



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	THE SMALL AND MEDIUM ENTERPRISES IN GCCS: A COMPARISON BETWEEN SULTANATE OF OMAN AND UNITED ARAB EMIRATES <i>DR. THRESIAMMA VARGHESE</i>	1
2.	LAND TENURE AND FARMERS' INVESTMENT ON AGRICULTURE: EVIDENCES FROM THREE COUNTIES IN HAWZEN DISTRICT, TIGRAY, NORTHERN ETHIOPIA <i>DEREJE TEKLEMARIAM GEBREMESKEL & ABEBE EJIGU ALEMU</i>	5
3.	LEADERSHIP QUALITY PRACTICES AND PERFORMANCE OF AUTONOMOUS POLYTECHNIC COLLEGES IN TAMIL NADU <i>M.ISAKKIMUTHU & DR. S. GOWRI</i>	13
4.	STUDENTS PERCEPTION TOWARDS ENTREPRENEURIAL TRAITS AND THEIR COMPETITIVENESS: AN EMPIRICAL STUDY <i>DR. D. S. CHAUBEY, PRAVEEN KUKRETI & LOKENDRA YADAV</i>	17
5.	EMPOWERING WOMEN THROUGH SELF HELP GROUPS <i>DR. P. ABIRAMI & DR. J. SIVASUBRAMANIAN</i>	23
6.	PRODUCTIVITY GROWTH AND PRODUCTION STRUCTURE IN SMALL SCALE INDUSTRIAL SECTOR: A COMPARISON OF PUNJAB AND HARYANA <i>SATINDER KUMAR & DR. PARMINDER SINGH</i>	25
7.	POLITICAL ECONOMY AND LOCAL AREA DEVELOPMENT SCHEME IN TAMIL NADU <i>DR. S. RAJENDRAN & N. RAJASEKARAN</i>	32
8.	MARKET INTEGRATION OF INDIAN STOCK MARKETS: A STUDY OF NSE <i>DR. PRASHANT JOSHI</i>	36
9.	DEMOGRAPHY OF INDIA: THE DYNAMICS AND DIFFERENCES - A REFLECTIVE STUDY OF CENSUS 2011 <i>DR. S. P. RATH, DR. BISWAJIT DAS, PRIYA PUTHAN, A. K. SHARMA & LEENA NAIR</i>	41
10.	EMERGING SME CLUSTERS IN INDIA – A STUDY <i>DR. REKHAKALA A. M. & RUCHI MEHROTRA</i>	57
11.	NEED FOR CREDIT SCORING IN MICRO-FINANCE: LITERATURE REVIEW <i>ARUN KUMAR VAISH, DR. ARYA KUMAR & DR. ANIL BHAT</i>	69
12.	FULFILMENT OF MERGER MOTIVES - EVIDENCES FROM MERGERS AND ACQUISITIONS IN THE INDIAN BANKING SCENARIO <i>DR. V. K. SHOBHANA & DR. N. DEEPA</i>	74
13.	SERVICE QUALITY SATISFACTION IN INDIAN ORGANIZED RETAIL INDUSTRY - A CASE STUDY OF DELHI & NCR <i>SHISHMA KUSHWAHA & DR. M. K. GUPTA</i>	78
14.	BASEL I NORMS: BOON OR BANE TO INDIAN PUBLIC SECTOR BANKS - A PRELUDE TO BASEL II NORMS <i>DR. G. SHANMUGASUNDARAM</i>	82
15.	CORPORATE SOCIAL PERFORMANCE THROUGH VALUE ADDED REPORTING - A CASE STUDY OF HINDUSTAN PETROLEUM CORPORATION LTD. <i>DR. CHITTA RANJAN SARKAR & DR. KARTIK CHANDRA NANDI</i>	89
16.	TRENDS IN FDI INFLOWS IN INDIA <i>LAILA MEMDANI</i>	96
17.	CONCEPTUAL FRAMEWORK ON DESIGNING RURAL COMMUNICATION STRATEGY AND MARKETING OF PRODUCT: A MODEL BASED APPROACH TO STUDY RURAL MARKET <i>PANKAJ ARORA & ANURAG AGRAWAL</i>	100
18.	EXPORT OF COIR AND COIR PRODUCTS FROM INDIA: AN ANALYSIS <i>NAGARAJA.G</i>	109
19.	DEVELOPMENT OF CREDIT RISK MODEL FOR BANK LOAN RATINGS <i>DR. KAMALESHKUMAR. K. PATEL</i>	112
20.	ROLE OF MONETARY AND FISCAL POLICY IN INDIA'S DEVELOPMENT PROCESS <i>NEELAKANTA.N.T</i>	117
21.	A STUDY ON JOINT VENTURES BY THE INDIAN COMMERCIAL BANKS <i>DR. SAVITHA G.LAKKOL</i>	128
22.	BLUE OCEANS OF URBAN AFFORDABLE APARTMENTS <i>ROSHNY UNNIKRISHNAN</i>	136
23.	FOREIGN DIRECT INVESTMENT IN INDIA AND ITS ECONOMIC SIGNIFICANCE <i>S. HARISH BABU & DR. CYNTHIA MENEZES</i>	140
24.	A MARKOV CHAIN APPROACH TO INFLATION IN INDIA SINCE 2001 <i>DR. N. KUBENDRAN</i>	146
25.	LAW FOR SURROGACY: NEED OF THE 21ST CENTURY <i>DR. KIRAN RAI</i>	151
	REQUEST FOR FEEDBACK	155

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at: [Ulrich's Periodicals Directory](#) ©, [ProQuest, U.S.A.](#), [The American Economic Association's electronic bibliography](#), [EconLit, U.S.A.](#),

[Open J-Gate, India](#) as well as in [Cabell's Directories of Publishing Opportunities, U.S.A.](#)

Circulated all over the world & Google has verified that scholars of more than Hundred & Five countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

www.ijrcm.org.in

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

PATRON

SH. RAM BHAJAN AGGARWAL

Ex. State Minister for Home & Tourism, Government of Haryana
Vice-President, Dadri Education Society, Charkhi Dadri
President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. BHAVET

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. AMBIKA ZUTSHI

Faculty, School of Management & Marketing, Deakin University, Australia

DR. VIVEK NATRAJAN

Faculty, Lomar University, U.S.A.

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. S. P. TIWARI

Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Government F. G. College Chitguppa, Bidar, Karnataka

ASSOCIATE EDITORS**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Vice-Principal, Defence College of Education, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

TECHNICAL ADVISORS**AMITA**

Faculty, Government H. S., Mohali

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

FINANCIAL ADVISORS**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT**SURENDER KUMAR POONIA**

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Business Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses, infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Computer/IT/Finance/Marketing/HRM/General Management/other, please specify).

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for possible publication in your journal.

I hereby affirm that the contents of this manuscript are original. Furthermore it has neither been published elsewhere in any language fully or partly, nor is it under review for publication anywhere.

I affirm that all author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if our/my manuscript is accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

2. **INTRODUCTION:** Manuscript must be in British English prepared on a standard A4 size paper setting. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of the every page.
3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in italic & 11-point Calibri Font. It must be centered underneath the title.
5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para.
6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES & TABLES:** These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. It must be single spaced, and at the end of the manuscript. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on July 05, 2011 <http://epw.in/user/viewabstract.jsp>

THE SMALL AND MEDIUM ENTERPRISES IN GCCS: A COMPARISON BETWEEN SULTANATE OF OMAN AND UNITED ARAB EMIRATES

DR. THRESIAMMA VARGHESE
ASST. PROFESSOR
FACULTY OF BUSINESS
SOHAR UNIVERSITY
SULTANATE OF OMAN

ABSTRACT

Small and Medium-sized Enterprises are the main drivers of job creation, growth and economic diversification (Gulf Research Centre, 2009). They have local roots and provide local jobs, but can also exploit the opportunities from globalization. Despite the GCC region's strong entrepreneurial traditions and the large size of the Gulf SME sectors, they have not yet fully lived up to their potential of sustainable diversification and job creation. SMEs therefore deserve an adequate public policy to help them to get their ideas off the ground and grow, as well as tailor-made services provided by specialized support organizations. Chambers of Commerce in GCC countries are at the core of SME development. Building on their expertise in providing business support services and their daily direct contact with their member enterprises, they are in the best position to put forward specific policy recommendations to national and regional governments. At this juncture, this research paper tried to do a comparative framework, comparing SME policies of Oman and U.A.E in particular. This study tried to give an insight to the various programmes and structures of SME's in these two countries by addressing the existing definitions of SMEs in the Oman and the U.A.E through presenting and analyzing the available economic data on both country's Small and Medium Enterprises (SMEs). This study have used the secondary data and relied on a descriptive methodology. Here we tried to propose some recommendations that could be considered across the region to further SME development.

KEYWORDS

Annual turnover, GCC, SME.

INTRODUCTION

Entrepreneurship is thriving around the world. Many nations across the globe are seeing similar growth in their small Business sectors. A variety of competitive, economic and demographic shifts have created a world in which "small is beautiful" (Scarborough, Zimmerer & Wilson, 2009). It is generally agreed that Small and Medium enterprises are the main pillars of growth, development and diversification for countries in all stages of development. (EU-GCC Chamber Forum -2009). The SME definition that is the most widely shared in the developing world – adopted among others by UNIDO – is based on the headcount of the workforce using the following thresholds: Micro enterprises: employment level below 10, Small enterprises: employment level from 10 to 49, Medium enterprises: employment level from 50 to 249. (UNIDO, 2008).

Small and Medium-sized Enterprises (SMEs) are the main drivers of job creation, growth and economic diversification (Gulf Research Centre, 2009). They have local roots and provide local jobs, but can also exploit the opportunities from globalisation. SMEs therefore deserve an adequate public policy to help them get their ideas off the ground and grow, as well as tailor-made services provided by specialized support organisations. Chambers of Commerce are at the core of SME development. Building on their expertise in providing business support services and their daily direct contact with their member enterprises, they are in the best position to put forward specific policy recommendations to national and regional governments.

This research paper tried to do so in an explicitly comparative framework, comparing SME policies of Oman and U.A.E in particular. This study tried to give answer to the various programmes and structures of SME's in these two countries. The study has used the secondary data to assess the SME situation in both countries being relied on a descriptive methodology. The present study intends to address to existing definitions of SMEs in the Oman and U.A.E through presenting and analyzing the available economic data on Oman and U.A.E SMEs, identifying the main development challenges Oman U.A.E SMEs face, comparing and evaluating existing SME support programs in the region, and proposing a list of key policies that should be considered across the region to further SME development.

SMES IN THE GULF COOPERATION COUNCIL

The GCC is an oil-based region with the largest proven crude oil reserves in the world (486.8 billion barrels), representing 35.7% of the world's total; while the OPEC accounts for 70% of the world's total proved crude oil reserves. This region ranks as the largest producer as well as exporter of petroleum and plays a leading role in the world in general and OPEC in particular. The six countries of the GCC region have enjoyed a spectacular economic boom until late 2008. The GCC economy tripled in size to \$ 1.1 trillion during 2002 to 2008 (Kaleej Times-2009). GCC countries account for 52% of the total OPEC oil reserves and 49% of the total OPEC crude oil production. For the GCC region, oil and gas sector represents approximately 73% of total export earnings, roughly 63% of government's revenues and 41% of its GDP. The region is continuing its economic reform program, focusing to attract domestic, regional and foreign private sector investment into oil & gas, power generation, telecommunications, and real-estate sectors. The slump in global oil market due to the global financial and economic crisis slowed the pace of investment and development projects, but the recent global economic recovery will result in a sharp rebound in the region's economic activities. Small and medium enterprises (SMEs) have become the talk of the town in the Gulf region. Barely a month passes without a workshop, conference or major public event on SME development. It is generally agreed that economic diversification and job creation for Gulf nationals will not succeed if SMEs do not play a substantial role in the process. Yet, only limited research has been done about the challenges that Gulf SMEs face; policy prescriptions are often quite generic; and no systematic, Many SME development issues in the Gulf resemble those of the developing and developed world more generally; others are more particular to the Gulf. In almost all cases, the policy solutions need, to some extent, to be specific to the region. The assumption of the present report is that SME growth is not desired at all cost, but only makes sense if it leads to diversification, innovation and the creation of employment for Gulf nationals. Gulf-wide benchmarking of SME policies has been undertaken so far. It is not even clear how exactly an SME is defined.

WHAT IS A GULF SME?

There are three main criteria used to define when a company is considered a small or medium enterprise: the number of employees, the annual turnover and the assets of a company. Due to the scarcity of financial company data in the Gulf, most public and private bodies dealing with SMEs base their definitions merely on the first criterion, the number of employees. Even then, however, there is no consistent definition of the thresholds which define whether a company is considered small, medium or large – neither between nor, often, within countries. The issue of definition is important, as only a generally agreed categorization of companies allows for collecting comparable data across sectors and countries. Such data are essential for coherent and coordinated policy and resource planning. As important, the needs and capacities of medium-size companies are often quite different from those of small or micro-enterprises. For tailor-made support programs, the target groups need to be exactly identified and measured. This requires a consistently applied definition.

The average share of small and medium scale enterprises (SMEs) lending in the GCC is only 2% of total lending, while in the non-GCC, it is 14%, according to a World Bank study. (Worldbank.2009). Although the size of the SME sector in the GCC may remain constrained by the nature of the oil economies, there is scope for enhanced funding, provided access to finance is expanded for resident non-nationals. (Draft working paper of the Bretton Woods institution). With the

average share of SME lending in the Middle East and North Africa remaining low at 8% of total lending, there is a dire need to improve the financial infrastructure to enhance funding for the SME sector, the paper said. It is "noticeable" that the average shares of SME lending was "consistently" low across all the GCC countries, while there is more variation among the non-GCC countries, said the paper, titled 'The Status of Bank Lending to SMEs in the Mena Region: The Results of a Joint Survey of the Union of Arab Banks and the World Bank'. (Gulf times, 4th august, 2010)

The low share of SME lending in the GCC reflected to a large extent by the structure of the oil-based economies as they were less diversified, dominated by very large enterprises and characterised by appreciated exchange rates and small non-oil traded sectors. "These factors imply a more narrow space for SMEs to flourish, especially in non-oil sectors producing traded goods," (Roberto Rocha, Subika Farazi, Rania Khouri and Douglas Pearce-2009). Moreover, according to the paper, the GCC countries tend to have small populations and the nationals tend to find attractive positions in the public sector, which may also discourage risk-taking in the SME sector. By contrast, in the non-GCC countries, there is probably scope for more SME growth across a wider range of economic sector, including traded sectors and also as part of supply chains linked to large enterprises.

Finding "significant" scope for further SME lending in the Mena region, the paper found large differences between the long-run targets and the actual shares of SME lending as reported by the banks. "This is true in both the GCC and non-GCC regions, although targets are significantly lower in the GCC (about 12% of total lending), revealing that the banks themselves have concluded that there are natural limits to profitable SME lending in oil-based economies," (Roberto Rocha, Subika Farazi, Rania Khouri and Douglas Pearce-2009)

SMES IN THE SULTANATE ON OMAN

Sultanate of Oman is a middle-income economy with notable oil and gas resources and substantial trade and budget surpluses. Petroleum accounts for 64% of total export earnings, 45% of government revenues and 50% of GDP. Hydrocarbon sector represents one of the most important sectors of the Omani economy. Oman possesses 5.50 billion barrels of proven crude oil reserves which account for 1.2% of the total GCC reserves – almost 0.4% of the world total reserves. With current oil production at 0.806 million barrels a day, oil reserves are expected to last for 19 years. A period between 2003 to late 2008 was the best period for the economy in terms of economic performance on the back of sustained high oil prices, which have helped build Oman's twin surpluses (budget and trade surpluses), and foreign reserves. (Ministry of National Economy, 2008) It has a strong and diversified private sector, which covers industry, agriculture, textile, retail and tourism. Its major industries are copper, mining and smelting, oil refining and cement plants. It further seeks private foreign investors, especially in the industrial, IT, tourism and higher education fields. Industrial development plans focus on gas resources, metal manufacturing, petrochemicals, and international transshipment ports. Oman is actively pursuing a development plan that focuses on diversification, industrialization and privatization, with the objective of reducing oil sector's contribution to GDP to (9%) in 2020. The global economic recovery will have a positive impact on the economy. (8th FYP, 2011-2015)

According to the Omani Ministry of National Economy, companies with up to 5 employees are micro-enterprises; companies with up to 20 are considered small, while those with up to 100 are medium. According to the Ministry of Commerce and Industry, however, companies with up to 10 workers are small, while those with up to 50 are considered medium size. Banks in Oman have yet different definitions, sometimes based on company turnover – data which private financial institutions can more easily obtain from their clients than state agencies can.

There are only in fact 15,000-20,000 of SMEs in Oman generating 10-20 per cent of employment. (Oman Economic Review, August 17th, 2011). In Oman, SMEs finance comprises only 2-5 per cent of the portfolios of local banks. Estimates from the World Bank indicate that SMEs have contributed over 55 per cent of GDP in OECD countries and between 60-70 per cent of GDP in middle-income and low-income countries generating 60-70 per cent of employment. Thus there is a significant potential for the SME segment in Oman to grow in terms of contribution to GDP and creation of employment.

There are essentially three distinctive features of SMEs in Oman. Firstly the SME sector in Oman is relatively young in terms of its life cycle as compared to other similar markets, through the potential for growth is tremendous. Secondly, in terms of access to finance, financial institutions in Oman are yet to match the varying needs of SME customers in terms of products and services. And lastly, use of electronic banking channels like Internet Banking is relatively lower in Oman.

TABLE 1: EMPLOYEES REGISTERED WITH PUBLIC AUTHORITY FOR SOCIAL INSURANCE, 2007

EMPLOYEES			REGISTERED COMPANIES	
Number of Insured	(%)	Number	(%)	Number
1	3.4	4,501	42.6	4,501
2-5	8.4	11,080	37.2	3,934
6-10	4.4	5,832	7.4	787
11-20	5.8	7,585	4.9	514
21-100	20.8	27,344	5.9	929
100+	57.2	75,433	2	212
Total	100	131,775	100	10,577

Source: Oman Chamber of Commerce and Industry-2007-2008

We see that companies with up to 10 workers constitute 87% of all companies, but employ only about 16% of total Omani private sector employees with social insurance – a modest contribution. About 43% of total employees work in companies with up to 100 insured workers. About 2% of companies employ more than 100 workers, and their share in total employment provision is 57% – both higher shares than in Europe.

TABLE 2: NUMBER OF OMANI REGISTERED COMPANIES BY CAPITAL

Number	Capital(<000 OR)
39,366	Under 5
24,385	5 to 10
46,055	10 to 25
8,878	25 to 50
9,382	50 to 100
9,366	100 to 250
1,061	250 to 500
539	500 to 1000
205	1000 to 2000
85	2000 to 3000
49	3000 to 4000
18	4000 to 5000
156	Over 5000

Source: Ministry of National Economy, Sultanate of Oman-2008

Large companies with more than 5.3 million \$ in capital constitute only 0.2% of the total. It is noteworthy that the second table (about capital) includes many more companies than the first one (about employment). This reflects the fact that the dominant share of micro-enterprises, perhaps 90%, does not employ nationals as formal workers with social insurance, and hence does not figure in national employment statistics.

The US-Oman Free Trade Agreement (FTA) is expected to open the gateway to more ICT imports while local spending is also being boosted by the benefits of recent high oil prices and improved performance of the non-hydrocarbon economy. (Times Oman, 2009)

As a consequence of these developments, Omanis having increasing amount of vendors increasing their investment in direct presence in the Sultanate, attracted by the strong economic growth. Many are focused on the emerging SME sector, as well as opportunities created by telecom and e-government initiatives. Oman remains one of the regions' more fledgling ICT markets. However, the government's emphasis on diversification is encouraging a wave of large infrastructure projects in sectors ranging from tourism to ports, with ICT as a key component. The total size of the ICT market is forecast to increase from \$230 million in 2005 to \$400 million in 2010. The government is stepping up the information society drive with implementation of a 'Towards Digital Oman' and e-government strategy, led by the National Committee on Information Technology.

SMES IN UNITED ARAB EMIRATES

The UAE is a Federation of seven Emirates including Dubai, Abu Dhabi, Sharjah, Ajman, Al-Fujayrah, Umm Al-Quwain and Ras Al-Khaima, which are governed by the Federal Supreme Council (FSC) of rulers. Abu Dhabi and Dubai, the largest and the wealthiest two Emirates, dominate the UAE economy. It is a rich and open economy with a high per capita income and a sizable annual trade surplus. It has official proven crude oil reserves of about 97.8 billion barrels – almost 7.2% of the world crude oil reserves and 20% of the GCC reserves. With a current level of production at about 2.256 million barrels a day, oil reserves will last for about 119 years. Oil and Gas account for nearly 25% of GDP, 45% of export earnings and 40% of government revenue (Kaleej Times-2008). Since the discovery of oil in the UAE more than 30 years ago, the UAE has achieved a profound transformation from a small desert region to a modern state with very high standards of living. The government has increased spending on job creation and infrastructure expansion, and opened up its utilities to greater private sector participation. The sound policies supported by structural reforms have enhanced the role of the private sector, contributing to growth of the non-hydrocarbon sector and diversification of the economy. They have also enhanced economy's resilience to external shocks. Foreigners have been allowed to buy property in Dubai since 2002 and have usually received long-term visas, allowing them to settle in the Emirates. Higher oil prices, increased export revenues, strong liquidity, housing shortages and cheap credit in 2005-08 led to a surge in asset prices (shares and real estate) and consumer price inflation. But the global financial and economic crisis, tight international credit, falling oil prices, and deflated asset prices, caused the UAE economy to shrink in 2009. The UAE's strategic plan for the next few years focuses on diversification and creating more job opportunities for nationals through improved education and increased private sector employment. In its diversification efforts, the UAE has developed its tourism sector and held the leading position for the destinations attracting business in the future.

In the UAE, different definitions have been used for SME's by government and by banks. Until recently, the Dubai Chamber of Commerce considered companies with less than 10 employees micro, those with less than 20 or 25 small, and those with less than 100 medium-size, provided turnover is less than 100 million Dirham/year. UAE banks usually consider companies small if their turnover is below 10 million \$/year (37 million Dirham) and medium-size if it is under 25 million \$ (90 million Dirham). In late 2009, the Dubai government set a general definition for SMEs, which is differentiated by sector and takes both turnover and workforce size into account. A UAE-wide SME definition is currently under preparation by the federal government.

TABLE 3: OFFICIAL DEFINITION OF SME CATEGORIES IN DUBAI

	Trading		Manufacturing		Services	
	Employees	Turnover	Employees	Turnover	Employees	Turnover
Micro	<=9	<=AED9mn	<=20	<=AED 10mn	<=20	<=AED3mn
Small	<=35	<=AED50mn	<=100	<=AED100mn	<=100	<=AED25mn
Medium	<=75	<=AED 250mn	<=250	<=AED250mn	<=250	<=AED150 mn

Source: Mohammed Bin Rashid Establishment for SME Development-2008

In the UAE, SMEs also constitute at least 90% of all businesses. As the most recent available establishment survey stems from 1995, some extrapolation is necessary to estimate their role today. In 1995, a total of 93,263 companies were registered as active in the UAE, of which 1020 had more than 100 employees. The share of SMEs hence was about 99%, and the share of micro-companies with up to 9 employees almost 80%. At the same time, micro-companies contributed about a third to total employment. The total employment by SMEs, i.e. companies with less than 100 workers, amounted to 63% of the overall workforce (Report Mohammed Bin Rashid Establishment for SME Development -2008)

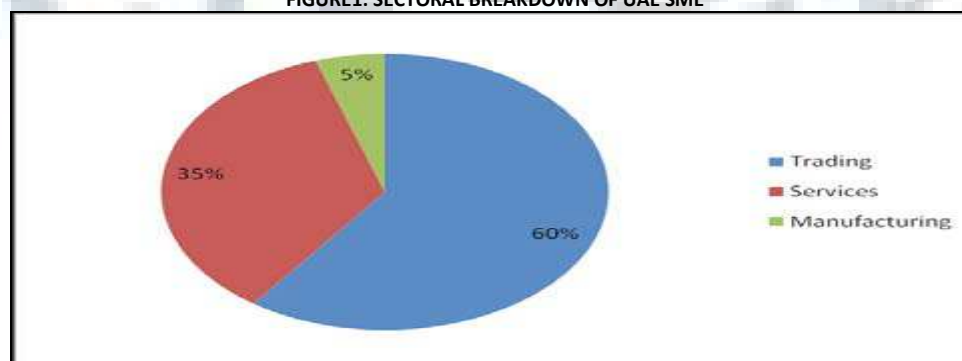
TABLE 4: BREAKDOWN OF UAE COMPANIES BY ESTABLISHMENT BY SIZE

size of the company	Number of the company	(%)	Total Employees	(%)
1-9	73204	78.49%	257,615	33.02%
10-49	8283	8.88%	161,341	20.68%
50-99	1039	1.11%	69,502	8.91%
100+	1020	1.09%	291,681	37.39%
Total	93,263	100%	780,139	100%

Source: Chamber of Commerce and Industry-2008 Report

We know however that the total number of establishments has increased from 93,000 to about 157,000 by 2005, a growth of almost 70%. During 2007, there were about 85,000 SMEs registered with the Dubai Chamber of Commerce and Industry alone. The sectoral breakdown of SMEs in the UAE shows that three fifths of companies active in the trading sector, and a mere 5% in manufacturing. This probably has to do with the large expatriate-run economy in the Emirates that is supported by small retail outlets.

FIGURE1: SECTORAL BREAKDOWN OF UAE SME



Source: Standard Chartered -2009

With development of the ICT sector a key element of the UAE government's economic development strategy, a number of major initiatives together with regional economic and trade liberalization ensure strong growth. The UAE government is encouraging the development of 'smart cities' - another regional hot point. ICT is expected that the total size of the UAE ICT market to increase from \$1.3 billion in 2005 to around \$2.6 billion in 2010, with the ICT services sector at the forefront of growth. Recently, the UAE government announced that ICT is targeted 90% of businesses online by the end of 2007. One of the key non-oil sectors driving the economy is real estate, which is experiencing a massive investment boom in the past five years. Banking sector is one of the single largest industry vertical in terms of ICT investments over the next five years.

CONCLUSION

We need to conclude that the data on SMEs' economic contribution to U.A.E and Oman are incomplete and only partially comparable across cases. Some basic facts about their economic role can be established, however: SMEs constitute more than 90% of businesses in every country of the region. A large share of SMEs is active in the trade sector; other important sectors include small-scale workshops, hotels and restaurants as well as contracting. Major Findings are that the sectoral structure of both country's SMEs is skewed towards simple contracting and trading operations, other sectors tend to be under-represented and micro-enterprises in particular offer very little employment to both countries citizens and existing SME support programs are diverse and often innovative, but also very fragmented and have not seen a systematic evaluation of their results. It can be concluded that because of more globalized U.A.E's SME sector is little more advanced than Oman in many directions.

SME support programs in the future can be more oriented towards providing an enabling environment for SME growth and less towards subsidized credit and free business support services. The fostering of cooperative structures among SMEs, which currently operate in an atomized environment, should be one main focus of support programs. It would be advisable that lead agencies should be designated to coordinate and benchmark SME support policies, consolidate available information, and make it publicly available.

REFERENCES

- A Glance At Industry in Oman (2003). Ministry of Commerce and Industry, Directorate General of Industry, Industrial Statistic Centre.
- Badr El Din A Ibrahim. (2007). *Economic cooperation in the Gulf: Issues in the economies of the Arab GCC States*, T&F/Routledge.
- EU-GCC Chamber Forum Research report – (2009)
- Kaplan & Warren. (2007). *Patterns of Entrepreneurship*, 2nd edition, John Wiley and Sons, Inc.
- The Kaleej Times newspaper.(2009),U.A.E
- Gulf Year Book, (2003-2009).Gulf Research Centre, URL: www.grc.to
- Gulf Economic Report. (2002-2009).Al-Khaleej Printing and publication Press, Sharjah.
- Gulf Strategic Report. (2002-2006) .Al-Khaleej Printing and publication Press, Sharjah.
- Hatten, Timothy S.(2006). *Small Business Management, Entrepreneurship and Beyond*, 3/e, Houghton Mifflin.
- International Trade Centre, URL: www.intracen.org
- Palmer, Adrian & Hartley, Bob.(2002). *The Business Environment*, 4th edition, McGraw-Hill Education.
- Public Establishment of Industrial Estates, URL: http://www.peie.com/rusayl_estates.asp
- Statistical Yearbook. (2000-2006).Sultanate of Oman, Ministry of National Economy - Information and Publication Center.
- Scarborough, Zimmerer & Wilson. (2009). *Effective Small Business Management: An Entrepreneurial Approach*, 9th edition, Pearson Prentice Hall Publishing Co. New Jersey.
- Scarborough, Zimmerer & Wilson.(2008). *Essentials of Entrepreneurship and Small Business Management*, 5th Edition, Upper Saddle River, NJ: Pearson Prentice Hall Publishing Co.
- The Omani Centre for Investment Promotion and Export Development, URL: www.ociped.com
- The Oman economic Review (2007-2008)
- The Times of Oman Newspaper.(2007-2009)

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator