### Q1 [a]

**[Answer] Small Business History**

**Small business flourished in almost all ancient cultures.**

* **The Egyptians,**
* **Arabs,**
* **Babylonians,**
* **Jews,**
* **Greeks and**
* **Romans contained a substantial population of small business.**

Small business was discovered about more than 4100 years ago.

But if we go back over 500 years ago everyone was running small businesses( i.e) formers were running a small business selling grains to merchants in the cities. Merchants were running a small business buying grains from farmers and flipping it for a profit at markets. Market owners were running a business by renting out stalls to merchants.

HAMMURABI, the king of Babylon introduced the first 250 business laws.

These laws known as Code of HAMMURABI

**[b]**

 **According to US SMEs :** a business qualifies a small if does not dominates its industry and less than 100 employees.

**According to France SMEs :** Small Business was defined as a company with less than 10 employees, representing over 85 -90 percent of all businesses and employing one sixth of the total work force.

**According to UK SMEs :** Organizations having less than 200 employees. Owner has to run the organization and should have a relatively small share of its market

A Generalized definitions of small and medium size firms.

* **Small:** Among 10 to 35 employees and productive assets ranging 2 to 20 million.
* **Medium:** Among 35 to 99 employees and productive assets range of rupees 20 to 40 million.

### Q2 [a]

**[Answer]**

### Characteristics of Small Business Enterprises:

* Small business is usually owned and managed by one or a few persons.
* The owners take active participation in day to day activities of business.
* The participation of owners in the management helps in taking quick decisions.
* The small business units are generally labour intensive which requires less capital investment.
* The operation of small business is flexible means it can change its nature, area or process of production etc according to the change of social, political or economical conditions.

**[b] : Major Differences between large and small businesses**

* Large sized organizations are able to develop areas of special knowledge, sales, finance, marketing etc **But** Small business owner has to learn basic level of skills in every element of his /her business through experience
* Large size businesses spend upto six digits of money by creating ads to build their name **But** Small size businesses can promote their product or services by facebook.com which is totally inexpensive weapon for small businesses
* Large Businesses require large number of employees to whom you have to pay every month **But** Small businesses are not like that you don’t have to hire large number of employees .

**Q3**

**[Answer]:**

**INTRODUCTION**

One of the major challenges to economic policy in Pakistan at this time is to energize the private SME sector of the economy. Put negatively, this follows from the fact that other sectors are unlikely, under present circumstances, to provide the needed growth either of output or of reasonably remunerative employment; in fact, there will be a major employment challenge over the coming years as labour supply continues to expand rapidly.

SME: employment size should be to up to 250 and paid up capital up to Rs. 25 million and annual sales up to Rs. 250 million

**THE CURRENT SETTING IN PAKISTAN :**

After a creditable growth record over much of the period since 1947, Pakistan has stumbled in the 1990s, with growth falling to an average of 3.75 percent over 1992- 97. With population growth still growing at a rapid 2.65 percent per year, per capita output was rising at just over 1 percent per year. Together with the well-known fiscal challenge and the need to raise the domestic savings rate if the macroeconomic requisites of fast growth are to be in place, Pakistan also faces a severe employment challenge of assure that the approximately one million annual increase in the labour force will be matched by decently remunerative jobs, the failure in which can easily translate into an income distribution crisis.

Small and Medium Enterprises Authority (SMEDA) works under the Federal [Ministry of Industries and Production](http://en.wikipedia.org/w/index.php?title=Ministry_of_Industries_and_Production&action=edit&redlink=1) and it was established in October 1998 to take on the challenge of developing Small & Medium Enterprises (SMEs) in Pakistan

SME definition defined by SMEDA

* Micro:

• Less than 10 people employed

* Productive assets limit of Rs 2 million
* Small:
* Between 10-35 people employed.
* Productive assets limit of Rs 20 million.
* Medium:
* Between 35-99 people employed
* Productive assets limit of Rs 20 - 40 million