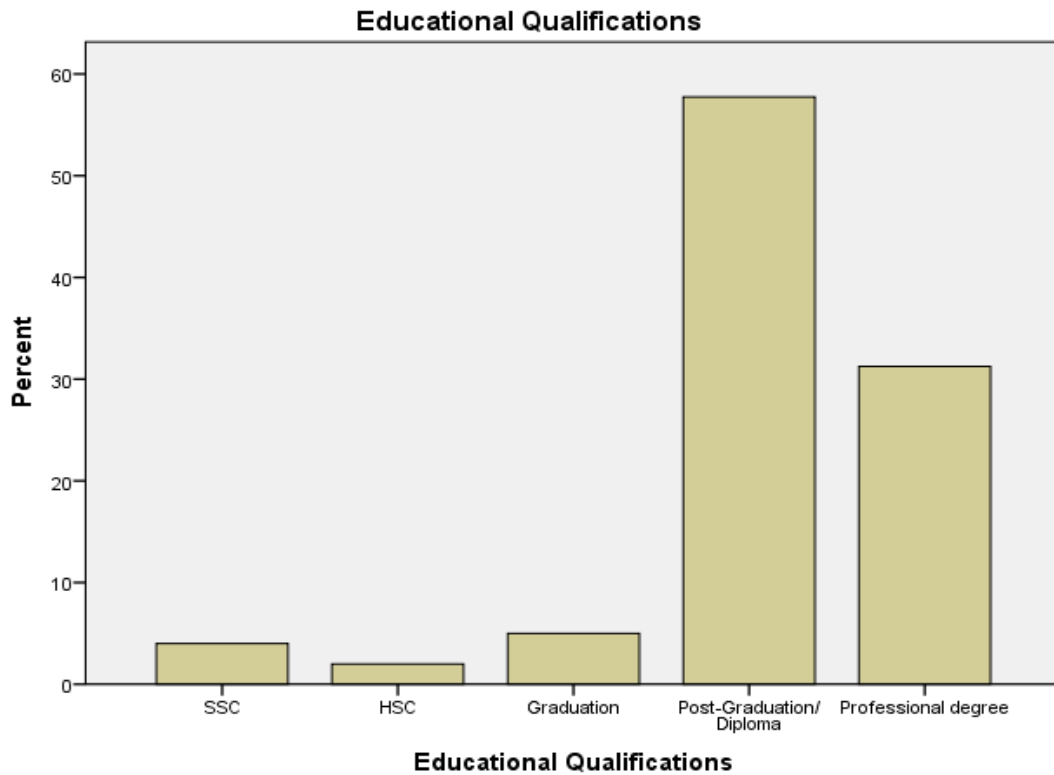
Educational Qualifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSC	16	4.0	4.0	4.0
	HSC	8	2.0	2.0	6.0
	Graduation	20	5.0	5.0	11.0
	Post-Graduation/ Diploma	231	57.8	57.8	68.8
	Professional degree	125	31.3	31.3	100.0

Total	400	100.0	100.0

Educational Qualifications

SME unable to meet excess production requirements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	144	36.0	36.0	36.0
	Disagree	184	46.0	46.0	82.0
	Neutral	40	10.0	10.0	92.0
	Agree	20	5.0	5.0	97.0
	Strongly Agree	12	3.0	3.0	100.0
	Total	400	100.0	100.0	

SME unable to meet excess production requirements
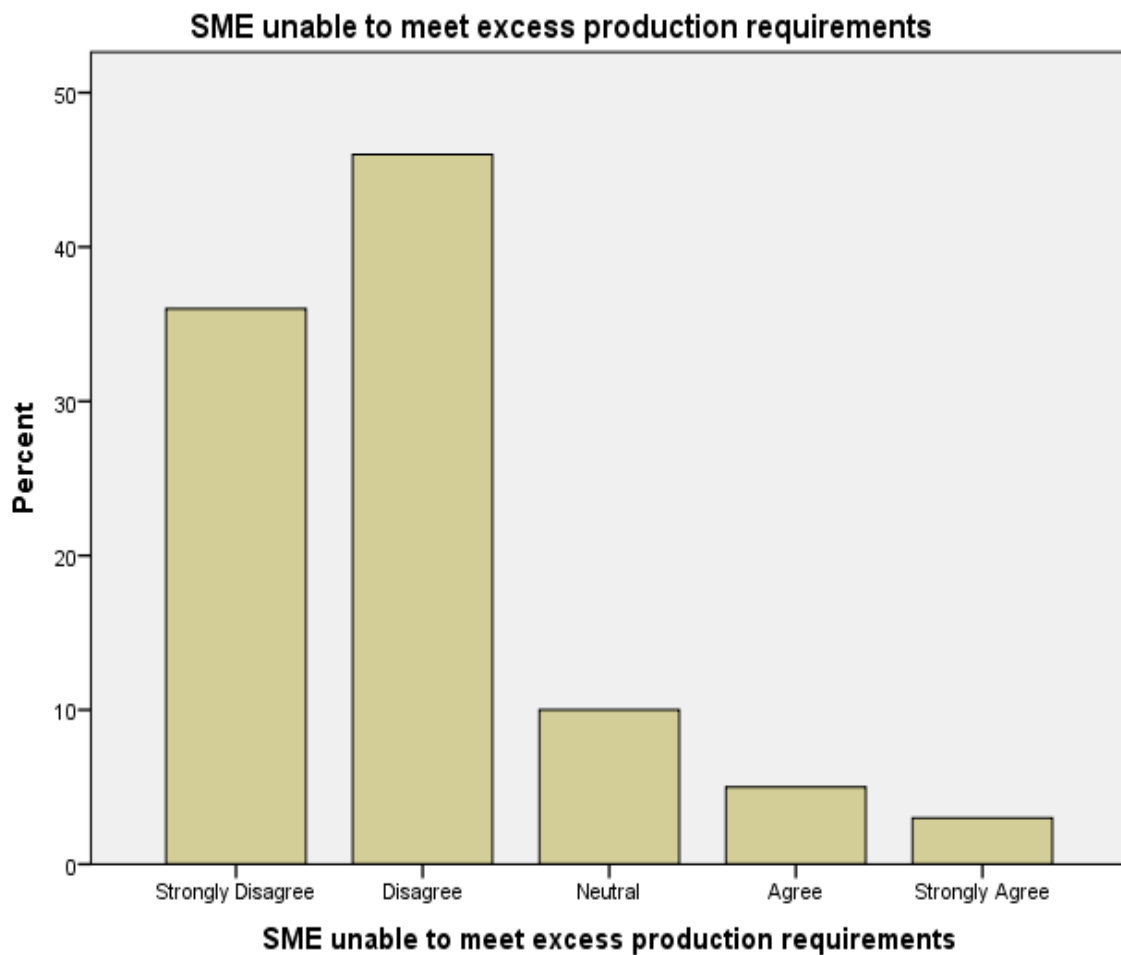
From the following table we can observe that, about 55.0% of the respondents disagreed that, lack of capabilities to produce new product for the foreign markets. Following bar chart also shows taller bar corresponding to the same.

Lack of capabilities to produce new product for the foreign markets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	148	37.0	37.0	37.0
	Disagree	220	55.0	55.0	92.0
	Neutral	4	1.0	1.0	93.0
	Agree	8	2.0	2.0	95.0
	Strongly Agree	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Lack of capabilities to produce new product for the foreign markets

Lack of capabilities to produce new product for the foreign markets
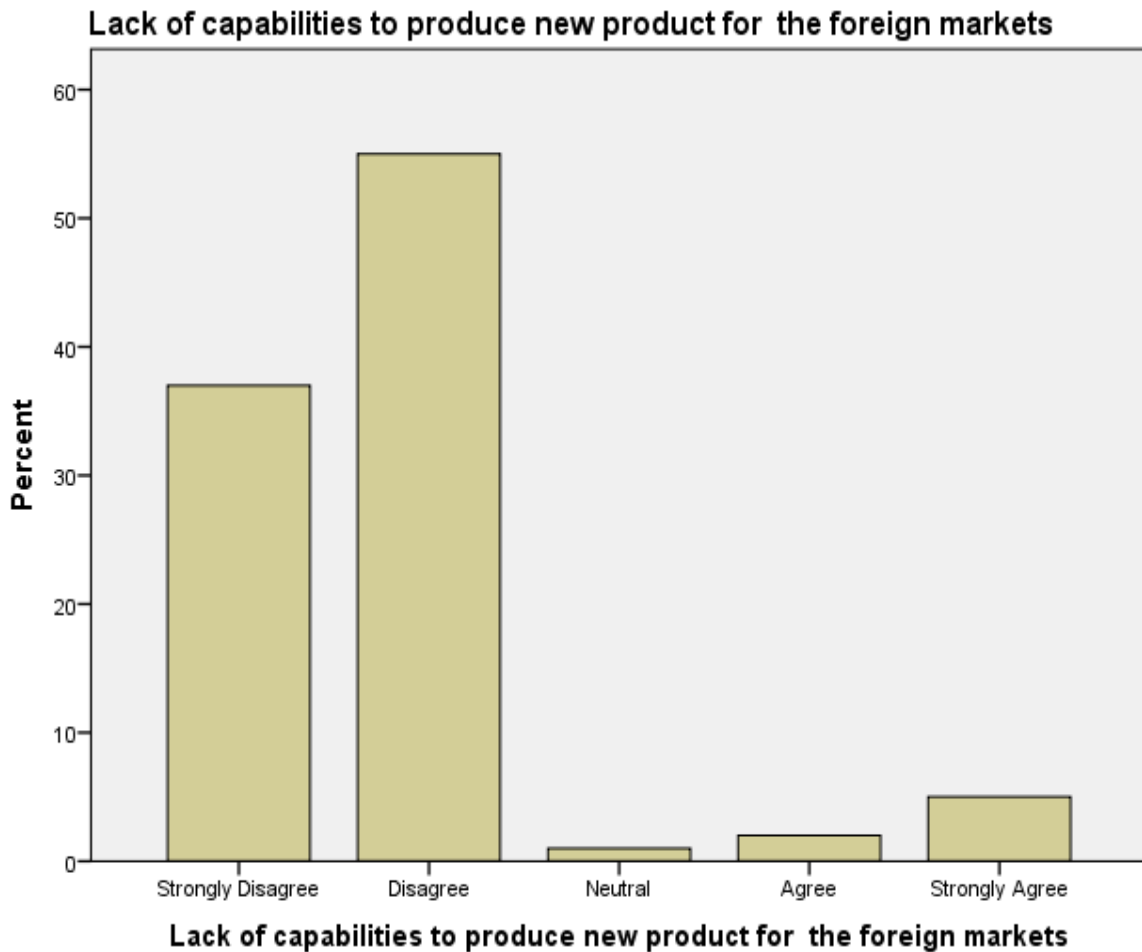
From the following table we can observe that, about 43.0% of the respondents agreed that, firms unable to follow the design requirements of the products to be exported. Following bar chart also shows taller bar corresponding to the same.

Firms unable to follow the design requirements of the products to be exported

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	6.0	6.0	6.0
	Disagree	12	3.0	3.0	9.0
	Neutral	56	14.0	14.0	23.0
	Agree	172	43.0	43.0	66.0
	Strongly Agree	136	34.0	34.0	100.0
	Total	400	100.0	100.0	

SME was unable to meet the export standards

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	5.0	5.0	5.0
	Disagree	12	3.0	3.0	8.0
	Neutral	192	48.0	48.0	56.0

Agree	136	34.0	34.0	90.0
Strongly Agree	40	10.0	10.0	100.0
Total	400	100.0	100.0	

SME was unable to meet the export standards
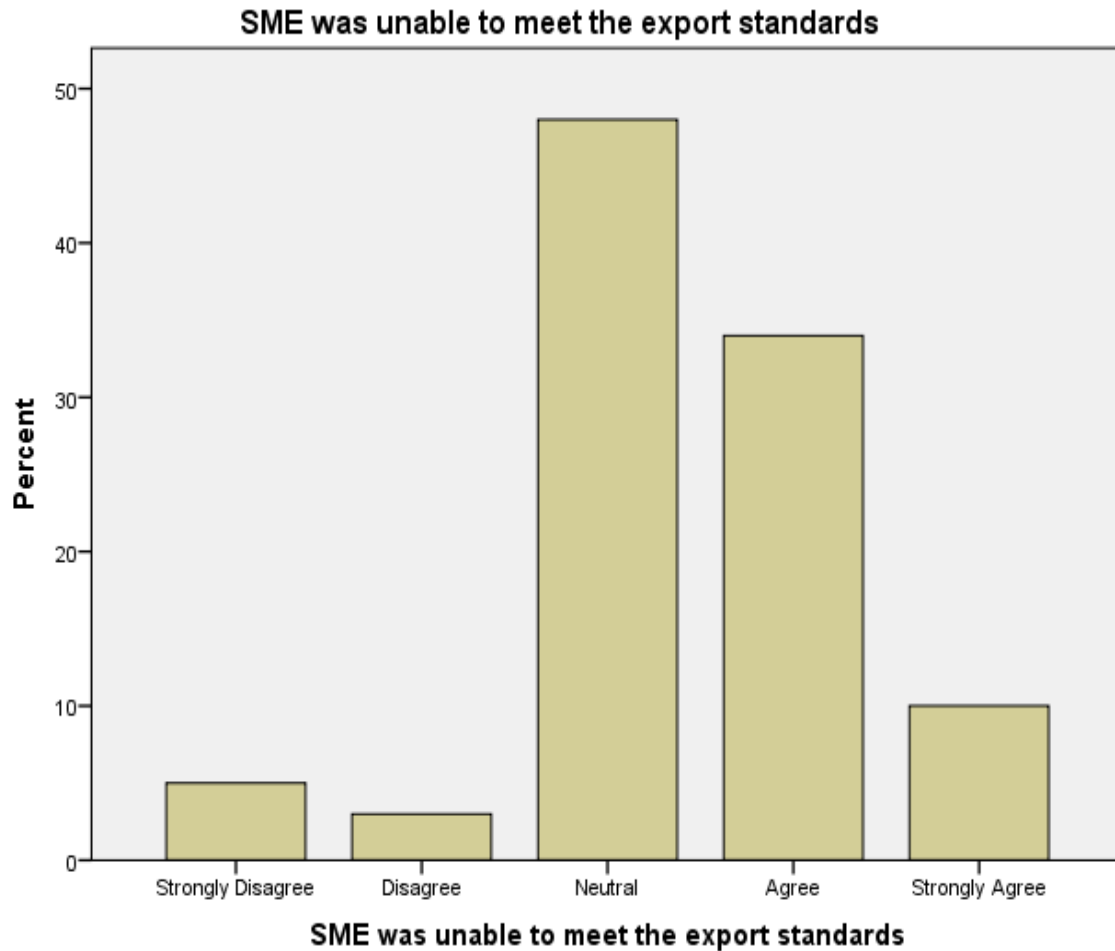
From the following table we can observe that, about 50.0% of the respondents were neutral about, SMEs not competent enough to provide after sales services. Following bar chart also shows taller bar corresponding to the same.

SMEs not competent enough to provide after sales services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	6.0	6.0	6.0
	Disagree	12	3.0	3.0	9.0
	Neutral	200	50.0	50.0	59.0
	Agree	104	26.0	26.0	85.0
	Strongly Agree	60	15.0	15.0	100.0
	Total	400	100.0	100.0	

SMEs not competent enough to provide after sales services

SMEs not competent enough to provide after sales services
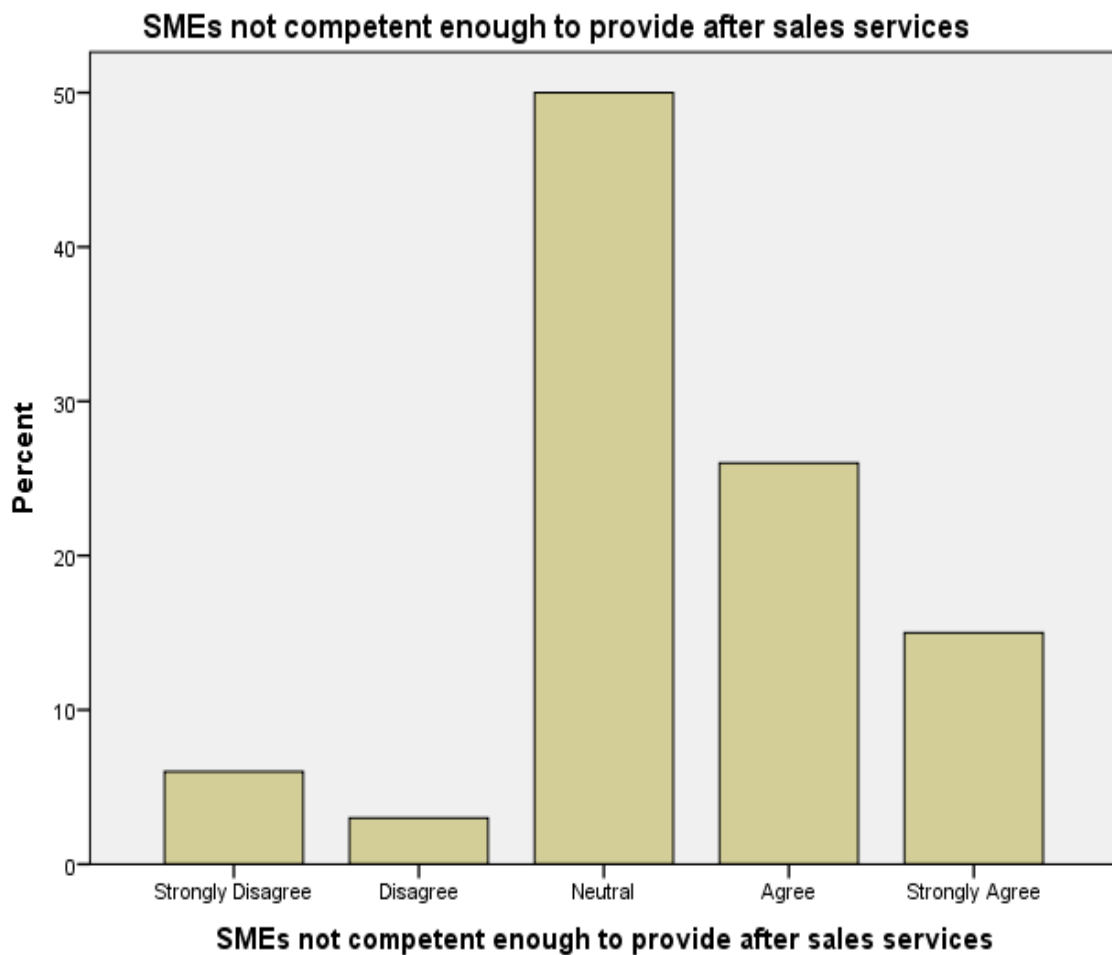
From the following table we can observe that, about 48.0% of the respondents disagreed that, excessive transactional costs involved. Following bar chart also shows taller bar corresponding to the same.

Excessive transactional costs involved

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	124	31.0	31.0	31.0
	Disagree	192	48.0	48.0	79.0
	Neutral	49	12.3	12.3	91.3
	Agree	16	4.0	4.0	95.3
	Strongly Agree	19	4.8	4.8	100.0
	Total	400	100.0	100.0	
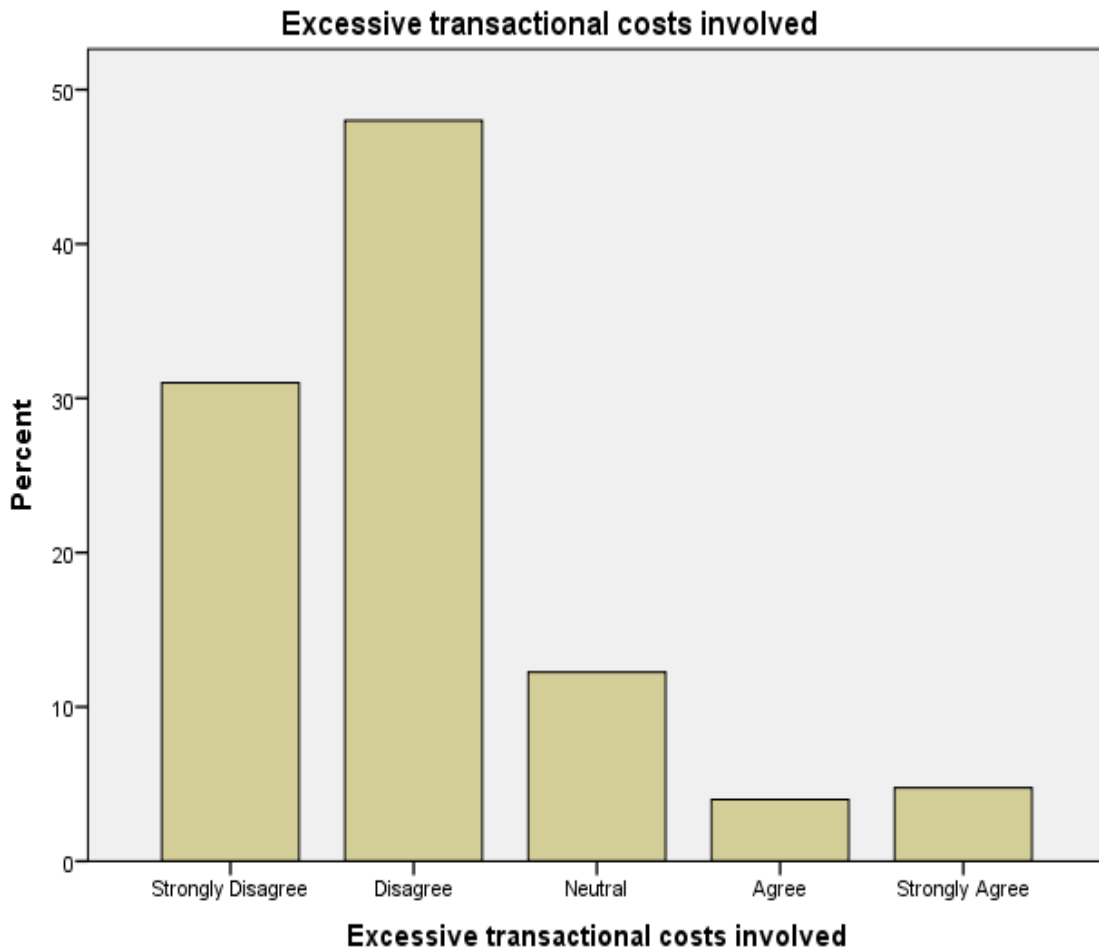
From the following table we can observe that, about 48.0% of the respondents strongly agreed that, inflation rate in the host countries and the home country. Following bar chart also shows taller bar corresponding to the same.

Inflation rate in the host countries and the home country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	28	7.0	7.0	7.0
	Disagree	12	3.0	3.0	10.0
	Neutral	68	17.0	17.0	27.0
	Agree	100	25.0	25.0	52.0
	Strongly Agree	192	48.0	48.0	100.0
	Total	400	100.0	100.0	

Inflation rate in the host countries and the home country

Inflation rate in the host countries and the home country
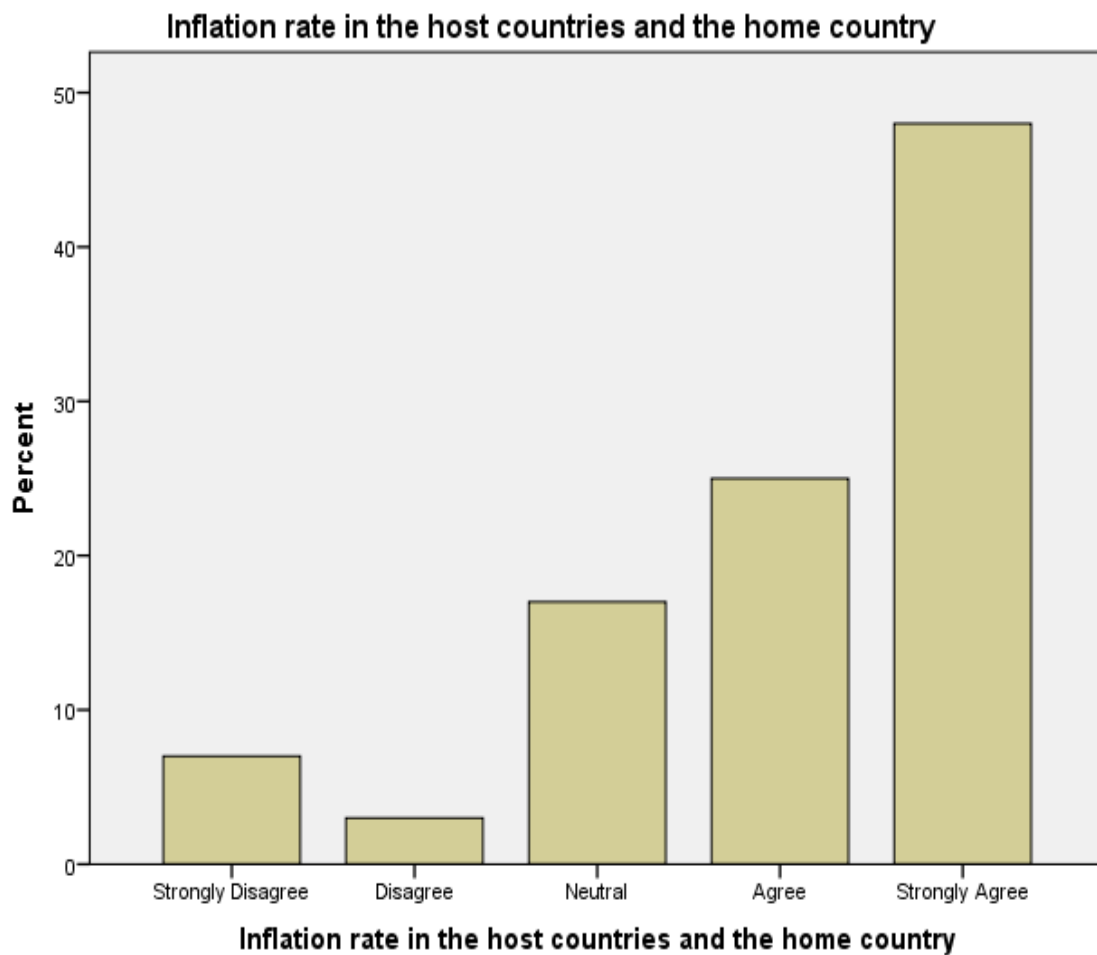
From the following table we can observe that, about 56.0% of the respondents agreed that, lack of knowledge about legal requirements and documentation for export. Following bar chart also shows taller bar corresponding to the same.

Lack of knowledge about legal requirements and documentation for export

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	2.0	2.0	2.0
	Disagree	16	4.0	4.0	6.0
	Neutral	24	6.0	6.0	12.0
	Agree	224	56.0	56.0	68.0
	Strongly Agree	128	32.0	32.0	100.0
	Total	400	100.0	100.0	

Lack of knowledge about legal requirements and documentation for export
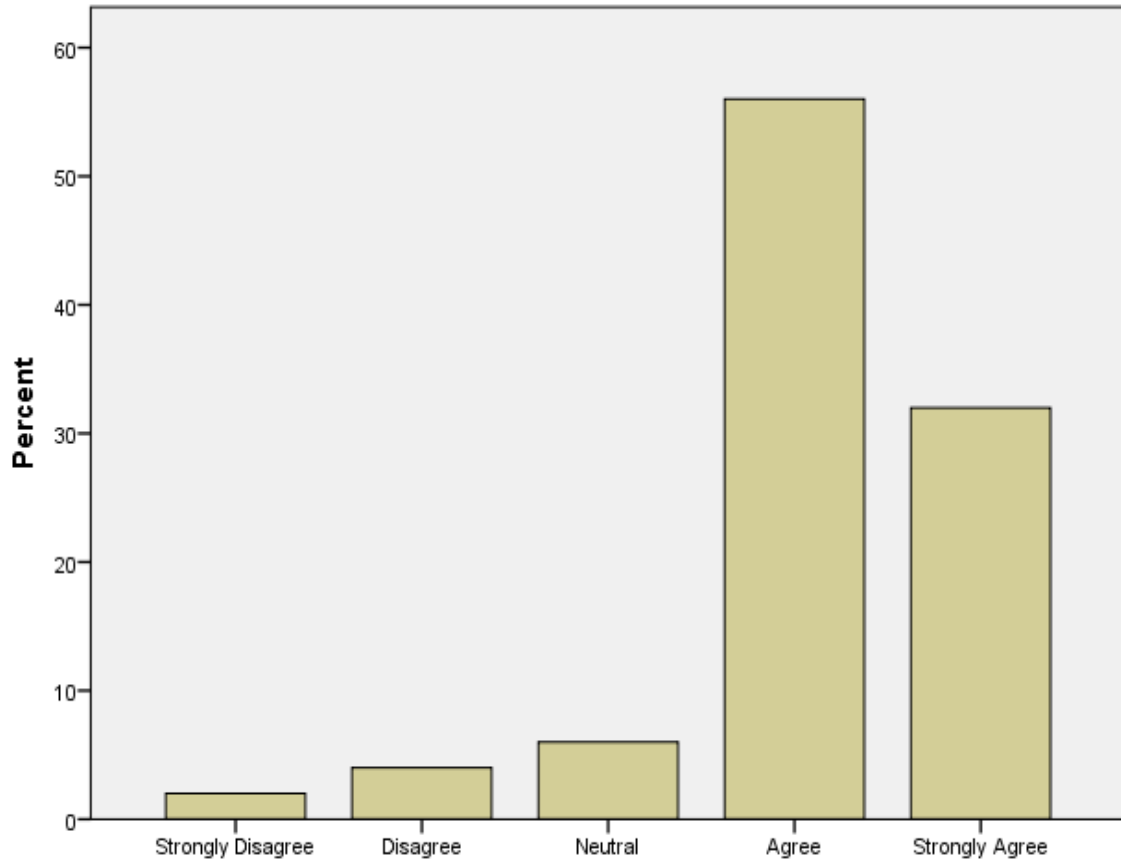

Lack of knowledge about legal requirements and documentation for export

From the following table we can observe that, about 60.0% of the respondents agreed that, issues in communication/miscommunication with the customers abroad. Following bar chart also shows taller bar corresponding to the same.

From the following table we can observe that, about 55.0% of the respondents disagreed that, the support provided by the home government is inappropriate. Following bar chart also shows taller bar corresponding to the same.

The support provided by the home government is inappropriate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	2.0	2.0	2.0
	Disagree	220	55.0	55.0	57.0
	Neutral	144	36.0	36.0	93.0
	Agree	12	3.0	3.0	96.0
	Strongly Agree	16	4.0	4.0	100.0
	Total	400	100.0	100.0	

The support provided by the home government is inappropriate

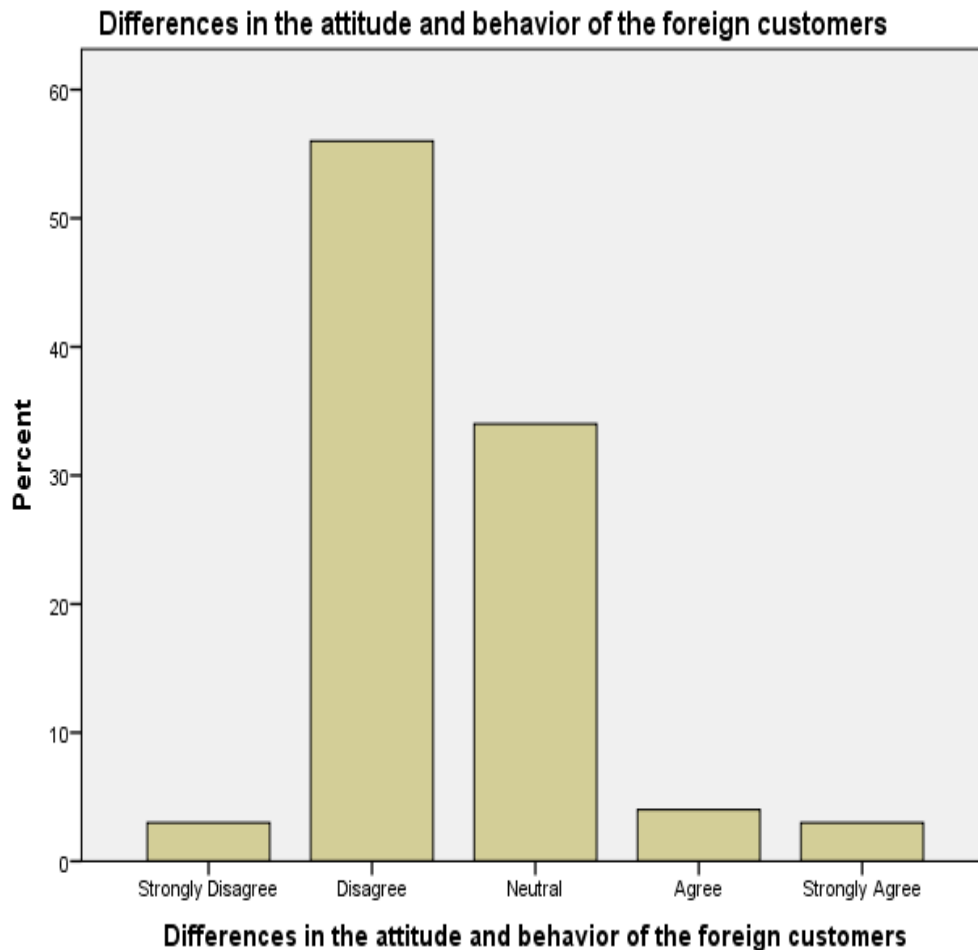The support provided by the home government is inappropriate
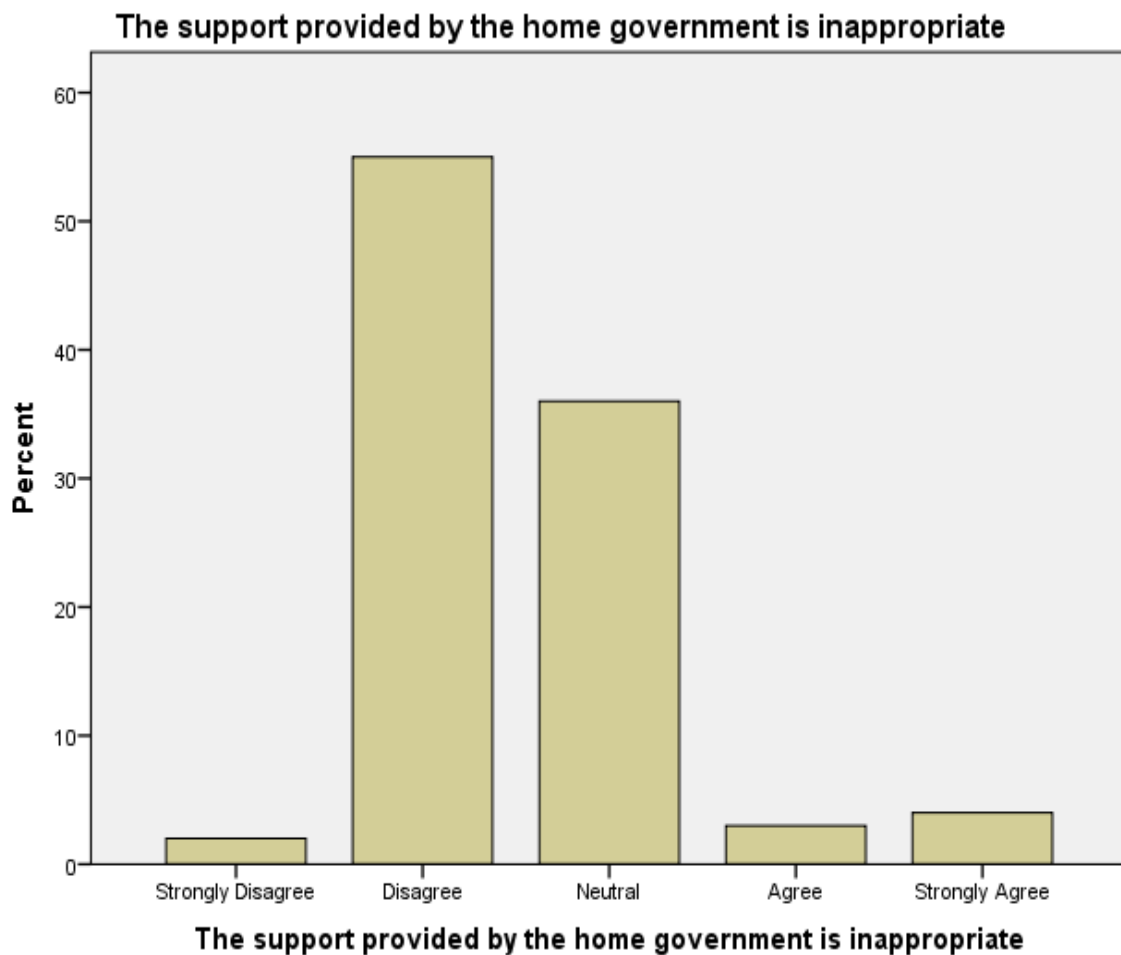
From the following table we can observe that, about 56.0% of the respondents disagreed that, differences in the attitude and behavior of the foreign customers. Following bar chart also shows taller bar corresponding to the same.

Differences in the attitude and behavior of the foreign customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	3.0	3.0	3.0
	Disagree	224	56.0	56.0	59.0
	Neutral	136	34.0	34.0	93.0
	Agree	16	4.0	4.0	97.0
	Strongly Agree	12	3.0	3.0	100.0
	Total	400	100.0	100.0	

Differences in the attitude and behavior of the foreign customers

From the following table we can observe that, about 50.0% of the respondents disagreed that, weaker rules and regulations concerning exporting as per the ruling government. Following bar chart also shows taller bar corresponding to the same.

From the following table we can observe that, about 55.0% of the respondents agreed that, the exporting activities of the SMEs do not receive the required finance. Following bar chart also shows taller bar corresponding to the same.

The exporting activities of the SMEs do not receive the required finance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.8	1.8	1.8
	Disagree	17	4.3	4.3	6.0
	Neutral	28	7.0	7.0	13.0
	Agree	220	55.0	55.0	68.0
	Strongly Agree	128	32.0	32.0	100.0
	Total	400	100.0	100.0	

The exporting activities of the SMEs do not receive the required finance

The exporting activities of the SMEs do not receive the required finance
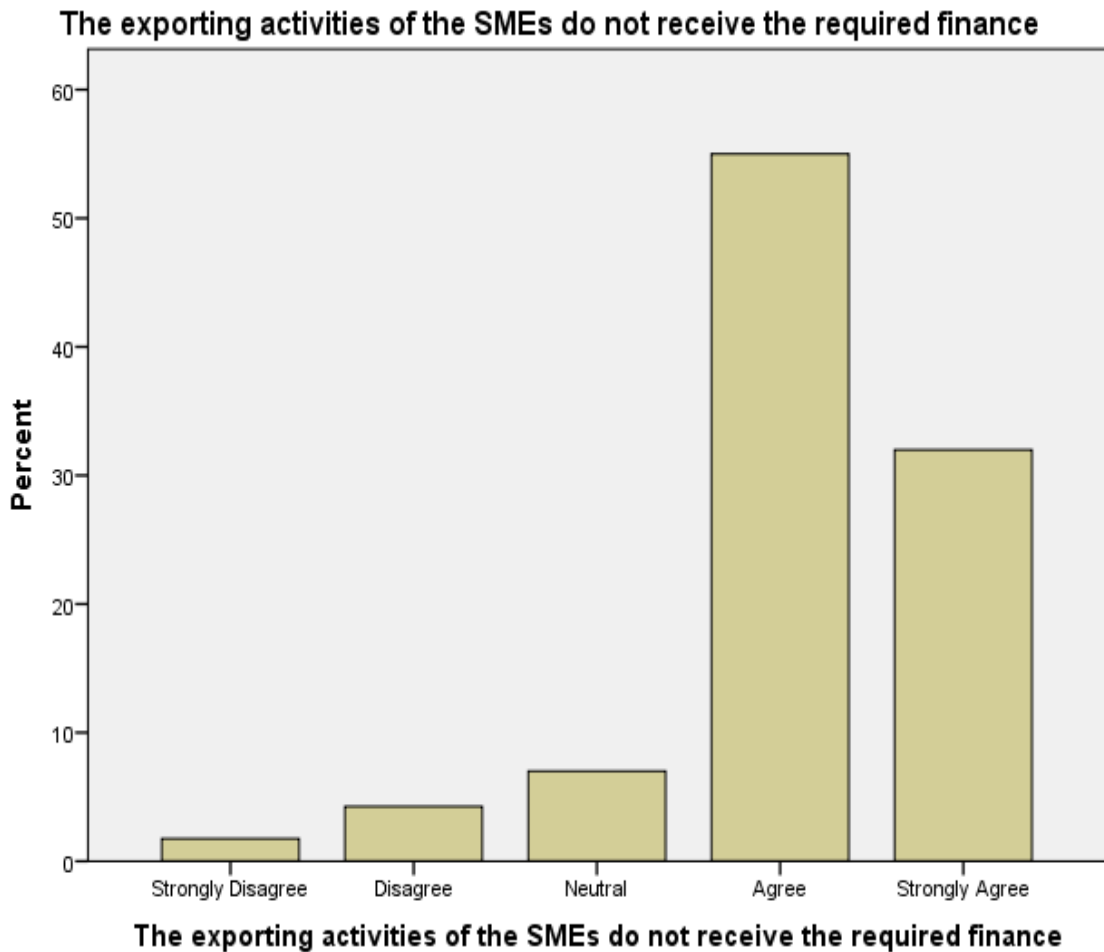
From the following table we can observe that, about 49.0% of the respondents agreed that, foreign currency exchange rate fluctuations. Following bar chart also shows taller bar corresponding to the same.

Foreign currency exchange rate fluctuations

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	32	8.0	8.0	8.0
	Disagree	16	4.0	4.0	12.0
	Neutral	40	10.0	10.0	22.0
	Agree	196	49.0	49.0	71.0
	Strongly Agree	116	29.0	29.0	100.0
	Total	400	100.0	100.0	

Foreign currency exchange rate fluctuations
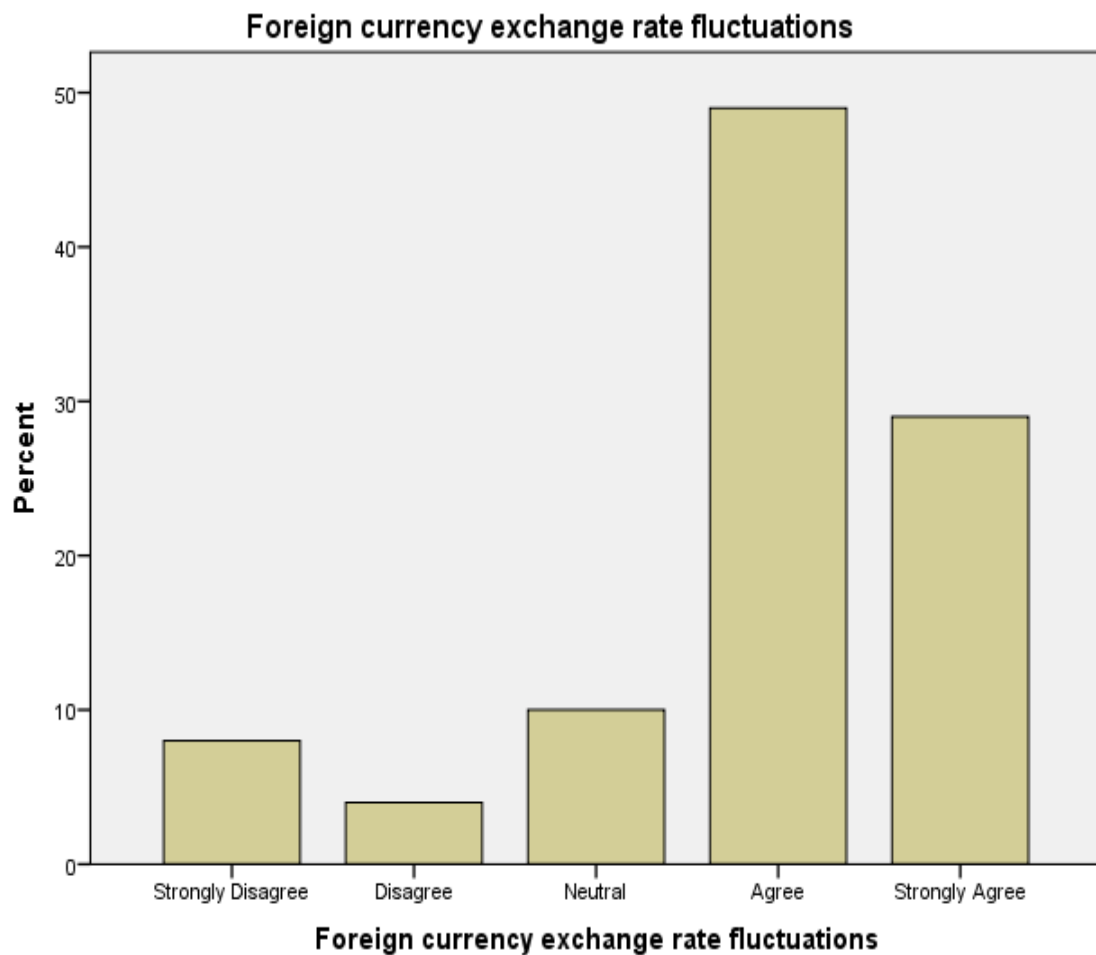
From the following table we can observe that, about 45.0% of the respondents agreed that, providing suitable physical infrastructure to the SMEs. Following bar chart also shows taller bar corresponding to the same.

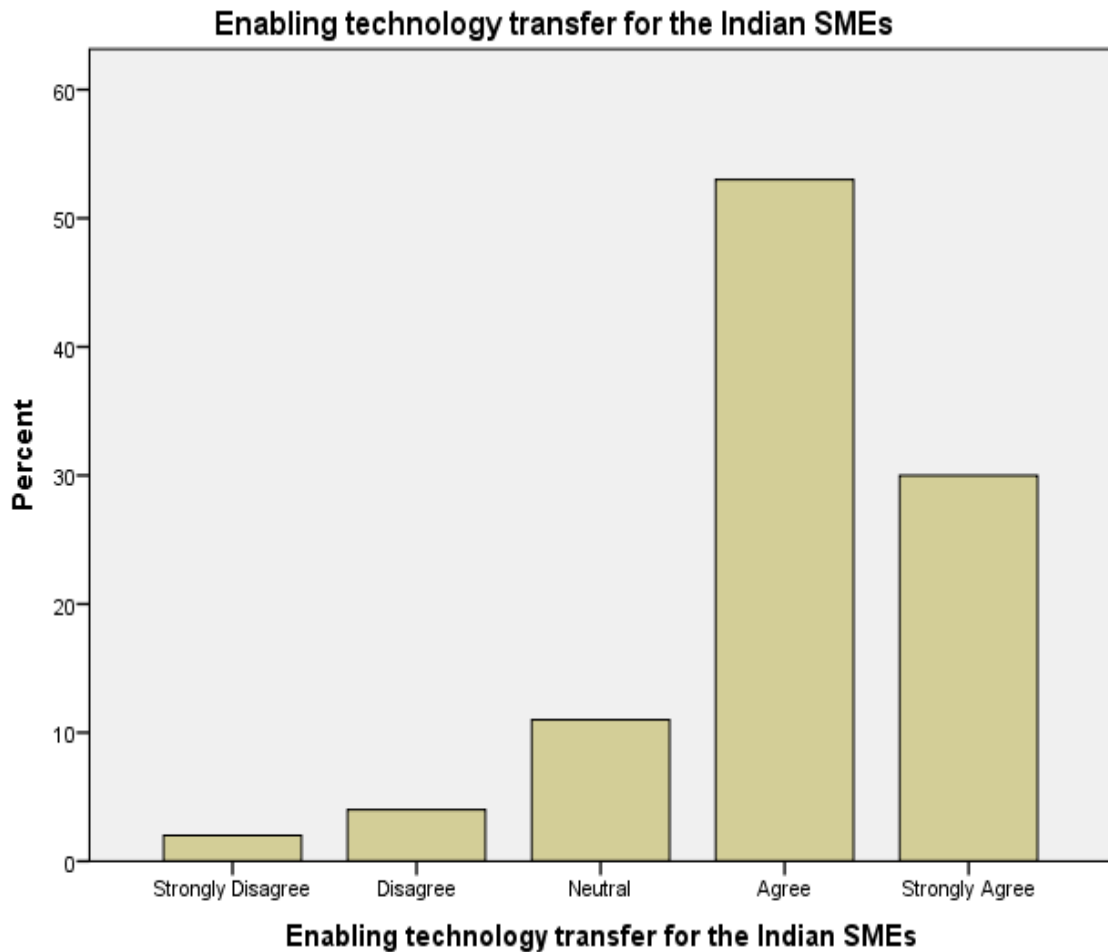**Providing suitable physical infrastructure to the SMEs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	3.0	3.0	3.0
	Disagree	24	6.0	6.0	9.0
	Neutral	88	22.0	22.0	31.0
	Agree	180	45.0	45.0	76.0
	Strongly Agree	96	24.0	24.0	100.0
	Total	400	100.0	100.0	

Providing suitable physical infrastructure to the SMEs
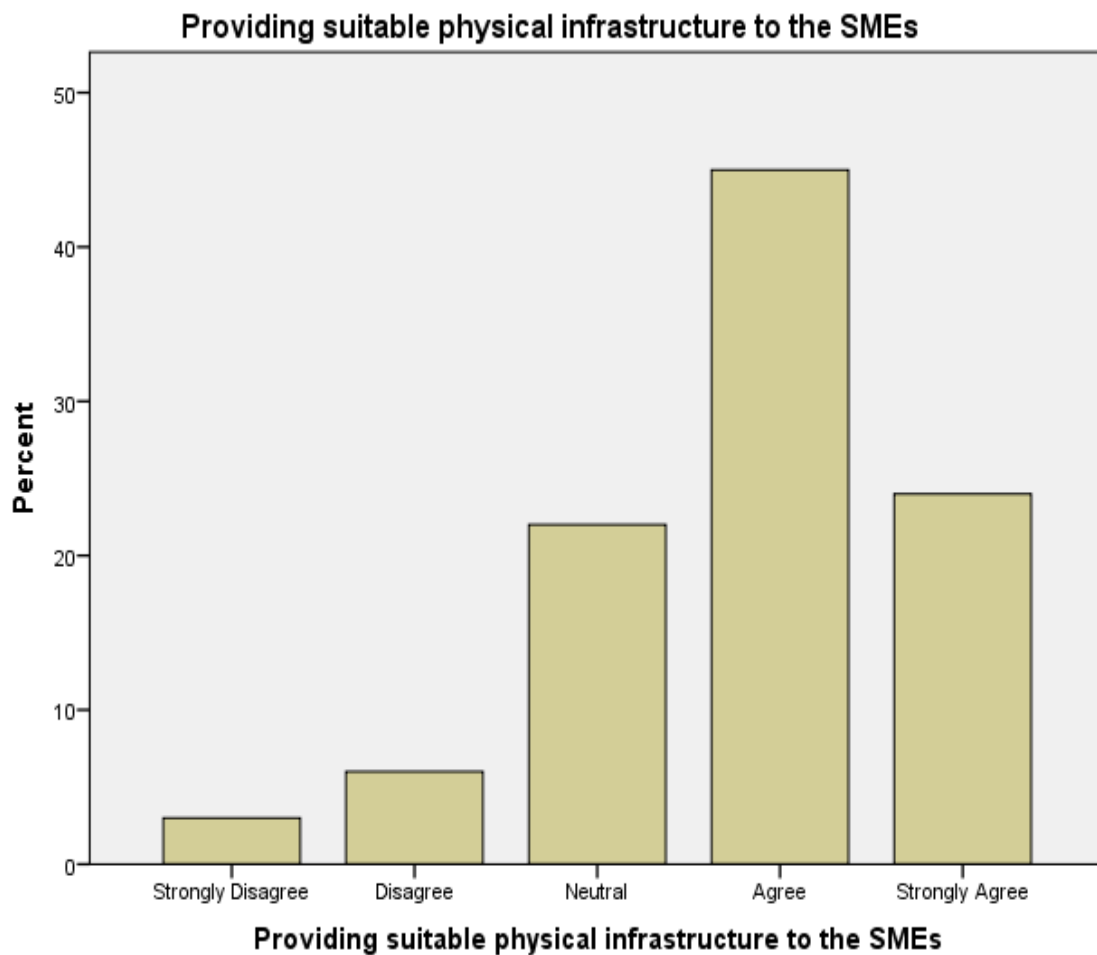
From the following table we can observe that, about 53.0% of the respondents agreed that, enabling technology transfer for the Indian SMEs. Following bar chart also shows taller bar corresponding to the same.

Enabling technology transfer for the Indian SMEs

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	2.0	2.0	2.0
	Disagree	16	4.0	4.0	6.0
	Neutral	44	11.0	11.0	17.0
	Agree	212	53.0	53.0	70.0
	Strongly Agree	120	30.0	30.0	100.0
	Total	400	100.0	100.0	

Enabling technology transfer for the Indian SMEs

From the following table we can observe that, about 55.0% of the respondents agreed that, formulation of regulations for lowering administrative costs for the SMEs. Following bar chart also shows taller bar corresponding to the same.

Formulation of regulations for lowering administrative costs for the SMEs

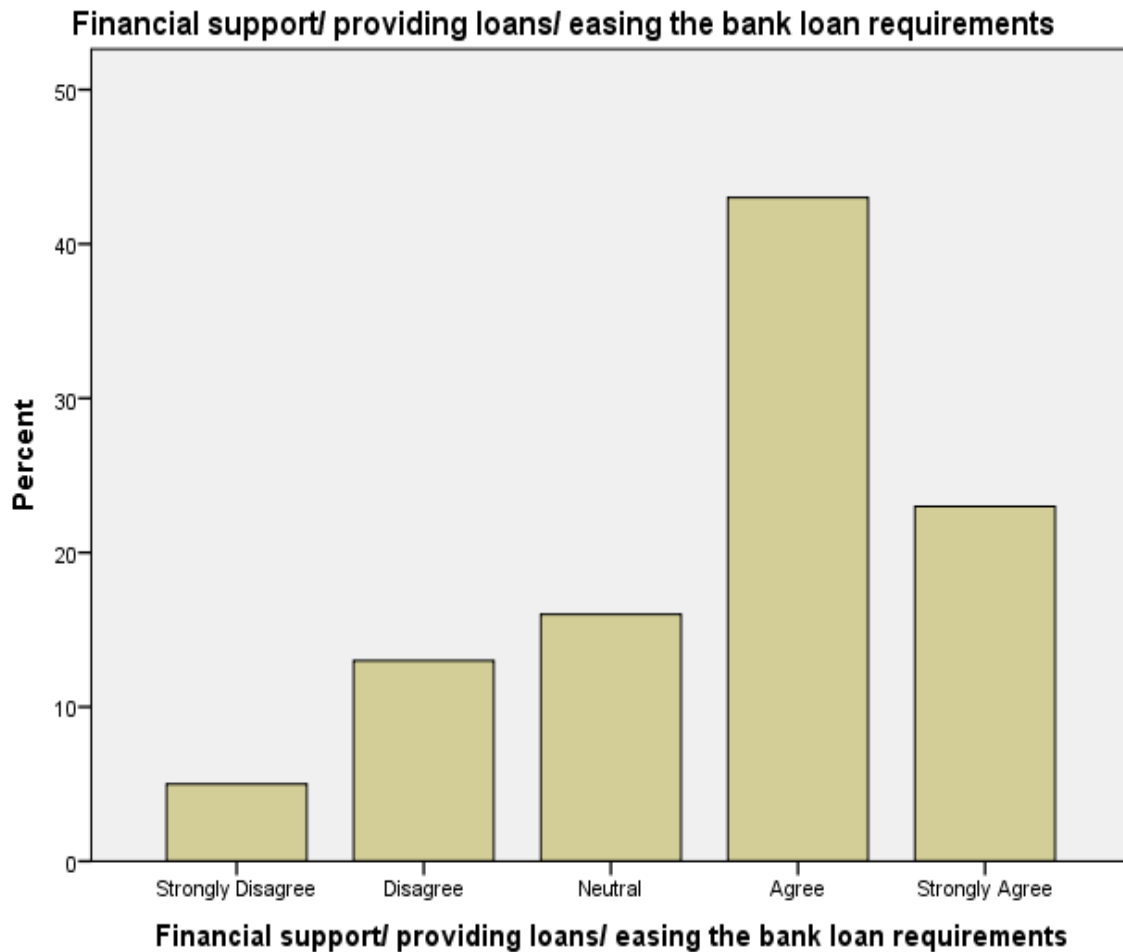|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	3.0	3.0	3.0
	Disagree	12	3.0	3.0	6.0
	Neutral	40	10.0	10.0	16.0
	Agree	220	55.0	55.0	71.0
	Strongly Agree	116	29.0	29.0	100.0
	Total	400	100.0	100.0	
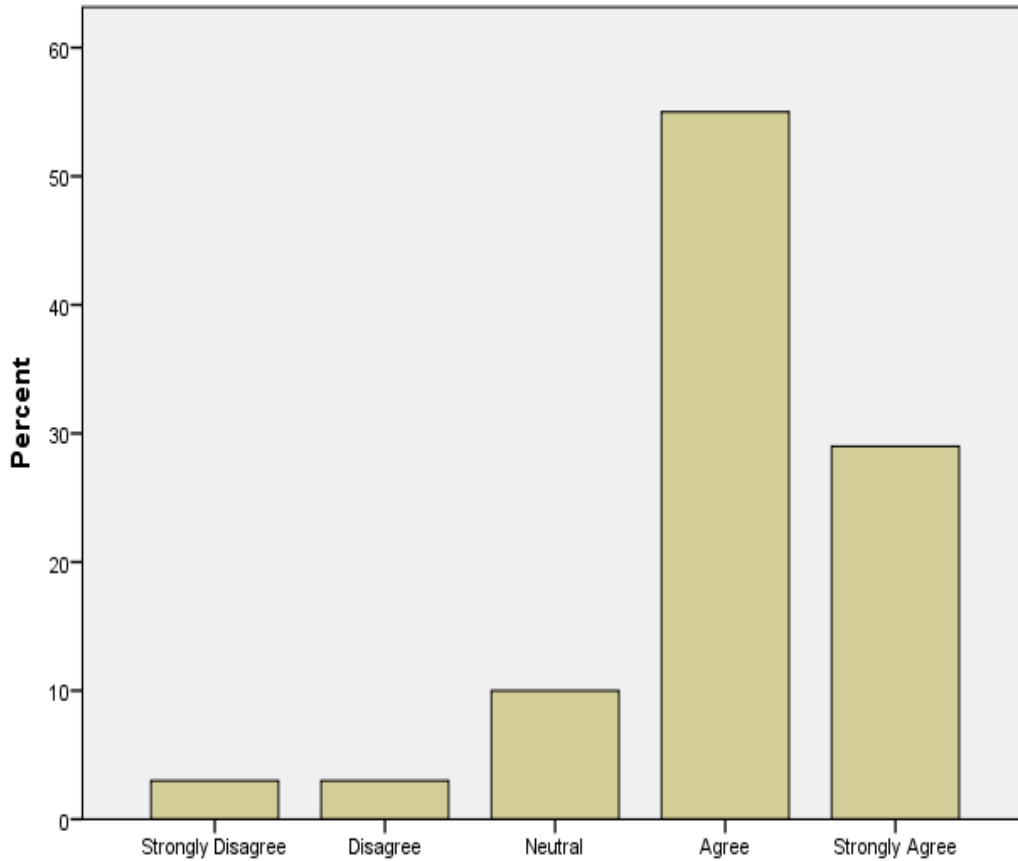
Formulation of regulations for lowering administrative costs for the SMEs

From the following table we can observe that, about 43.0% of the respondents agreed that, financial support/ providing loans/ easing the bank loan requirements. Following bar chart also shows taller bar corresponding to the same.

Financial support/ providing loans/ easing the bank loan requirements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	5.0	5.0	5.0
	Disagree	52	13.0	13.0	18.0
	Neutral	64	16.0	16.0	34.0
	Agree	172	43.0	43.0	77.0
	Strongly Agree	92	23.0	23.0	100.0
	Total	400	100.0	100.0	

Financial support/ providing loans/ easing the bank loan requirements

**Financial support/ providing loans/ easing the bank loan requirements**

From the following table we can observe that, about 57.0% of the respondents disagreed that, formulation of regulations for lowering collateral requirements for obtaining loans. Following bar chart also shows taller bar corresponding to the same.

Formulation of regulations for lowering collateral requirements for obtaining loans

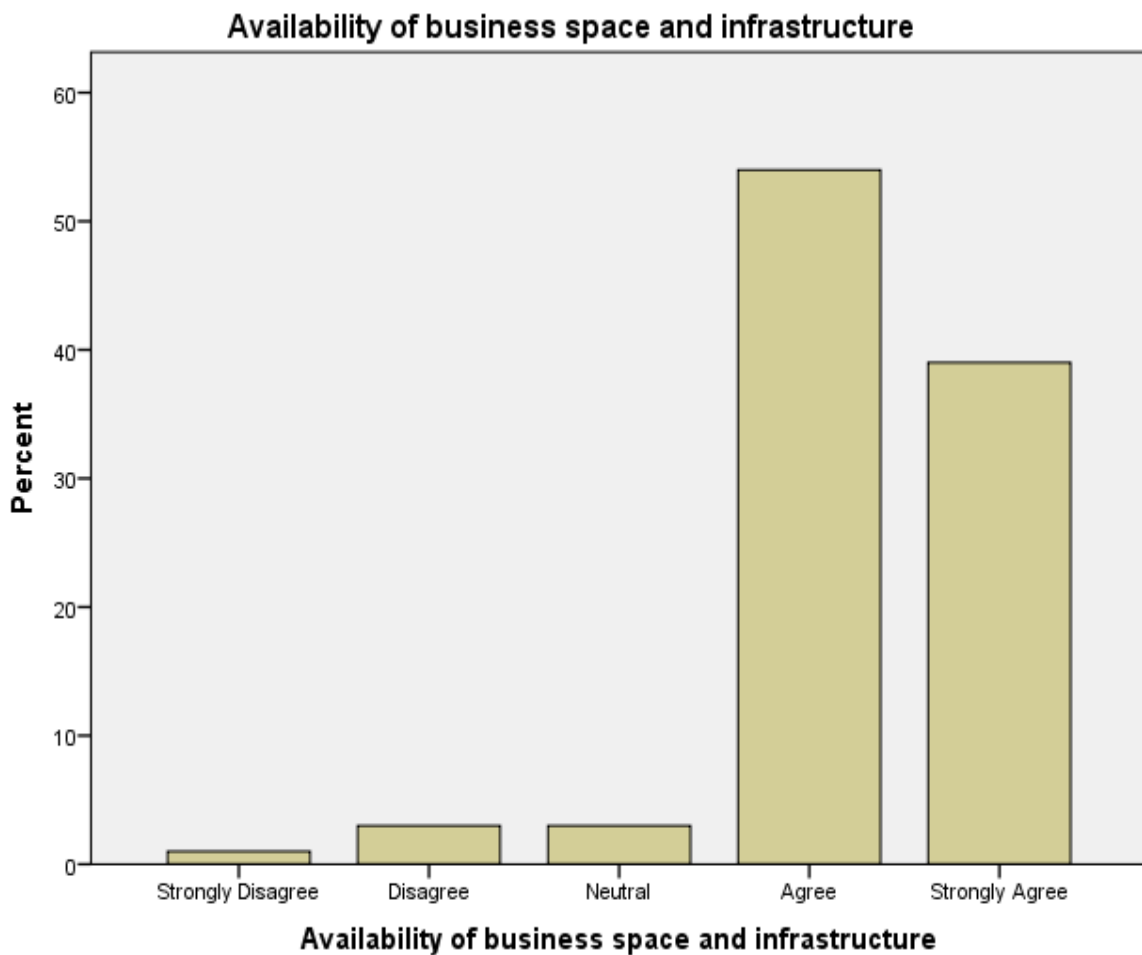|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.0	1.0	1.0
	Disagree	228	57.0	57.0	58.0
	Neutral	136	34.0	34.0	92.0
	Agree	28	7.0	7.0	99.0
	Strongly Agree	4	1.0	1.0	100.0
	Total	400	100.0	100.0	

Formulation of regulations for lowering collateral requirements for obtaining loans
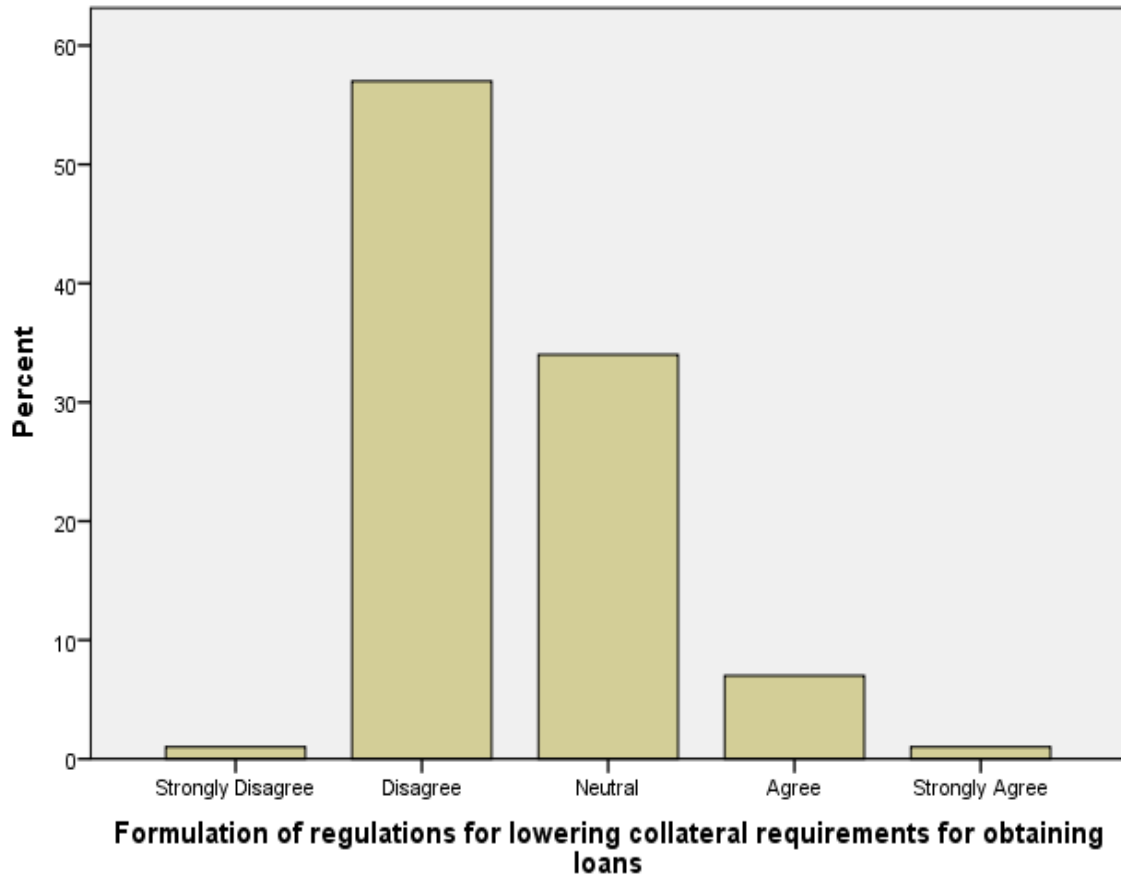
From the following table we can observe that, about 54.0% of the respondents agreed that, availability of business space and infrastructure. Following bar chart also shows taller bar corresponding to the same.

Availability of business space and infrastructure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.0	1.0	1.0
	Disagree	12	3.0	3.0	4.0
	Neutral	12	3.0	3.0	7.0
	Agree	216	54.0	54.0	61.0
	Strongly Agree	156	39.0	39.0	100.0
	Total	400	100.0	100.0	

From the following table we can observe that, about 54.0% of the respondents agreed that, quality of products. Following bar chart also shows taller bar corresponding to the same.

Quality of products

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Disagree	4	1.0	1.0	1.0
	Disagree	12	3.0	3.0	4.0
Valid	Neutral	24	6.0	6.0	10.0
	Agree	216	54.0	54.0	64.0
	Strongly Agree	144	36.0	36.0	100.0
	Total	400	100.0	100.0	

Quality of products
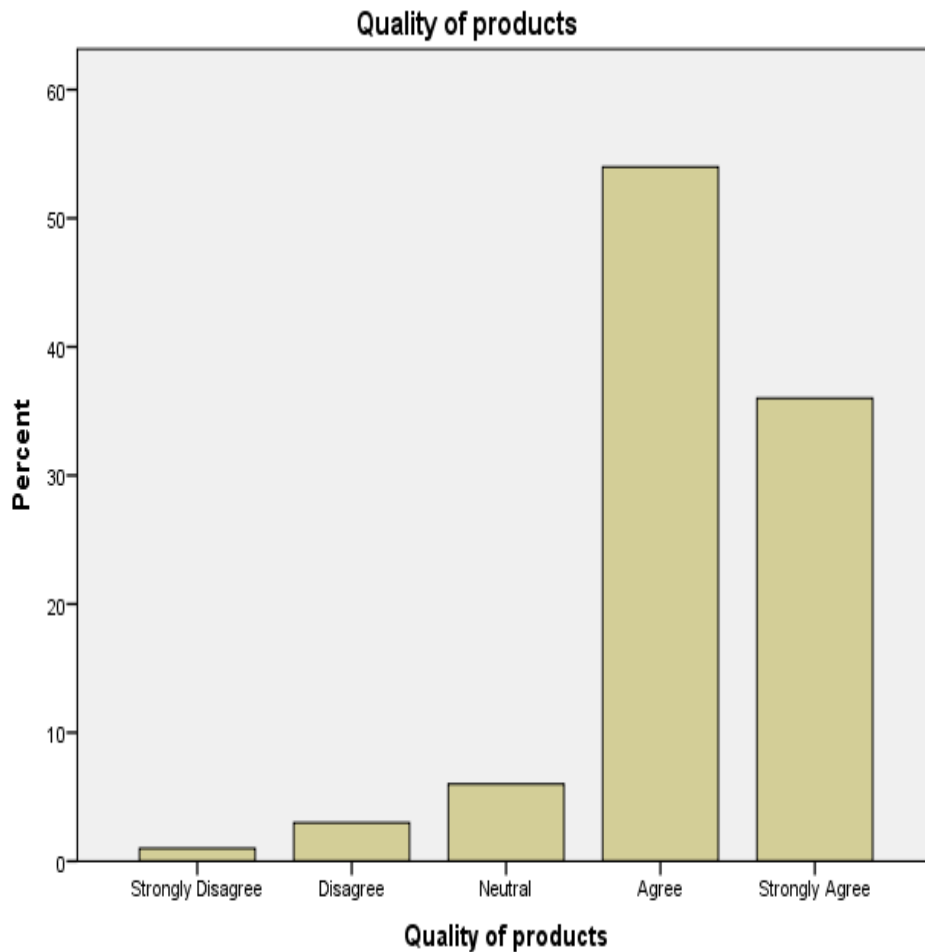
From the following table we can observe that, about 55.0% of the respondents agreed that, willingness of banks for offering loans to SMEs for internationalization/ loan processing time taken by the banks. Following bar chart also shows taller bar corresponding to the same.

Willingness of Banks for offering loans to SMEs for internationalization/ Loan processing time taken by the Banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	4.0	4.0	4.0
	Disagree	24	6.0	6.0	10.0
	Neutral	16	4.0	4.0	14.0
	Agree	220	55.0	55.0	69.0
	Strongly Agree	124	31.0	31.0	100.0
	Total	400	100.0	100.0	

Willingness of Banks for offering loans to SMEs for internationalization/ Loan processing time taken by the Banks
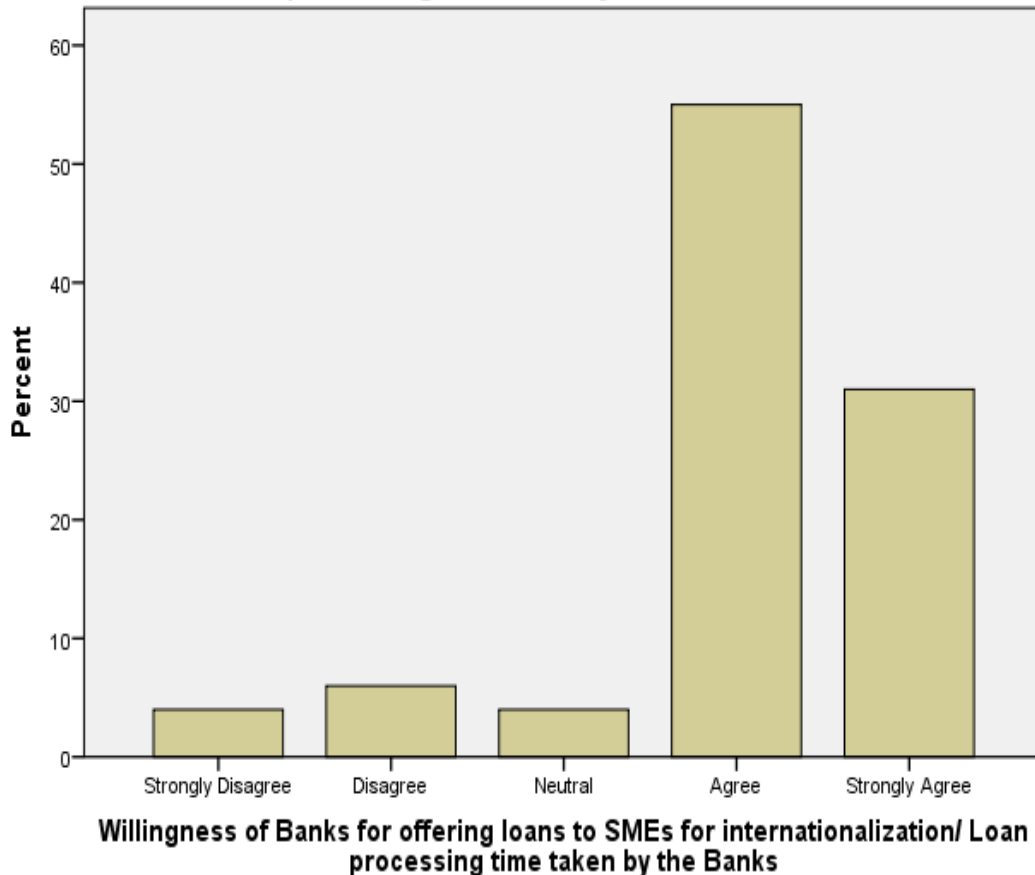
Hypothesis - 1
H1$_0$: There is no significant difference in the internal challenges for SMEs in India
H1$_A$: There is a significant difference in the internal challenges for SMEs in India.

In order to test hypothesis 1, a one sample T test was applied by using SPSS.

One-Sample Test

	Test Value = 3				95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Internal challenges	35.683	399	.000	.61821	.5842	.6523

The T value corresponding to the mean difference between the internal challenges and a fixed mean value of 3 was 0.000<0.05. Since the p value was less than 0.05, we can conclude that there is a significant difference in the internal challenges for SMEs in India.

Hypothesis - 2
H1$_0$: There is no significant difference in the external challenges for SMEs in India
H1$_A$: There is a significant difference in the external challenges for SMEs in India.
In order to test hypothesis 2, a one sample T test was applied by using SPSS.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
External challenges	35.012	399	.000	.90750	.8565	.9585

The T value corresponding to the mean difference between the external challenges and a fixed mean value of 3 was 0.000<0.05. Since the p value was less than 0.05, we can conclude that there is a significant difference in the external challenges for SMEs in India.

Hypothesis - 3
H1$_0$: There is no significant difference in the role of government policies and strategy development for competitiveness for SMEs in India
H1$_A$: There is a significant difference in the role of government policies and strategy development for competitiveness for SMEs in India.
In order to test hypothesis 3, a one sample T test was applied by using SPSS.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Role of Government policies and strategy development for competitiveness	22.292	399	.000	.73324	.6686	.7979

The T-value corresponding to the mean difference between the role of government policies and strategy development for competitiveness for SMEs in India and a fixed mean value of 3 was 0.000<0.05. Since the p value was less than 0.05, we can conclude that there is a significant difference in the role of government policies and strategy development for competitiveness for SMEs in India for SMEs in India.

Hypothesis - 4
H1$_0$: There is no significant difference in the factors influencing growth of SMEs in India.
In order to test hypothesis 4, a one sample T test was applied by using SPSS.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Factors influencing growth of SMEs	19.724	399	.000	.83483	.7516	.9180

The T value corresponding to the mean difference between the factors influencing growth of SMEs in India and a fixed mean value of 3 was 0.000<0.05. Since the p value was less than 0.05, we can conclude that there is a significant difference in the factors influencing growth of SMEs in India for SMEs in India.

V. CONCLUSION
SMEs are commercial units that highly contribute to the economic growth of developing countries by achieving macroeconomic goals. However, the SMEs in India face several challenges such as lack of infrastructure, lack of

funds, restrictive regulatory policies, barriers to entry, poor electronic support, and lack of entrepreneurial orientation that adversely impacts the workings of SMEs. The study examined that SMEs face country-specific challenges when carrying out internationalization activities. It includes external issues such as economic, socio-cultural, governance, and legal factors that obstruct the progress of SMEs in the international market.

The study examined that other issues such as industry-specific challenges are also faced by SMEs that restrict their growth in the global markets. The Indian SMEs mainly face issues related to government restrictions and lack of efficient electronic commerce services which adversely impact the workings of SMEs.

After testing hypotheses the study found different factors which influenced the growth of SMEs. Similarly, the study also identified different internal and external challenges faced by SMEs in India. Similarly, it is also observed the importance of the role of government policies and strategic development for competitiveness of SMEs in India.

Therefore, the study recommends reducing the issues of internationalization that are faced by SMEs in India.The firms must introduce advanced technologies and strengthen their infrastructure. It will create a strong foundational base and the SMEs will be able to adopt high-quality technologies. To increase the presence in the international markets, the SMEs in India must leverage on digital platforms. The use of the e-commercial platform will help in expanding the reach of SMEs to large audiences and they could establish their set up in cross border markets.

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