INTRODUCTION

The Micro, Small and Medium enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development in all over the world. Let there be any category of countries (Developed, Developing and Under Developed), the existence of MSMEs is inevitable. The major advantage of the sector is its pivotal role through its contribution in Industrial output, Exports, and majorly in Employment generation at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports.

In India, the MSMEs contribution is highly remarkable in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. In Indian market, MSMEs rapid growth could be seen as Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector. The sector not only serves for urban market but also helps in industrialization of rural and backward areas, reducing regional Imbalances and assuring more equitable distribution of national income and wealth. MSMEs complement large industries as ancillary units and contribute enormously to the socioeconomic development of the country. MSMEs account for
45% of India’s manufacturing output, about 40% of India’s total exports; employ about 73 mn people in more than 31 mn units spread across the country, manufacture more than 6,000 products ranging from traditional to high tech items (MSME report 2011). The report also projects the total production coming from the MSME sector at 10,957.6 bn in FY11, an increase of more than 11% over the previous year contribution.

Though, MSMEs contribution is phenomenal in the growth of Indian economy, Simultaneously, MSMEs are facing intense pressure and constraints to sustain their competitiveness in globalized world. Some other issues such as recession, low demand, finance, heavy competition from MNCs etc. are becoming conspicuous dilemma to MSMEs in India. In this competitive world, MSMEs need to be able to confront the increasing competition from developed and emerging economies and to plug into the new market opportunities, provided by these countries. There is a direct link between internationalization and increased MSMEs performance. International activities reinforce growth, enhance competitiveness and support the long term sustainability of companies. Yet Indian MSMEs still depend largely on their domestic markets despite the opportunities brought by the enlarged single market and by globalization at large. De-reservation of items which were earlier reserved for MSMEs, increasing competition by liberalizing the policies and allowing foreign companies to operate in Indian market are some of the emerging challenges before MSMEs.

Internationalization strategy is studied in this research as one of the important strategies for countering global challenges for MSMEs. This term basically is not new; it has been studied by various authors in different-different ways. Internationalization does not only mean exporting but
it compasses trade across the border, cross-border collaboration, alliances, cross-cultural diversity and the different business environment beyond the home country environment. So to counter the global competition and to access the global market, internationalization strategy is become the need of the hour for MSMEs to use all the opportunities created due to globalization. A natural way of internationalization would be to first get involved in inward and outward activities which are nothing but imports and exports. Relationships and knowledge gathered from import activities could thus be used when the firm engages in export activities (Welch and Luostarinen, 1993; Korhonen, Luostarinen and Welch, 1996). Recent research (Fletcher, R., 2001) into internationalization has found that a majority of firms engage in both outward (e.g. sales/export) and inward (e.g. import or access to knowledge) activities in the international arena and try to understand the different business environments in this early phase to become international firm. There are also many enterprises which are inclined to born global concept, however this emerging concept requires more capital investment at the initial phase of the enterprises. Wherein the internationalization strategy goes through the steps and the MSMEs could make their presence globally at low capital cost.

This research study is specifically done to analyze the actual process of internationalization and for MSMEs right from preliminary work, market research, and market entry to actually operating internationally along with the challenges in the process. On the completion of this study the best strategies and suggestions will be provided to MSMEs for expanding their business internationally. For the purpose of this study the primary and secondary both kind of data is been used so that the proper analysis could be done to justify the problem statement of the study.