GLOBALISATION AND ITS EFFECT ON PERFORMANCE OF MICRO, SMALL AND MEDIUM SCALE ENTERPRISES

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Abstract:

Globalization means the dismantling of trade barriers between nations and integration of the nations' economies through financial flow, trade in goods and services and corporate investments between nations. Globalization effect on Indian industry started when Government opened the country's market to foreign investment in early 1990s. So the period after this remarkable year is called post globalization period.

The effects of globalization on Indian Economy have proved to be positive as well as negative. Domestic industries have to face lot of challenges due to globalization. Globalization has led to an 'unequal competition' a competition between large MNCs and dwarf Indian enterprises. Anti-globalist feel that globalization has negative impact on Indian industries such as unhealthy ogy, Increase the capital base, redesign the product to suit international market, hiring of expert management skills etc., Therefore, while taking an account of the existing status of Indian MSMEs, this paper tries to assess the impacts of globalization on Indian MSMEs. To study the effect globalization growth rate of four parameters such as number of enterprises, production, employment and export of Micro, Small and Medium scales industries are observed for pre and post globalization period and conclusions are derived.

Keywords: *MSME, Globalization, Indian Economy, Government, Opportunities, Challenges.*

1. INTRODUCTION

Indian economy is a developing economy. Its vast resources are either unutilized or underutilized. A major section of man power is lying idle. The per capita income is low. Capital is shy and scarce and investment is lean. Production is traditional and the technique is outdated. The output is insufficient and the basic needs of the people remain unfulfilled. Industrialization is the only answer to this present state of disrupted economy. Small and Medium Scale industries do not require huge capital, can generate more employment opportunities with less investment, they can be accessible to the remote rural areas and do not lead to regional imbalances and hence suitable for a country like India. The planners and the economists in India took recourse to small scale industry because most of these industries existed in the traditional form, which symbolize our heritage and past glory. These still serve as the back bone of our economy, which is mostly rural.

1.1 DEFINITION: MICRO, SMALL AND MEDIUM ENTERPRISES:

Small scale industries are termed as Micro, Small and Medium Scale industries (MSME) as per MSMED Act, of 2006. MSMEs are defined and classified based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services. Hence the enterprises covered under this act are;

i) Manufacturing Unit

ii) Units engaged in providing/rendering of services

Both Categories of enterprises have been further classified into Micro, Small and Medium Enterprises based on their investment in plant and machinery (for manufacturing enterprises) or on equipment (in case of enterprises providing or rendering services). The present ceiling on investment to be classified as micro, small or medium enterprises is as under.

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Classification of Enterprises

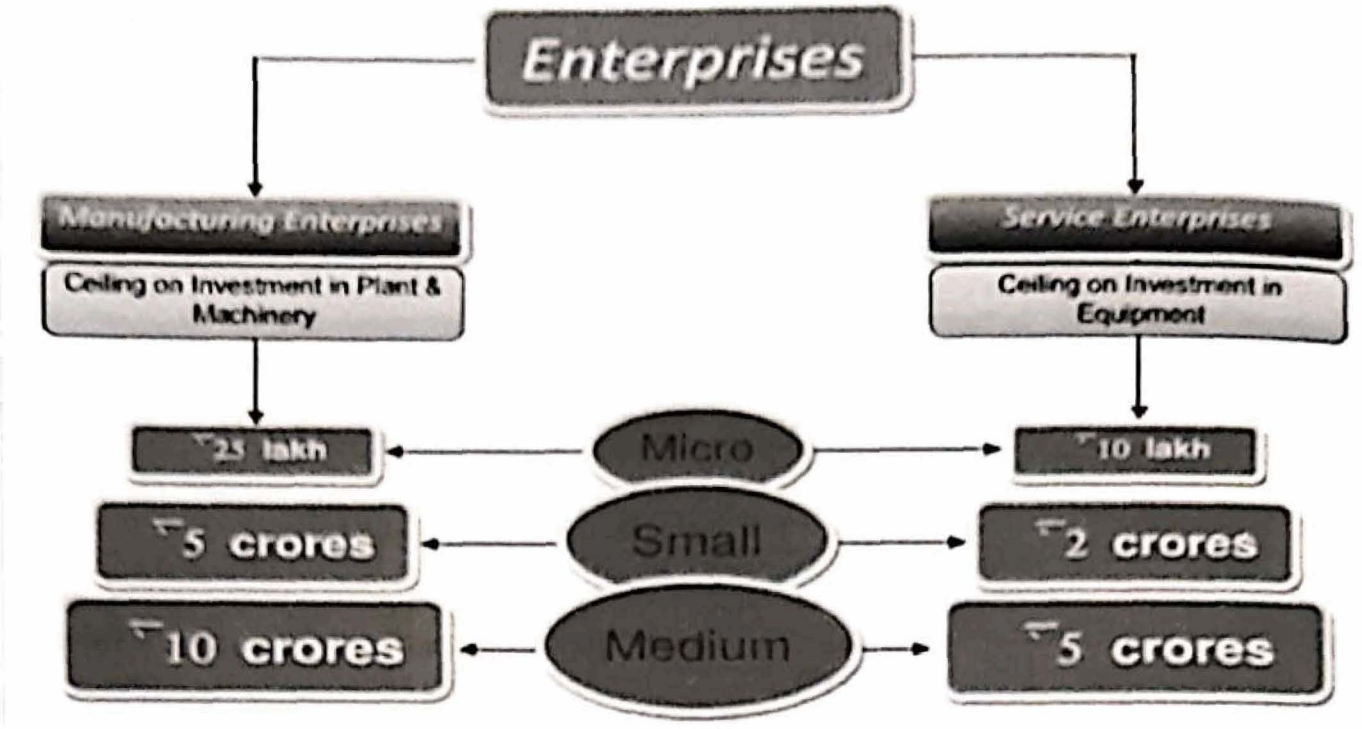


Fig.1 Showing the classification of MSME (Source: MSME Act 2006)

1.2 CONTRIBUTION OF MSMES' TO INDIAN ECONOMY:

World over, the Micro Small and Medium Enterprises or MSMEs have recognized as engines of economic growth. As per recent Census of India), MSMEs constitutes 94% of industrial enterprises, contributing 36% to total value of export. It provides 80 million employments. 45% of output is originated from MSMEs. It has contributed 8.9 % to GDP. Major advantage of MSME is its employment potential at low capital cost.

1.3 GLOBALIZATION

Globalization means the dismantling of trade barriers between nations and integration of the nations' economies through financial flow, trade in goods and services and corporate investments between nations. Globalization effect on Indian industry started when Government opened the country's market to foreign investment in early 1990s. So the period after this remarkable year is called post globalization period.

Globalization is not a new phenomenon. In the immediate post-World War-II period, globalization was mainly driven by rapid growth in foreign trade while in the 1950s and 1960s, foreign direct investment (FDI) started to play an increasingly important role in this process. Over the last three decades and based on global trend of trade and investment liberalization, the world economy has evolved into a highly integrated system.

The 1990s was an important decade in terms of policy changes, nationally as well as internationally. Since the beginning of 1990s policy changes have been taking place at three different levels- global, national and sectoral, which have implications for small industry functioning and performance in India. The first and the foremost development is "globalization" process at the international level through free movement of factor inputs (both labour and capital) and out puts between countries. However the developments that have been taking place since the early nineties are mostly with reference to the free movement of only one of the factor inputs i.e., capital

commonly known as Foreign Direct Investment (or FDI) and free movement of goods, particularly from the developed to the developing countries.

In 1995,after the formation of World Trade Organisation (WTO), process of scaling down of tariff and non tariff restrictions on imports has accelerated. India, as a member of WTO has substantially done away with its quantitative and non-quantitative restrictions by April 1, 2001 (Ministry of Finance,2002). The process of removal of quantitative and non-quantitative restrictions across countries has led to free movement of goods between countries including India. As a result, world exports grew in dollar terms at an average rate of 5.9% during 1990-99 as against 5.2% during 1980-90 (Ministry of Finance and Company Affairs, 2003). The reduction of restrictions on the movement of goods between countries and the subsequent increase in world exports would have benefited Multinational Corporations much more than small enterprises. Globalization and liberalization is more on small and medium scale industries. Of course, the impact is both positive as well as negative.

Objective of globalization

- Improvements in local productivity can promote prosperity
- The movement and sharing of information, knowledge and expertise
- The improvement of international standards for variables such as education and health
- Increases the variety of goods available to the world market and provides a bigger range of markets for internationally sourced products

2. REVIEW OF LITERATURE

Following literatures are studies to know what is globalization, impact of globalization on small scale industries in India. A review of imported studies is presented below:

Mathew, M.C. (2004 The study stated that the country needs a strong small and medium enterprises policy, which was closely linked to its international commitments. The study suggested that at the strategy level, there were need to be mechanism by which the demography of small and medium enterprises sector itself becomes a matter of public security.

Subrahmanyabala, M.H. (2004) highlighted the impact of globalization and policy reforms in small-scale industries sector. A study reveals growth rate of MSMEs come down terms of growth of units, employment, output and exports. Researcher highlighted that the policy changes had also thrown open new opportunities and markets for the small-scale industries sector. Sudan, F. K. (2005) explained the meaning, advantages, problems and policy options of MSE sector. The study concluded that all the policies which were opted by GOI were the efforts to form a dynamic MSE sector..

Rathod, C. B. (2007) explained the importance of small scale industrial sector and also the contribution of Indian small scale entrepreneurs in world economy. The main objective of the study was to study the growth and pattern of the SSI sector and identify the reasons for success/ failures, to evaluate the impact of globalization on SSIs and export opportunity, to identify the barriers and constraints that SSIs were facing to cope with globalization.

3. OBJECTIVES OF THE STUDY

Small Scale Industry in India has been confronted with an increasingly competitive environment due to Liberalization of the investment regime in the 1990s, favoring foreign direct investment at the international level, particularly in socialistic and developing countries. The formation of the World Trade Organisations (WTO) in 1995, forcing its

member- countries (including India) to drastically scale down quantitative and non quantitative restrictions on imports, and domestic economic reforms. The cumulative impact of all these developments is a remarkable transformation of the economic environment in which small industry operates, implying that the sector has no option but to 'compete'. On observing the present economic environment the research is carried on with following objectives.

1. The main objective of the study is to understand the impact of globalization on Indian MSMEs, in general

2. To know how conducive is the Indian economic environment for the growth of MSMEs in the changing scenario because of globalization

3. To understand the influence of globalization on the growth of MSMEs

4. METHODOLOGY

In the present study, an attempt has been made to analyze the impact of globalization on the growth of small scale industries and opportunities and challenges for this sector. For this, the growth pattern with reference to the data related to performance of small scale industries in India. The SSI sector has been studied with the belief that they hold the largest share of Industrial Sector in India. The reference period for the analysis of the data has been taken from secondary source for the period 1980 to 2010. The study period has been divided into 3 parts i.e.,

- pre-liberalization decade from1980-81 to 1989-90
- post-liberalization decades i.e., from 1990-91 to 1999 and
- 2000-01 to 2009-10 to know the impact of globalization.

A comparative analysis of Average Annual Growth Rates for pre and post globalization periods has been carried out with reference to parameters like number of units, production, employment and exports. One way ANOVA test is conducted to know the significant change in growth pattern between pre and post globalization decade. For this the data is divided into 3 groups. 1st Group is of pre globalization decade and other two groups are of post globalization decades. The significant changes in groups revealed the impact of globalization on MSMEs. The study has been based on secondary information. The data for the study purpose has been taken mainly from 'Ministry of Micro, Small and Medium Enterprises, Government of India' published by Reserve Bank of India in Handbook of Statistics on Indian Economy.

5. LIMITATION OF THE STUDY

All the indicators related to the growth of small scale industries have been computed from 1980 to 2010. In this study there is only one limitation that is;

1 In case of exports the data for 2006 and 2007 is not available. Hence growth rate of 2006-07 is ignored to calculate average growth rate of the decade 2000-10.

2 More over, after the enactment of MSME Act of 2006 the data of MSME is taken in place of SSI which has affected annual growth rate of 2006-07 as compared to 2005-06 for all the parameters such as number of MSMEs, Production, employment and export. Hence, this year growth rate is ignored while calculated Annual Average Growth rate of decade 1990s.

6. ANALYSIS OF DATA

(Performance of MSMEs in pre globalization and post globalization decades)

The policy changes at global, national and sectoral levels have radically changed the environment for the functioning of Small industry in India. The growth of small industry

in the country has to be analyzed with this back up.

The performance and contribution of MSMEs to Indian Economy is viewed in terms of its absolute growth in units, employment, production and exports in pre and post globalization decades. The growth performance is evaluated to Compare the growth rates of units, employment, output and exports of Small industries (Now MSMEs) in the decade of 1980-90 (Pre globalization decade) with that of 1990-2000 and 2000-2010(Post globalization decades)

6.1 Performance of Small Scale Industries from 1980-81 to 1989-1990 (Pre-Globalization decadal growth)

Year	Total MSMEs(Lakh Numbers)	% Growth over Previous year	Production (Rs.in Crore)	% Growth over Previous year	Employment(Lakh Persons)	% Growth over Previous year	Exports (Rs.Crore)	% Growth over Previous year
1980-81	8.7		28100		71		1600	
1981-82	9.6	10.34	32600	16.01	75	5.63	2100	31.25
1982-83	10.6	10.42	35000	7.36	79	5.33	2000	-4.76
1983-84	11.6	9.43	41600	18.86	84.2	6.58	2200	10.00
1984-85	12.4	6.90	50500	21.39	90	6.89	2500	13.64
1985-86	13.5	8.9	61200	21.2	96	6.7	2800	12.0
1986-87	14.6	8.15	72300	18.14	101.4	5.63	3600	28.57
1987-88	15.8	8.22	87300	20.75	107	5.52	4400	22.22
1988-89	17.1	8.23	106400	21.88	113	5.61	5500	25.00
1989-90	18.2	6.43	132300	24.34	119.6	5.84	7600	38.18
AAGR		7.57		16.53		5.23		18.23

Source: Ministry of Micro, Small and Medium Enterprises, GOI.

AAGR= Annual Average Growth Rate or Exponential Growth Rate.

Analysis: Above table reveals that the Annual Average Growth Rate from pre- liberalization decade i.e., from 1980-81 in terms of number of units was 7.57%, production 16.53%, employment 5.23% and exports 18.23%.

6.2 Performance of Small Scale Industries from1990-91 to 1999-2000 (Post-Globalization Decadal growth rate)

Year	Total MSMEs(Lakh Numbers)	% Growth over Previous year	Fixed investment at(Rs. in Crore)	% Growth over Previous year	Production (Rs.inCrore)	% Growth over Previous year	Employment(Lakh Persons)	% Growth over Previous year	Exports (Rs.Crore)	% Growth over Previous year
1990-01	67.9		93555		78802		158.3		9664	
1991-92	70.6	3.98	100351	7.26	80615	2.30	166	4.86	13883	43.66
1992-93	73.51	4.12	109623	9.24	84413	4.71	174.84	5.33	17784	28.10
1993-94	76.49	4.05	115795	5.63	98796	17.04	182.64	4.46	25307	42.30
1994-95	79.6	4.07	123790	6.90	122154	23.64	191.4	4.80	29068	14.86
1995-96	82.84	4.07	125750	1.58	147712	20.92	197.93	3.41	36470	25.46
1996-97	86.21	4.07	130560	3.83	167805	13.60	205.86	4.01	39248	7.62
1997-98	89.71	4.06	133242	2.05	187217	11.57	213.16	3.55	44442	13.23
1998-99	93.36	4.07	135482	1.68	210454	12.41	220.55	3.47	48979	10.21
1999-00	97.15	4.06	139982	3.32	233760	11.07	229.1	3.88	54200	10.66
AAGR		4.06		4.61		13.03		4.19		21.79

Table-2

Source: Ministry of Micro, Small and Medium Enterprises, GOI.

AAGR= Annual Average Growth Rate or Exponential Growth Rate.

The data presented in above table reveals that the Annual Average Growth Rate in the post globalization decade i.e., from 1990-91 to 1999-2000 in terms of number of units was 4.06%, investment fixed assets 4.61%, production 13.03%, employment 4.19% and exports 21.79%.

6.3 Performance of Small Scale Industries from 200-01 to 2009-10 (Post-Globalization Decadal growth rate)

Year	Total MSMEs (Lakh Numbers)	% Growth over Previous year	Fixed investment at(Rs. in Crore)	% Growth over Previous year	Production (Rs.in Crore)	% Growth over Previous year	Employment(Lakh Persons)	% Growth over Previous year	Exports (Rs.Crore)	% Growth over Previous year
2000-01	105.21	8.29	154349	10.26	282270	20.75	249.33	8.8	69797	28.77
2001-02	109.49	4.07	162317	5.16	314850	11.54	260.21	4.36	71244	2.07
2002-03	113.95	4.07	170219	4.87	364547	15.78	271.42	4.31	86013	20.73
2003-04	118.59	4.07	178699	4.98	429796	17.90	282.57	4.11	97644	13.52
2004-05	123.42	4.07	188113	5.27	497842	15.83	294.91	4.37	124417	27.42
2005-06	261.01	111.5	500758	166.2	709398	42.49	594.61	101.6	150242	20.8
2006-07	272.79	4.51	558190	11.47	790759	11.47	626.36	5.34	182538	21.50
2007-08	285.16	4.53	621753	11.39	880805	11.39	659.35	5.27	202017	10.67
2008-09	298.08	4.53	693835	11.59	982919	11.59	695.38	5.46	NA	
2009-10	311.52	4.51	773487	11.48	1095758	11.48	732.7	5.37	391159	
AAGR		4.74		8.50		17.02		5.26		15.59

Table-3

Source: Ministry of Micro, Small and Medium Enterprises, GOI.

AAGR= Annual Average Growth Rate or Exponential Growth Rate.(The data for the period up to 2005-06 is of small scale industries (SSI). Subsequent to 2005-06, data with reference to micro, small and medium enterprises (MSMEs) are being compiled. While calculating AAGR growth rate of 2005-06 as compared to 2004-05 is ignored)

The above table clearly reveals that the Annual Average Growth Rate in the post globalization decade i.e., from 2000-01 to 2009-2010 in terms of number of units was 4.74%, investment fixed assets 8.50%, production 17.02%, employment 5.26% and exports 15.59%.

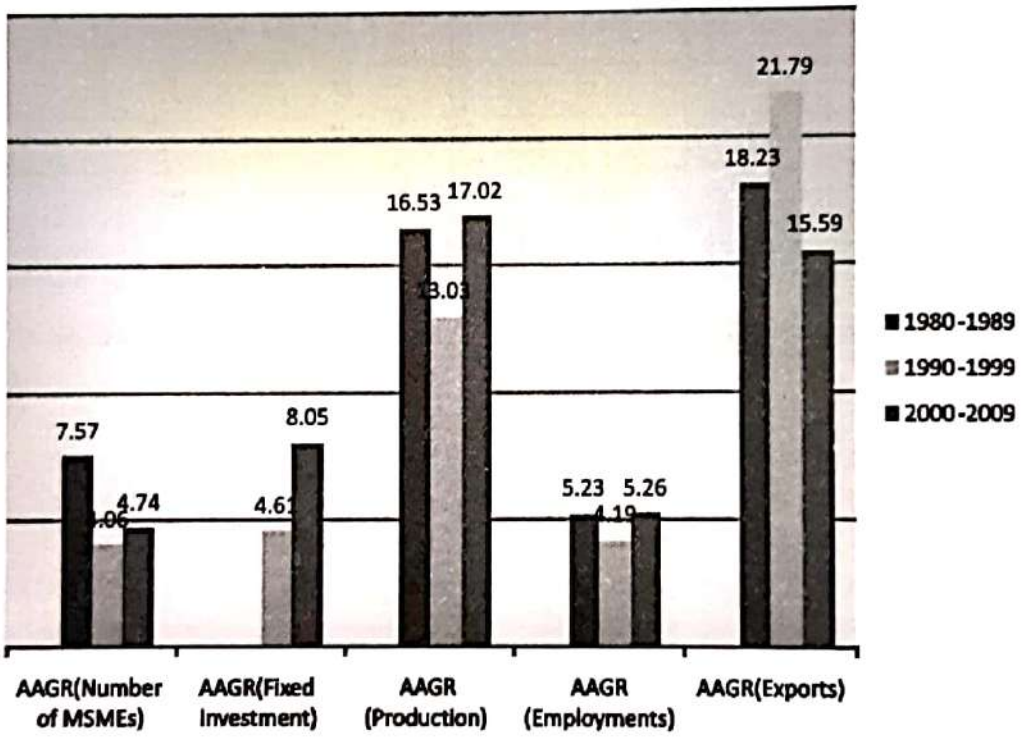
6.4 Annual Average Growth Rates in Pre and Post Globalization decades

Year	AAGR (Number of MSMEs)	AAGR (Fixed Investment)	AAGR (Production)	AAGR (Employments)	AAGR (Exports)
1980-1989	7.57	--	16.53	5.23	18.23
1990-1999	4.06	4.61	13.03	4.19	21.79
2000-2009	4.74	8.05	17.02	5.26	15.59

Table-4

Source: Ministry of Micro, Small and Medium Enterprises, GOI.

6.5 Chart Showing Decadal Growth rate of MSMEs



The above table and chart reveal the Annual Average Growth Rate of MSME during Pre and post globalization decades. The year1980 – 1990 is the pre- globalization decade and the years from 1990-2000 and 2000-2010 are post globalization decades. Comparison of data between these two period reveals that AAGR in terms of number of SSI during pre globalization decade was 7.57% whereas AAGR in post globalization decades was 4.06 and 4.74. There is decrease in average growth rate of MSMEs during post globalization decades.

The annual average growth of total investment in fixed assets by MSMEs has increased from 4.61% from 1990-1999 to 8.05 in 2000-2009. Growth rate of production from MSMEs during pre-globalization period was 16.53%, which had decreased initially to 13.03% during first decade (1990-99) and increased to 17.02

during second decade of post globalization. With respect to employment parameter, AAGR of pre-globalization period was 5.23% whereas it has come down to 4.19% and then increased to 5.26% during first and second decades of post globalization. Growth rate of export from MSMEs was 18.23% during pre-globalization which has increased initially to 21.79% in first decade and then decreased to 15.59% during second decade of post globalization.

7. ONE WAY ANOVA (Variance Analysis)

Typically, however, the one-way ANOVA is used to test for differences among at least three groups, since the two-group case can be covered by a t-test (Gosset, 1908). This Statistical tool (One Way Anova test) is applied here with an objective of knowing impact of globalization on MSMEs. For understanding impact of globalization data is compared between pre and post globalization decades. The First decade (1980-1989) is pre globalization decade. Second decade (1990-99) and third decade (2000-10) are post globalization decades. Here the data is classified into 3 groups for applying ANOVA Test.

Group I- 1980-89

Group II -1990-99

Group III- 2000-10

The four parameters taken for comparison are ;

i)Number of MSMEs

ii)Production

iii)Employment

iv)Exports

7.1 NUMBER OF MSMES

Our objective is to check whether there is impact of globalization on Number of MSMEs. Hence the statistical tool used to compare between 3 groups is ONE WAY ANOVA(Analysis of Variance) and the results are tabulated below.

Descriptive Statistics

Number of MSMEs	Mean	Variance	Co-efficient of variation
Group -1	13.21	3.0363	22.98%
Group-2	81.737	9.3420	11.429%
Group-3	199.92	86.835	43.435%

Source : Researcher's Compilation **Table-5**

Above table indicates average number of MSMEs in each group i.e., each decade. The data mentioned above reveals that there is increase in average number of units over three decades. A small variance indicates that the data points tend to be very close to the mean (expected value) and hence to each other, while a high variance indicates that the data points are very spread out around the mean and from each other. Variance for the first two groups variance are less and for the last group it is considerably high indicating wide variation in establishment of MSMEs units in last decade of post global period. Co-efficient of variation is used for comparison between data sets with different units or widely different means. Co-efficient of variation is high in case of group 3 indicating non-consistency in forming of MSMEs.

ONE WAY ANOVA(Variance Analysis)

Source of Variation	Degree of freedom	Sum of Squares	Mean sum of Squares	F-Value	P-Value
Between Groups	2	178416.716	89208.358	310.450	0.00001
Within Groups	27	76367.970	2828.443		
Total	30	254784.687			

Table-6

From the above table we observe that there is significant differences between the groups (i.e., there is impact of globalization), hence in order to know which group differed significantly Tukey"s post hoc test was carried on.

Tukey's post hoc test P-value

Group	2	3
1	0.020	0.0001
2	--	0.0001

Source : Researcher's Compilation **Table-7**

(The result are said to be significant if the p-value is less than 0.05)

From the above table we observe that group 1 and group 2, group 2 and group 3 and group 3 and group2 differ significantly indicating considerable impact of globalization number of MSMEs. This gives the information that globalization has not sudden effect. The impact is seen gradually.

7.2 PRODUCTION OF MSMES (Rs. in Crores)

The objective here is to check the impact of globalization on Production. On applying statistical tool to observe the significant change between 3 groups, ONE WAY ANOVA(Analysis of Variance) is applied and the results are tabulated below.

Descriptive Statistics

Number of MSMEs	Mean	Variance	Co-efficient of variation
Group -1	64730	32979.87	94.96%
Group-2	141172.8	54019.37	38.26 %
Group-3	634894.4	280096.7	44.12%

Source : Researcher's Compilation **Table-8**

According to above statistical compilation, average production has increased considerably from group 1 to group 2 and group 3 indicating considerable increase in production of MSME.

There is more variation in production of group 1 compared to group 2 and group 3 showing consistency in production for later two decades.

ONE WAY ANOVA

Source of Variation	Degree of freedom	Sum of Squares	Mean sum of Squares	F-Value	P-Value
Between Groups	2	1.916E12	9.578E11	31.362	.0001
Within Groups	27	8.246E11	3.054E10		
Total	30	2.740E12			

Source : Researcher's Compilation **Table-9**

From the above table we observe that there is significant differences between the groups (i.e., there is impact of globalization), hence in order to know which group differed significantly Tukey"s post hoc test was carried on.

Tukey's post hoc test P-value

Group	2	3
1	0.597	0.0001
2	--	0.0001

Source : Researcher's Compilation **Table-10**

(The result are said to be significant if the p-value is less than 0.05)

From the above table we can observe that Group-1 and Group2 do not differ significantly, whereas significant difference is observed between Group 1 and Group 3 and Group-2 and Group-3.This indicates that impact of globalization is seen more in second decade of post globalization period.

7.3 EMPLOYMENT (In Lakh persons)

The objective here is to check whether there is impact of globalization on employment opportunities created by MSMEs. The statistical tool used to compare between 3 groups is ONE WAY ANOVA(Analysis of Variance) the results of which are tabulated below.

Descriptive Statistics

Number of MSMEs	Mean	Variance	Co-efficient of variation
Group -1	93.62	15.72	16.79%
Group-2	193.97	22.409	11.55%
Group-3	466.68	198.36	42.50%

Source : Researcher's Compilation **Table-11**

As per above statistical compilation, average employment opportunities created by MSMEs has increased from group 1 to group 2 and group 3. The variance was less in first two groups and it is more in third group

ONE WAY ANOVA

Source of Variation	Degree of freedom	Sum of Squares	Mean sum of Squares	F-Value	P-Value
Between Groups	2	745390.129	372695.064	25.098	.0001
Within Groups	27	400945.861	14849.847		
Total	30	1146335.990			

Source : Researcher's Compilation **Table-12**

From the above table we observe that there is significant differences between the groups (i.e., there is impact of globalization), hence in order to know which group differed significantly Tukey"s post hoc test was carried on.

Tukey's post hoc test P-value

Group	2	3
1	0.175	0.0001
2	--	0.0001

Source : Researcher's Compilation **Table-13**

The result are said to be significant if the p-value is less than 0.05)

From the above table we can observe that Group-1 and Group2 do not differ significantly, whereas significant difference is observed between Group 1 and Group 3 and Group-2 and Group-3.

7.4 EXPORT (Rs.in Crores)

The objective here is to check whether there is impact of globalization on export of MSMEs. The statistical tool used to compare between 3 groups is ONE WAY ANOVA(Analysis of Variance) the results of which are tabulated below.

Descriptive Statistics

Number of MSMEs	Mean	Variance	Co-efficient of variation
Group -1	3403	1805.02	52.62%
Group-2	31903.9	14459.4	45.32%
Group-3	152785.4	95439.16	62.47%

Source : Researcher's Compilation **Table-14**

As per above statistical compilation, average export of which has MSMEs has increased from group 1 to group 2 and group 3. The variance was less second group and it is more in third group indicating vibrant change in export over the years of third decade of study period.

ONE WAY ANOVA

Source of Variation	Degree of freedom	Sum of Squares	Mean sum of Squares	F-Value	P-Value
Between Groups	2	1.174E11	5.869E10	18.143	.0001
Within Groups	26	8.410E10	3.235E9		
Total	28	2.015E11			

Source : Researcher's Compilation **Table-15**

From the above table we observe that there is significant differences between the groups (i.e., there is impact of globalization), hence in order to know which group differed significantly Tukey"s post hoc test was carried on.

Tukey's post hoc test P-value

Group	2	3
1	0.511	0.0001
2	--	0.0001

Source : Researcher's Compilation **Table-15**

(The result are said to be significant if the p-value is less than 0.05)

From the above table we can observe that Group-1 and Group2 do not differ significantly, whereas significant difference in observed between Group 1 and Group 3 and Group-2 and Group-3. The above statistical analysis indicates export has been increased in post globalization decades.

8. FINDINGS AND CONCLUSION

Micro, Small and Medium Scale industries play vital role in Indian economy. Its contribution to Indian economy is remarkable. MSMEs constitutes 94% of industrial enterprises, contributing 36% to total value of export. It provides 80 million employments. 45% of output is originated from MSMEs. It has contributed 8.9 % to GDP. Major advantage of MSME is its employment potential at low capital cost. More over these industries are spread over wide geographical area covering rural and remote area of the country leading to balanced geographical growth of the country. On observing the contribution of MSMEs, it is necessary to ensure future growth of this sector. But present environment for this sector has changed. Globalisation and liberalization has significant impact on Indian MSMEs. Government has redefined this Small Scale industries covering Micro, Small Medium Scale industries and changed the policy frame work for this sector. Hence the objective of the

researcher is to observe the impact of globalization on this sector. For observation of growth rate the study period is from 1980 to 2010 i.e., three decades. The study period is divided into three decade First decade (1980-89) is called 'Pre Globalization decade and second (1990-1999) and third (2000-2010) decades are called 'Post Globalization decades'. To know the significant change in the parameters like number of MSMEs, production, employment generation and export between pre and post globalization decades, statistical tool 'One Way ANOVA' is applied. To apply this tool, the data is classified as Group 1,Group 2 and Group 3. The data for Group 1 is covered from the year 1980-89(Pre globalization Decade) and the data for Group 2 is taken for the period from year 1990-99 and Group 3 covers the data from the 2000-2010.The later two decades are termed as Post globalization decades. Form the study conducted on past three decade data the data, following findings are derived.

1. Annual Average Growth Rate(AAGR) of number of MSMEs during pre globalization decade was 7.57% which has reduced to 4.06% and 4.74% during post globaliastion decades.

From the above analysis,one can infer that growth rate of MSMEs has come down during post globalization period indicating negative impact of globalization on number of MSMEs. The Dwarf MSMEs are unable to compete with giant MNC. Many units of MSME sectors have closed. And many of these units are working as sick units.

2. Rate of Investment in Fixed Assets of MSMEs has increased during post globalization decades. During first decade AAGR of investment in fixed asset was 4.62 which has increased to 8.05% in second decade of globalization.

3. Annual Average Growth of Production of MSMEs in pre globalization decade was 16.53% this has reduced to 13.03% in first decade of post globalization and then decreased to 17.02% during second decade of post globalization period.

4. Above analysis and statistical derivation conducted to analyze the data, it found that there is positive change in value of goods produced by MSMEs during post globaliastion decade. Due to globalization and liberalization policy many MNC are established in India. This led to migration of 'Man Power' from domestic industries to multinational companies.

5. Observation of first decade data of the study period reveals that, AAGR of employment for pre globalization decade was 5.23% which has decreased to 4.19% during initial decade and the slight increase to 5.26% in later decade of post globalization. Hence one can find that initially during first decade of post globalization period, there is a fall in employment opportunities provided by MSMEs but it was picked up during second decade

6. Annual Average Growth Rate in exports of MSMEs for post globalization decade was 18.23% this has increased to 21.79% in first decade of globalization and 15.59% in second decade of globalization period. The statistical tool ANOVA test reveals that there is significant change in the value of exports of MSMES. Initially there was increase in rate of export and then it has reduced in later decade indicating negative impact of global environment on Indian MSMEs.

Comparative analysis of growth pattern of key parameters between Pre- and Post – Globalization periods reveals that the "globalization" had a negative impact on the growth of small scale sector measured in terms of number of units, , employment and exports. As far as production from MSMEs, there is increase in growth rate. A fall in the rate of growth of number of units and employment generation in post liberalization period is a matter of serious concern for the policy- makers and planners..

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