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**Question no 1**

**Answer: HISTORY OF SME**

1. Small businesses flourish in almost all ancient cultures

* The Egyptians
* Arabs
* Babylonians
* Jews
* Greeks
* Roman contained substantial population of small business

**The History**

* Small businesses were discovered about 4000 years ago
* HAMMURABI , the king of Babylon introduced the first 300 business laws
* These laws knows=n as code of HAMMUBARI

1. **France:** in France small businesses are defined as a company with less than 10 employees representing over 90 percent of all businesses and employing one sixth of the total force.

**USA**: In small-sized enterprise according to USA as a company with less than 50 employees and a medium sized enterprise which has less than 250 employees. Apart from that small and medium sized companies there are companies called micro companies, which employ up to 10 employees.

**UK:** In UK the SME as a business with less than 500 employees and an annual turnover not exceeding £100 million is termed as SME.

**Question no 2**

**Important characteristics of SME**

**(A)**

* There are privately held small businesses divided into two types one is the very small business owner like the grocery stores , sports goods , jewelry shops ,shoes shops etc and the other is the large small business where the owner is responsible and take control of all the workers and everything is under his proprietorship.
* There are no managers the owner is himself the manager owner and responsible for everything or there are few managers controlling things
* The owner himself is the decision maker, he has the knowledge of the business every little detail
* The business has limited resources to dominate the market
* It serves limited market and segment where it becomes easy to dominate.
* They have low capital but high labor and due to not excessive revenue they cannot afford intensive machinery.
* If technology innovation comes in the market they can manage it well and do well in it.
* Due to less expansion and limited business they become specialized and adopt special skills.
* They can easily adapt to the changes in the market due to limited market.

**(B) Difference between small and medium enterprise**

* They advance changes differently the small business advances through a cycle of birth they startup as a small and then they ended its very limited.
* Whereas the large business is very broader and thinks long term their cycle changes through expansion and contraction
* The decision is different in both businesses in terms of risks , investment and reward .In case of small business the liability is unlimited and decision is personal.
* In case of the large business the liability is limited and the decision is made by the employees managers without livelihood stake.
* Economically both are different small business cannot influence the market and its immediate involvement in the market to gain market.
* While large businesses can enter the large market and influence economy.

**Question no 3**

**Answer:** the development of SME in Pakistan is keep on increasing day by day there millions of SMEs in Pakistan that are working fine and contributing to the GDP of Pakistan , the startup programs from Pakistan is being very helpful in the expansion of SMEs and also the amount given from the Pakistani government is helping out people in their living and these kind of SMEs can support a lot of families , Since the SMEs are easy to establish as per the potential, experience and skill available to an individual or group of individuals, the ratio of SMEs all over the world is above 90% of the total businesses .In Pakistan, too, the SMEs add up to nearly 90% of all the businesses in Pakistan, which employ 80% of the non-agricultural labor force; and their share in the annual GDP is 40%, approximately, however apart from large enterprise in the former sector the resources are limited. This inhate characteristics of small and medium enterprise makes it vital and that there should be a new process or new ways so that they can get supports in different roles of business which includes marketing, finance, HRM, technical upgradation . SMEDA is the flagship organization of Pakistan they are helping out the gdps and also provide the important to SMEs so that they can takeover the weakness that are useful to their nature. It is an self reliance body working under the umbrella of the Ministry of Industries & Production and helps towards the growth and development of SMEs in Pakistan through conductive environment, development of industrial clusters; and by supplying business development services to SMEs in all areas

Adhering to a clear mandate and a logical path to achieve quantitatively verifiable targets, SMEDA carries out comprehensive analyses of international trends, national policies and other macroeconomic factors affecting SMEs in Pakistan for a gradual progress towards the creation of a favorable business environment for its key clients – the SMEs of Pakistan. At the same time, SMEDA also interacts with the SMEs working in industrial sectors such as agriculture, fisheries, textiles, handloom weaving, transport, leather, marble & granite, carpets and light engineering. This interaction takes place at the individual as well as collective level to provide proactive and responsive financial, technical, management and marketing services to SMEs.

At the collective level, SMEDA addresses the problems and needs of SMEs in the form of an industrial cluster – a concentration of largely homogenous enterprises within a certain geographical area. SMEDA interacts with the stakeholders operating in such clusters on a regular basis and collects firsthand information about their problems and needs. During this interaction, the issues are prioritized and the important problems are selected for detailed working through which the project and programs are identified. SME support through cluster development programs is provided on two fronts; at first regulations and policy level support and secondly the institutional and networking support.

In the policy level support, problems related to any government department or government policy/regulation are studied and, if found valid, are advocated with the concerned authorities. At the institutional level, SMEDA provides support to SMEs by creating networking amongst the concerned stakeholders or by directly starting development projects in the clusters. Such projects may include establishing a training institute, building a common facility center, building a model plant with state-of-the-art technology for SMEs to emulate through reverse engineering. These projects also include upgrading technology in a particular industrial sector and starting a program-lending scheme for this purpose in collaboration with the financial institutions.

No doubt SMEDA is a great success story among public sector organizations. It has done hundreds and thousands of the interventions to develop SME sector. The past 19 years history of SMEDA has a rich performance record including  a lot of sectoral development strategies coupled with implementation plans, a large number of pre-feasibility studies, business plans, training programs, policy interventions, stakeholders network, consultants data, website and B2B portals, joint ventures with international development agencies, and over two dozens of the common facility centers established across the country under Public Sector Development Program (PSDP).