



Small and Medium Enterprises: The Global Story in 2015

1.0. Introduction

The year 2015 has been a tumultuous period in the world's economic history. The global economy continued to expand at only a moderate estimated pace of 2.6 per cent in 2014. According to the United Nations (UN, 2015), in the outlook period, the global economy is expected to expand at a slightly faster, but still only moderate, pace with world gross product (WGP) projected to grow by 3.1 and 3.3 per cent in 2015 and 2016, respectively. According to the World Investment Report 2015, following the lackluster growth in the global economy in 2013 and early 2014, Foreign Direct Investment (FDI) inflows in 2014 declined 16 per cent to \$1.2 trillion (UNCTAD, 2015). However, recovery is in sight in 2015 and beyond. FDI flows today account for more than 40 per cent of external development finance to developing and transition economies. According to the World Trade Organisation, in April, global goods trade will grow by 3.3 percent this year and by 4.0 percent in 2016, less than previously forecast, mainly due to sluggish economic growth. According to the ILO (2015), there is a renewed turbulence over the employment horizon this year. The world economy continues to expand at rates well below the trends that preceded the onset of the global crisis in 2008, and is unable to close the significant employment and social gaps that have emerged. The challenge of bringing unemployment and underemployment back to pre-crisis levels now appears as daunting a task as ever, with considerable societal and economic risks associated with this situation. The year 2015 also marks a watershed in global policymaking. Building on the Millennium Development Goals (MDGs), the world is set to adopt 'sustainable development' goals in 2015 (ESCAP, 2015). These important developments at the global level demands a fresh look at the role and

relevance of SMEs, in relation to some particular theme areas. The following pages are devoted to a discussion and analysis of the global developments in 2015. This global canvas can be a useful backgrounder for an understanding of the Indian situation relating to micro small and medium enterprises.

2.0. Key Data Sources

The following discussion is based on a variety of studies and data sources available at the international and country level. An introduction to these data sources would be useful for a better understanding of the issues being discussed.

The **Global Entrepreneurship Monitor (GEM)**, which offers its survey on entrepreneurship held every year across the world, has come out with its sixteenth Report (GEM 2014). This global review, provides a comprehensive view of the emerging entrepreneurship scene. It provides a picture of the Individual attributes and social values towards entrepreneurship. GEM provides insights on several individual attributes (perception of opportunities, perception of own capabilities to act entrepreneurially, fear of failure and entrepreneurial intentions), which—(within a specific context defined by entrepreneurship framework conditions)—lead to entrepreneurship activities. All harmonized measures can be enriched with information on inclusiveness, using as lenses age, gender and income. The GEM survey also provides insights on the perception of whether the components of the entrepreneurship ecosystem support or hinder entrepreneurial activity in the economy.

The GEMs core objective is to identify entrepreneurial activity, aspirations to do business and attitudes of entrepreneurs across the world. For its latest Report,

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Institute of Small Enterprises and Development

ISED House, ISED Enclave, ISED Road,
Vennala, Cochin- 682028, Kerala, India

Tel : 0484-2808171, 2808727, 2809884

Fax: 2809884

Mail: info@isedonline.org, bds@isedonline.com

Institute of Small Enterprises and Development

ISED House, ISED Enclave, ISED Road, Cochin - 682028

Tel: 0484 2808171, 2808727, 2809884

Email: info@isedonline.org Web: www.isedonline.org