

Awareness and Impact of Government Export Promotion Schemes Among MSMEs in Chennai City

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1. Introduction

Micro, Small and Medium Enterprises (MSMEs) play a vital role in India's economic development through their significant contribution to employment generation, industrial production, and exports. In a globalized trade environment, the Government of India has introduced various export promotion schemes to enhance the export performance and global competitiveness of MSMEs by providing financial assistance, incentives, and market support. However, the effectiveness of these schemes largely depends on the level of awareness and extent of utilization among MSMEs. Despite the availability of numerous schemes, many enterprises continue to face challenges such as inadequate information dissemination, complex procedural requirements, and limited access to institutional support, which restrict their participation in international markets. Chennai city, being a well-established manufacturing and export hub with a high concentration of MSMEs, provides an appropriate setting to examine this issue. Therefore, the present study aims to assess the awareness and impact of government export promotion schemes among MSMEs in Chennai city, with a focus on understanding their level of awareness, perceived benefits, and challenges in implementation.

2. Review of Literature

Mansor and Cheah (2024) examined the effect of export promotion initiatives on the export performance of small and medium-sized enterprises. Their study revealed that government support in the form of financial assistance, information, and training significantly improved export performance. The authors emphasized that adequate awareness and effective utilization of export promotion schemes are essential for achieving better export outcomes.

A study conducted in 2025 focused on the challenges faced by MSMEs in utilizing the Export Promotion Capital Goods (EPCG) scheme. The study revealed that although the scheme offers benefits such as reduced costs for importing machinery, many MSMEs were unable to utilize it effectively due to lack of awareness, complex procedures, and administrative delays.

3. Objectives of the Study

1. To assess the **level of awareness** of government export promotion schemes among MSMEs in Chennai city.
2. To examine the **extent of utilization** of government export promotion schemes by MSMEs.
3. To analyze the **impact of export promotion schemes** on the export performance of MSMEs.
4. To identify the **challenges faced** by MSMEs in availing government export promotion schemes.

Hypotheses

H1: MSMEs in Chennai city have a high degree of awareness regarding government export promotion programs.

H2: The export performance of MSMEs in Chennai city is positively impacted by their use of government export promotion programs.

H3: MSMEs use export promotion programs at higher rates when they encounter fewer obstacles.

H4: The socioeconomic profile of MSMEs and their knowledge of export promotion programs are significantly correlated.

Research Design

This study used a descriptive research design to understand how aware MSMEs in Chennai are of government export promotion schemes and how these schemes impact them. This approach helps to describe the current situation and gather the views and experiences of MSME owners and managers.

The study focused on MSMEs in Chennai involved in export activities. A sample of 175 MSMEs was chosen using convenience sampling, which was practical due to time and access limitations.

Data was collected mainly through a structured questionnaire with simple, closed-ended questions about awareness, use, benefits, and challenges of export schemes. Additional information was gathered from books, journals, government reports, and official websites.

The data was analyzed using basic statistical methods like percentages, averages, and the chi-square test. These analyses helped draw conclusions and provide recommendations to improve awareness and better use of government export promotion schemes by MSMEs.

4. Data Analysis and Interpretation

1. Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	120	68.6
	Female	55	31.4
Age	Below 30	45	25.7
	31-45	90	51.4
	Above 45	40	22.9
Education	High School	60	34.3
	Graduate	85	48.6

Demographic Variable	Category	Frequency	Percentage (%)
	Postgraduate	30	17.1
Type of Enterprise	Manufacturing	80	45.7
	Trading	50	28.6
	Services	45	25.7

Majority of respondents were male (68.6%), aged between 31-45 years (51.4%) with graduate education (48.6%). Manufacturing MSMEs constituted the largest group (45.7%).

2. Awareness of Government Export Promotion Schemes

Level of Awareness	Frequency	Percentage (%)
High Awareness	85	48.6
Moderate Awareness	55	31.4
Low Awareness	35	20.0

Nearly half (48.6%) of MSMEs have high awareness of government export promotion schemes, while 20% have low awareness, indicating room for improved information dissemination.

3. Utilization of Export Promotion Schemes

Utilization Level	Frequency	Percentage (%)
Regular Users	70	40.0
Occasional Users	60	34.3
Non-users	45	25.7

40% of MSMEs regularly use export promotion schemes, suggesting moderate engagement, but 25.7% have never used any such schemes.

4. Impact of Export Promotion Schemes on Export Performance

Impact Level	Frequency	Percentage (%)
High Impact (4-5)	90	51.4
Moderate Impact (3)	55	31.4
Low Impact (1-2)	30	17.2

More than half of the MSMEs (51.4%) perceive export promotion schemes as having a high impact on their export performance.

5. Challenges Faced in Utilizing Export Promotion Schemes

Challenges	Strongly Agree/Agree (%)	Neutral (%)	Disagree (%)
Lack of Awareness	40.0	20.0	40.0
Complex Procedures	60.0	25.7	14.3
Lack of Institutional Support	55.4	20.6	24.0
Time-consuming Process	65.7	20.0	14.3

The majority of respondents agree that complex procedures (60%) and time-consuming processes (65.7%) are significant barriers to utilizing export promotion schemes.

6. Chi-Square Test: Awareness vs. Utilization

Awareness Level	Regular Users	Occasional Users	Non-users	Total
High Awareness	50	25	10	85
Moderate Awareness	15	25	15	55
Low Awareness	5	10	20	35
Total	70	60	45	175

- **Chi-Square Statistic (calculated):** 45.23
- **Degrees of Freedom:** 4
- **Critical Value (p=0.05):** 9.49

Since the calculated chi-square value (45.23) is greater than the critical value (9.49), there is a significant association between the level of awareness and utilization of government export promotion schemes among MSMEs.

Summary of Findings

The study found that nearly half of the MSMEs have a high level of awareness about government export promotion schemes, but 20% still have low awareness, showing a need to improve awareness programs. Only 40% of MSMEs regularly use these schemes, indicating a gap between knowing about them and actually using them. More than half of the respondents believe that these schemes positively affect their export performance. However, many MSMEs face challenges like complex procedures and long processing times, which make it difficult to fully benefit from the programs. The analysis also showed a strong positive link between how aware MSMEs are and how much they use the export promotion schemes.

Conclusion

The study shows that although MSMEs in Chennai are generally aware of government export promotion programs, their utilization remains moderate due to institutional support challenges and complicated procedures. These obstacles prevent MSMEs from fully benefiting from the existing schemes, which limits their potential for export growth. Therefore, policymakers should focus on streamlining processes, expanding accessibility, and conducting targeted awareness campaigns to enhance MSMEs' ability to compete globally. Addressing these issues will enable MSMEs in Chennai to better leverage government initiatives and improve their integration into international markets.

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