

## **FAILURE OF SMES IN INDIA: POTENTIAL REASONS AND POSSIBLE CURES**

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### **ABSTRACT**

Small and Medium Enterprises (SMEs) in India have proven, beyond doubt, that they contribute significantly to the country's industrial growth. Recognizing this, the Government of India has instituted several strategies and policies ensuring that they actively stimulate the economy. The result is that SMEs have now developed into a very dynamic industrial sector especially in the years of economic reforms. However, they are plagued by several issues, including financial, operational and managerial, that have stunted their growth prospects. Not being able to understand these issues, more so, their symptoms and the reasons thereof, many SMEs have had failure staring at them, eventually forcing them to shut down, in several instances. This paper seeks to explore the reasons for their failure and identify the symptoms of failure in advance before failure sets in. Thus order to enable them to take precautionary measures well in time to prevent an imminent business failure. The roles of different actors have been proposed that have the potential to alleviate SME ills.

**KEYWORDS** - business failure, cures for business failure, reasons for business failure, SME.

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