

AWARENESS OF EXPORT PROMOTION PROGRAMS – A PERSPECTIVE

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Abstract: The study attempted to investigate the awareness of the exporting assistance programs offered by Indian Government. The data for the study was collected through the mailed questionnaires and face to face interviews with the exporting firms. A wide range of export promotion programs available in India to help firms penetrating into export markets. However, firms must first be aware of the availability of these promotion programs before they can make use of them. Data collected from 294 manufacturing firms indicated that the firms' overall awareness of export programs was not high. The results suggested that government agencies, in particular, need to do more to promote their role in developing external trade.

Keyword— Economic Development, Economic Growth, Export Promotion Schemes

INTRODUCTION

Exports play an important role in the economic growth of the country. To boost up the export Indian government has introduced number of schemes time to time (Cavusgil and Yeoh, 1994; Jaramillo, 1992). The main objective of export promotion programs is to enhance export performance by firm's capabilities and overall abilities, resources and strategies and overall competitiveness (Czinkota, 1996; Diamantopoulous et al; 1993, Seringhous and Rosson; 1990). The purpose of the research was to assess the level of awareness of exporters about various export promotion schemes.

Export Promotion Schemes

1	Advance Authorization Scheme
2	Duty Free Import Authorization (DFIA)
3	Served from India Scheme
4	Export Promotion Capital Goods (EPCG) Scheme
5	Reward Scheme- Focus Market Scheme (FMS)
6	Reward Scheme- Focus Product Scheme (FPS)

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7	Reward Scheme- Market Linked Focus Products Scrip
8	Status Holders Incentive Scrip (SHIS)
9	Schemes Related to gems & Jewellery
10	Assistance to States for Infrastructure Development of Exports
11	The Market Access Initiative (MAI) Scheme
12	The Marketing Development Assistance (MDA) Scheme

REVIEW OF LITERATURE

Moini (1998) examined the impact of Export Promotion Programs on the export activities in US State of Wisconsin. He divided firms into four categories: non exporters, regular exporters, growing exporters and partially invested exporters. He found that lack of export awareness about Export Promotion Programs was more in non exporters and partially interested exporters.

Burning (1995) examined the relationship between Export Promotion Programs and exporter's awareness regarding programs. Kedia and Chhokar (1986), studied the use of export Promotion Programs for exporters and non exporters in Louisiana. They added that awareness of these programs was very low among the exporters. So, it is clear that a fairly large number of small and medium-sized firms expect considerable benefits from some of the existing programs and are also willing to use them. There is a significant relationship between export promotion programs and export performance of the firms. Export promotion programs improve the firm performance, competencies and strategies Czinkota (1996), Francis and Collins (2004). More awareness of export promotion programs affects the success in export market to the exporters. Export promotion programs are used by the exporters according to the level of their involvement in exporting. Some of the studies showed that no significant relationship exist between awareness of the program and performance of the company Marandu (1995). Crick and Czinkota (1995) found that the Export promotion Programs provided by the government were different from the need of programs of the exporters.

Ahmed (2002) discovered the positive significant relationship between awareness of export promotion programs and size of the firms. This study examined the channels of information through which Malaysian firms get information regarding export promotion programs, and assessed the level of awareness of 13 such programs among Malaysian firms in four industry groups (1) Basic Metals (93 firms); (2) Fabricated Metals (172 firms); (3) Machinery and Equipment (171 firms); and (4) Non-Metallic Mineral Products (93 firms). Linnemann et al. (1987) discussed the export promotion programs used by 17 developing countries with differences in political, economic, and structural characteristics, such as level of economic development and industrialization, size of domestic market, population density, and natural resources.

Objectives of the study

The major objectives of this study are as follows

1. To assess the level of awareness and usage of export promotion programs among firms in different sectors.
2. To assess the level of awareness and usage of export promotion programs among firms on the basis of export experience

Research Methodology

The present research attempts to study the exporter's perception of the export promotion schemes in the NCR and Haryana in relation to five export sectors comprising of engineering, textile, gems and jewellery, chemical and leather. Primary data was collected from the exporters working in the selected export sectors. At present there are 12 export promotion schemes related to export promotion in India. In this Dichotomous question was asked to the exporters regarding awareness. In total 294 valid responses were obtained. The response rate was 58.8 per cent. The collected data were analyzed using the Statistical Package for Social Science (SPSS) Version 17.0.

Findings and Analysis

Table: 1 Summary of Number of exporters

S.No.	Item	Percent
1	Textile	25.5
2	Gems and Jewellery	15.3
3	Leather	22.1
4	Chemical	15
5	Engineering	22.1
	Total	100

Source: Surveyed data

As shown in the above Table 1 Out of 294 exporting firms, 75 valid responses obtained from the exporters of textile sector, 45 valid responses from gems and jewellery sector, 65 valid responses from leather, 44 responses were achieved from chemical sector and 65 responses from engineering sector.

Total awareness level of the exporters

Table 2 below presents the percentages of the responses to the questions on the awareness of the 12 export assistance programs as recorded from the 294 respondents in the study.

Table: 2 Total awareness level of the exporters

	Item	Total	Sector wise					Export experience wise			
			Textile	Gems and Jewellery	Leather	Chemical	Engineering	1-5 years	6-10 years	11-16 years	over 16 years
Advance Authorization Scheme	Yes	264(89.7%)	90.7	84.4	100	93.2	80	87	92.79	82.2	91.66
	No	30(10.3%)	9.3	15.6	0	6.8	20	13	7.21	17.8	8.33
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Duty Free Import Authorization (DFIA)	Yes	218(74.1%)	54.7	57.8	100	88.6	72.3	72.2	74.8	68.9	77.4
	No	76(25.9)	45.3	42.2	0	11.4	27.7	27.8	25.2	31.1	22.6
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Served from India Scheme	Yes	82(27.89%)	5.3	0	33.8	34.1	63.1	22.2	24.3	28.9	35.7
	No	212(72.11%)	94.7	100	66.2	65.9	36.9	77.8	75.7	71.1	64.3
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Export Promotion Capital Goods (EPCG) Scheme	Yes	191(64.96%)	48	22.2	98.5	81.8	69.2	50	67.6	66.7	70.2
	No	103(35.04%)	52	77.8	1.5	18.2	30.8	50	32.4	33.3	29.8
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Reward Scheme- Focus Market Scheme (FMS)	Yes	128(43.5%)	52	8.9	3.1	86.4	69.2	40.7	92.8	40	58.3
	No	166(56.5%)	48	91.1	96.9	13.6	30.8	59.3	7.2	60	41.7
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Reward Scheme- Focus Product Scheme (FPS)	Yes	102(34.7%)	49.3	6.7	1.5	70.5	46.2	33.3	27.9	31.1	46.4
	No	192(65.3%)	50.7	93.3	98.5	29.5	53.8	66.7	72.1	68.9	53.6
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Reward Scheme- Market	Yes	95(32.3%)	45.3	4.4	0	45.5	60	27.8	23.4	26.7	50

Linked Focus Products Scrip	No	199(67.7%)	54.7	95.6	100	54.5	40	72.2	76.6	73.3	50
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Reward Scheme- Status Holders Incentive Scrip (SHIS)	Yes	64(21.7%)	45.3	0	0	45.5	15.4	20.4	18	20	28.6
	No	230(78.3%)	54.7	100	100	54.5	84.6	79.6	82	80	71.4
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Schemes Related to gems & Jewellery	Yes	55(18.7%)	2.7	93.3	0	4.5	13.8	35.2	21.6	15.6	6
	No	239(81.3%)	97.3	6.7	100	95.5	86.2	64.8	78.4	84.4	94
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
Assistance to States for Infrastructure Development of Exports	Yes	88(29.9%)	1.3	2.2	70.8	20.5	47.7	20.4	29.7	28.9	36.9
	No	206(70.1%)	98.7	97.8	29.2	79.5	52.3	79.6	70.3	71.1	63.1
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
The Market Access Initiative (MAD) Scheme	Yes	123(41.8%)	6.7	28.9	98.5	43.2	33.8	35.2	47.7	40	39.3
	No	171(58.2%)	93.3	71.1	1.5	56.8	66.2	64.8	52.3	60	60.7
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100
The Marketing Development Assistance (MDA) Scheme	Yes	108(36.7%)	13.3	15.6	33.8	59.1	66.2	25.9	34.2	44.4	42.9
	No	186(63.3%)	86.7	84.4	66.2	40.9	33.8	74.1	65.8	55.6	57.1
	Total	294	(75)100	(45)100	(65)100	(44)100	(65)100	(54)100	(111)100	(45)100	(84)100

Source: Surveyed data

Advance Authorization Scheme

Out of 294 respondents 264 (89.7%) were found to be aware regarding this scheme, whereas 10 respondents were found to be not aware. So far as sector wise awareness of this scheme is concerned, it was found that in the leather sector all the respondents were aware of this scheme (100%). The engineering sector showed the lowest level of awareness (80%). As per the results, those respondents having 6-10 years export experience showed the highest level of awareness (92.8%). 11-16 years experience respondents were least aware about this scheme (82.2 %).

Duty Free Import Authorization

Out of total respondents, 218 (74.1%) were found to be aware regarding this scheme, whereas seventy six respondents were found to be unaware. It was found that all the respondents from leather sector were aware regarding this scheme (100%). Textile sector respondents were found to be least aware (54.7 %). Over 16 years experience respondents showed the highest level of awareness (77.4%). 11-16 years experience respondents indicates least aware about this scheme (68.9 %).

Served from India Scheme

Out of total respondents 82 (27.89 %) were aware regarding this scheme, whereas 212 respondents were not aware. Engineering sector respondents showed the highest level of awareness (63.1%). All the respondents from gems and Jewellery showed lack of awareness of this scheme. Over the 16 years export experience showed the highest level of awareness (35.7%). 1-5 years experience respondents were found to be least aware about this scheme (22.2 %). These results are similar with the study of Ahmed (2002), which has mentioned that there was significant difference between the new and experience exporters in their awareness level regarding export promotion schemes.

Export Promotion Capital Goods Scheme

Out of 294 respondents 191 (64.96%) were found to be aware regarding this scheme, whereas 103 respondents were not aware. Leather sector respondents displayed the highest level of awareness (98.5%). Gems and jewellery sector respondents were found to be least aware (22.2%). As per the results, Over 16 years export experience respondents indicated the highest level of awareness (70.2 %). 1-5 years experience respondents were least aware about this scheme (50%). More experience firms indicated significantly greater awareness than less experience firms.

Reward Scheme-Focus Market Scheme

Out of 294 respondents 128 (43.5%) respondents were found to be aware regarding “Focus Market Scheme (FMS)”. 166 respondents were unaware about this scheme. Overall, firms’ awareness of this scheme was not very high. The respondents from chemical sector showed highest awareness regarding this scheme (86.4%) and leather sector respondents showed lowest awareness (3.1%) It is clear that chemical respondents were more aware about this scheme followed by engineering sector respondents. 6-10 year experience respondents were more aware (92.8%) of this scheme. The 11-16 year experience respondents showed the lowest level of awareness (40%).

Focus Product Scheme

The ratio of awareness percentage regarding the Focus Product scheme is approx. 1:2. As per the results, out of the total respondents 102 (34.7%) were aware of this scheme and 192 respondents were not aware. Maximum numbers of respondents was not aware regarding this scheme. Chemical sector respondents showed the highest awareness (70.5%) followed by textile and engineering (49.3%) and (46.2%). The study showed that there was low percentage among gems and jewellery and leather respondents 6.7% and 1.5%. Over 16 years respondents were aware (46.4%) of this scheme followed by 1-5 years and 11-16 years (33.3% and 31.1%). 6-10 years experience respondents showed the lowest level of awareness (27.9%).

Market Linked Focus Products Scrip

The trend awareness the percentage regards MLFPS is almost the same as FPS and again is of approximately same ratio. The number of unaware respondents came out to be 199 (67.6%) out of 294. The engineering respondents showed the maximum level of awareness (60%) followed by chemical (45.5%) and textile respondents (45.3%). Gems and jewellery respondents were found to be least aware of this scheme (4.4%) and it was found that in the leather sector all the respondents were unaware regarding this scheme. Over 16 years showed the highest level of awareness (50%) followed by 1-5 years (27.8%) and 11-16 years (26.7%). It was found that 6-10 years experience respondents were found to be least aware of this scheme (23.4%).

Reward Scheme - Status Holders Incentive Scrip

Among the respondents 64 respondents (27.9%) were found to be aware of this scheme and 230 respondents were not aware. The results showed that number of respondents were not aware and displayed lack of awareness regarding this scheme. Chemical and textile sector respondents were found to be more aware (45.5% & 45.3%) of this scheme followed by engineering sector respondents (15.4%). It was found that all the gems and jewellery and leather sector respondents were unaware regarding this scheme. Over 16 years experience respondents showed the highest

level of awareness (28.6%) followed by 1-5 years (20.4%) and 11-16 years experience respondents (20%). 6-10 years respondents showed the lowest level of awareness (18%).

Schemes Related to Gems & Jewellery

The number of unaware respondents came out to be 239 out of total respondents. 55 (18.7%) respondents were found to be aware regarding this scheme. Mainly Gems and jewellery sector showed the highest level of awareness. Almost all the gems and jewellery sector respondents were aware of this scheme (93.9%). All the respondents from leather sector were found to be unaware related to this scheme. There was inverse relationship between export experience and level of awareness of the respondents about this scheme. 1-5 years experience respondents showed highest level of awareness (35.2%) followed by 6-10 years experience respondents (6%).

Assistance to States for Infrastructure Development of Exports

Out of total respondents 206 respondents were found to be unaware regarding this scheme. Only 29.9% i.e. 88 respondents were aware of this scheme. Leather respondents were found to be aware of this scheme (70.8%) followed by engineering sector (47.7%) and chemical (20.5%). Textile and gems and jewellery respondents showed the lowest level of awareness with (1.3%) and (2.2%). Over 16 years experience respondents were aware of this scheme (36.9%), followed by 6-10 years experience respondents (29.7%) and 11-16 years respondents (28.9%). 1-5 years experience respondents showed lowest level of awareness (20.4%).

Market Access Initiative Scheme

Out of total respondents 123 (41.8%) respondents were found to be aware regarding this scheme. 171 respondents were not aware of this scheme. Leather sector almost all the respondents were aware of this scheme (98.5%). Among selective sector, chemical sector respondents were found to be aware of this scheme (43.2%), followed by engineering (33.8%) and gems and jewellery (28.9%). The textile sector respondents showed the lowest level of awareness (6.7%). 6-10 year experience respondents were more aware (47.7%) of this scheme. The 1-5 year experience respondents showed the lowest level of awareness (35.2%). 11-16 year experience respondents were aware (40%) followed by over 16 year respondents with (39.3%).

Marketing Development Assistance Scheme

Out of 294 respondents 108(36.7%) respondents were aware regarding this scheme. 106 respondents were not aware of this scheme. So far as sector wise awareness of this scheme is concerned, it was found that the engineering sector showed the highest level of awareness (66.2%). Chemical sector respondents were found to be aware (59.1%) followed by leather (33.8%) and gems and jewellery (15.6%). The textile sector respondents showed the lowest level of awareness (13.3%). 11-16 years experience respondents showed the highest level of awareness (44.4%). 1-5 years experience respondents displayed least awareness about this scheme (25.9 %).

Table: 3 Ranking of Export Promotion Schemes on the Basis of Awareness

Scheme	No. of Respondents in Percentage	Ranking
Advance Authorization Scheme	89.7	1
Duty Free Import Authorization	74.1	2
Export Promotion Capital Goods Scheme	64.9	3

Reward Scheme- Focus Market Scheme	43.5	4
The Market Access Initiative Scheme	41.8	5
The Marketing Development Assistance Scheme	36.7	6
Reward Scheme- Focus Product Scheme	34.7	7
Reward Scheme- Market Linked Focus Products Scrip	32.3	8
Assistance to States for Infrastructure Development of Exports	29.9	9
Served from India Scheme	27.8	10
Status Holders Incentive Scrip	21.7	11

Source: Surveyed data

The awareness and ranking of export promotion schemes is shown in table no 3. The results of the study indicate that percentages of the awareness vary among the responding firms. Relatively higher degree of awareness was associated with an Advance Authorization Scheme, Duty Free Import Authorization, Export Promotion Capital Goods Scheme, Reward Scheme- Focus Market Scheme, Market Access Initiative Scheme, Marketing Development Assistance Scheme, Reward Scheme- Focus Product Scheme and Reward Scheme- Market Linked Focus Products Scrip. Low degree of awareness was recorded in respect of Assistance to States for Infrastructure Development of Exports, Served from India Scheme and Status Holders Incentive Scrip Schemes.

CONCLUSION

The findings of the study revealed that significant difference is found in the awareness level of exporters on the basis of selected sector and experience. Awareness of Export Promotion Programs depends upon the stage of involvement of the exporters supported by Diamantopoulos et al. 1993.

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