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Export Promotion of Small and Medium Sized Enterprises in India

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Abstract: ***This dissertation focuses on the effectiveness of export promotion policies and innovation for Indian SMEs in enhancing the international competitiveness and revenues. SMEs are a critical sector for the economic growth of India, but constraints including restricted credit, increase in regulatory issues, and lack of technology negatively affect their market in the global marketplace. These challenges are assessed in relation to important government measures, such as the Merchandise Exports from India Scheme (MEIS), Market Access Initiative (MAI), and Export Credit Guarantee Corporation (ECGC).***
Through a method of qualitative research and secondary data collection and analysis, the paper finds that although, medium sized enterprises benefit from these policies, the small ones encounter challenges of access to these policies and support structures due to administrative drawbacks. The results indicate the necessity of strengthening policy accessibility for more effective sustainable and balanced development and for the promotion of innovative approaches. Proposals are on enhancing policy communication to emerging SMEs, incorporating support for innovation, and synchronizing export campaigns with the nation's economic development objectives.
Keywords: Indian SMEs, export promotion policies, innovation, international competitiveness, economic development, regional growth, policy rationalization.

I. INTRODUCTION

Small and Medium Enterprises are vital in the development of emerging economy countries since they charge the lion share in the provision of employment, innovation and exporting capabilities, and diversification and economic resilience for economies for both national and regional markets. In India, SMEs generate nearly 45% of the manufacturing gross domestic product (GDP) and nearly 40% of the total exports of the country, which further assert their existence to economy stability and International competitiveness in areas like textile, garments, pharmaceuticals, automobile parts, handicrafts and agriculture [1]. SMEs do not only contribute to the GDP but also contributes to millions of people's income through employment all over the rural and urban areas.

Nevertheless, various challenges hinder the potential of Indian SMEs in international markets even though they have a huge influence. These constitute; access to financing, regulatory environment, and technological advancement that hinders their expansion and reduces their competitiveness in the global market [2]. To address these challenges, the Indian government has formulated a number of specific export promotion policies directed at enabling SMEs to overcome these hurdles. Some of them are Merchandise exports from India scheme (MEIS), Market access initiative (MAI) and support facilities provided by Export credit guarantee corporation (ECGC).

In this research, the effects of these export promotion policies on SME performance are analysed with special emphasis on the revenue growth and competitiveness in the international market. The larger the SMEs, the better their resource and administrative capacity to manage these policies; however, the small enterprises cannot fully maximize these opportunities due to policy-related operational challenges and lack of knowledge [3]. On a larger economic level, successful SME exports are a direct realization of some of the crucial national goals, for instance, growth, employment and the enhanced GDP proportion. SMEs together provide employment to more than 110 million people in India, especially in industries that generate employment in rural/ semi-urban areas [1]. SMEs are very important in poverty reduction and in checking the high rate of rural-urban drift since they offer employment in the regions. According to the latest statistics, 49% of the MSMEs are situated in the urban areas, and the remaining 51% are situated in the rural areas, which also suggest the companies' presence in multiple regions (Figure 1).

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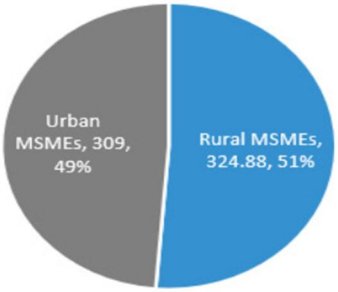


Figure 1 Registered MSMEs in India in FY22 (lakh units) [1]

By extending the focus on export performance to the macro-level, this paper provides recommendations for national policies that would foster SME export performance to contribute towards inclusive economic growth and regional development.

A. Problem Statement

Despite the Indian government's efforts to foster export promotion policies and programs to encourage SMEs to venture into the global markets, there is a lack of research on the effect of these policies on SMEs' organizational performance. Key challenges include variation of such programs' performance, bias towards large firms rather than SMEs and unequal access to resources and assistance. Furthermore, the relationship between innovation and export marketing initiatives has not been studied to a great extent, thus creating a research gap.

B. Research Significance

SMEs play a vital role in the economy, growth, employment and technology development. SMEs account for almost 44.8% of the manufacturing Gross Domestic Product and 40% of exports in India [1]. This research covers significant factors concerning economic growth in India:

1) Enhancing Policy Effectiveness for SME Growth
2) Empowering SMEs with Innovation
3) Addressing Access Disparities for Inclusive Growth
4) Understanding the Broader Economic Impact of SME Exports
5) Building a Knowledge Base for Strategic Policy Development

C. Research Gap

This research identifies how innovation practices enhance the effectiveness of government support measures. The results are especially important in the light of the recent 'Atmanirbhar Bharat' (Self Reliant India) campaign in India and links SME development to national imperatives of enhancing local production and supply chain resilience [4].

There is limited literature on the effect of export promotion policies and innovation on the performance of SMEs. Moreover, limited research investigates how government policies meet the capacity needs of SMEs based on size, sector, and region. [5]. Moreover, little research evaluates the impact of SME exports on specific national objectives including poverty eradication, employment generation, and economic development of regions [6]. Thus, failing to consider these macroeconomic impacts, the policymakers are not fully equipped with the understanding of the role of SMEs for the nation's growth. This research void is critical to filling for formulating policies that capture the additional value of SME exports and is consistent with the country's inclusive growth agenda.

D. Research Objectives

The dissertation focuses on the following objectives;

1) To evaluate the impact of Indian government export promotion schemes on the international competitiveness and revenue growth of SMEs.
2) To identify the specific challenges faced by SMEs in accessing and benefiting from export promotion policies, including issues related to financing, infrastructure, and market information.

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3) To analyse the mediating role of innovation in enhancing the export performance of Indian SMEs and its interaction with export promotion efforts.

4) To assess the broader economic impact of SME export performance on India's economic development, particularly in terms of contributions to employment, GDP, and export share.

II. LITERATURE REVIEW

India has around 63 million SMEs, operating in all sectors, which makes the SME segment a vibrant driver of industrial development and economic growth [7]

A. Export Promotion Policies

SMEs play a large role in India, as they account for approximately 45% of manufacturing GDP in India, and about 30% of total GDP in India. Furthermore, SMEs contribute to nearly 40% of India's total export and this clearly shows how SMEs are key players in enhancing Indo export front. The growth rate of gross value added of the MSMEs has been around 3% across the country [1].



Figure 2 Growth rate of gross value added from micro, small and medium enterprises across India from financial year 2015 to 2019 [8]

The Indian government has formulated various export promotion incentives to offer monetary and non-monetary support for SMEs to encounter challenges.

Launched in FY 2015-16 under the Foreign Trade Policy (FTP) 2015-20, MEIS aimed to promote SME exports by providing duty credit scrips (2-5% of FOB value) to pay import duties or trade in the open market. It benefited sectors like textiles, leather, engineering, and agriculture [9]. MEIS helped SMEs recover costs, increasing export volumes by 15-20% [10]. Shri Laxmi Textiles reduced import costs, improving competitiveness. Handicraft exports under MEIS rose by 30% (EPCH), and MSME Credit Guarantee Scheme beneficiaries peaked at 187 in 2019 but declined to 73 by 2023. Medium-sized firms benefited more, while smaller SMEs struggled with documentation [11]. MEIS excluded service and tech-based SMEs [5]. Replaced by RoDTEP in 2021 due to WTO rules, the transition created challenges as SMEs lost financial support [12].

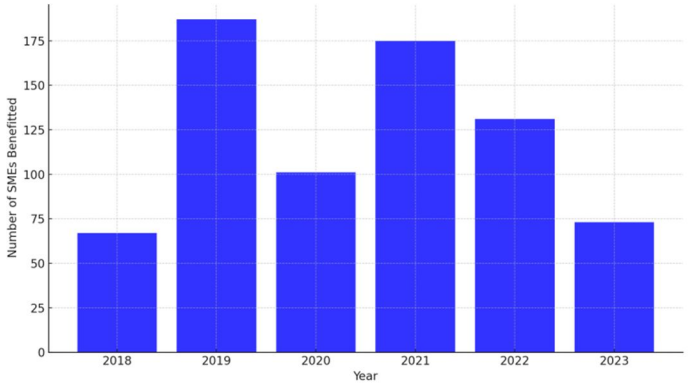


Figure 3 No. of SMEs benefitted from MSME Credit Guarantee Scheme [13]

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Next, launched in the early 2000s by the Ministry of Commerce and Industry, the Market Access Initiative (MAI) helps Indian SMEs expand into foreign markets by supporting participation in trade fairs, exhibitions, and buyer-seller meets [14]. MAI enabled Vijay Engineering (Gujarat) to secure a ₹5 crore contract in Europe. SMEs involved in MAI events saw a 20% increase in export orders (EEPC) [15]. The initiative has been particularly beneficial for textiles, engineering, and food processing SMEs, helping them compete globally, especially against China and Bangladesh [16].

Established in 1957, ECGC provides export credit insurance to protect Indian SMEs against payment defaults by overseas buyers. ECGC helps mitigate financial risks, enabling exporters to offer credit terms. RBI data shows firms using ECGC had a 30% lower non-payment rate than those without it [17]. During COVID-19, ECGC introduced a new policy for high-risk SMEs. Anand Exports, an agricultural SME, secured payment from an African buyer despite delays, highlighting ECGC's role in preventing cash flow crises [18].

Initiated in the year 2015, MUDRA is an acronym for Micro Units Development & Refinance Agency, under the Prime Ministers MUDRA Yojana, which focuses to provide credit to the non-corporate, non-farming income generating activities, mostly in the informal sector which do not have much access to formal sources of finance. MUDRA has three types of loans; Shishu, Kishore, and Tarun which support business at different growth stages [19].

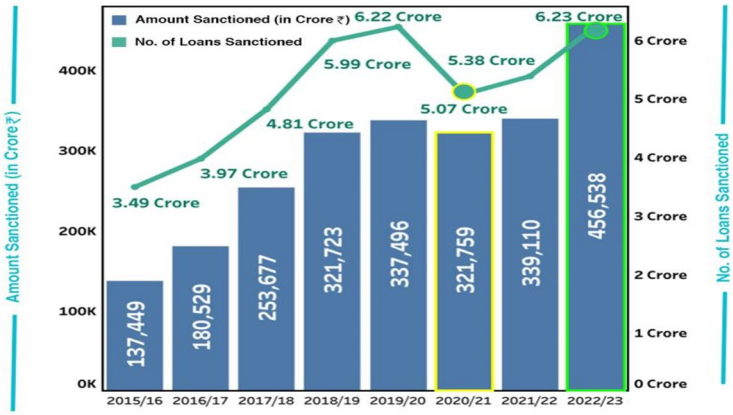


Figure 4 MUDRA Loans and Amount Sanctioned 2015-2023 [20]

Lasty, launched in 2015 under the Prime Minister's MUDRA Yojana, MUDRA provides credit to non-corporate, non-farming small businesses, offering three loan types: Shishu, Kishore, and Tarun [19]. MUDRA has been a key funding source, especially for micro-SMEs. NSSO data shows 60% of micro-SMEs in textiles, food processing, and retail used MUDRA loans for working capital. SMEs using MUDRA saw a 25% increase in production capacity. However, medium-sized SMEs found loan caps insufficient for large-scale export expansion [21].

B. Assessment of Policy Effectiveness

Research on India's export promotion policies (MEIS, MAI, ECGC, MUDRA) shows both strengths and weaknesses. While these policies aimed to improve SME exports, large firms benefited more due to easier access. SMEs contribute 40% of India's total exports and play a key role in economic development [1]. MEIS, through duty credit scrips, helped SMEs in textiles, handicrafts, and agriculture. SMEs using MEIS saw export revenues grow by 15% between 2016-2019 [22]. Textile SMEs gained competitiveness, reducing operational costs against Bangladesh and Vietnam. A 2021 FIEO survey showed 63% of respondents credited MEIS for sustaining or growing exports. Balaji Handicrafts in Rajasthan saw a 20% export order increase from 2017-2019 due to MEIS support [10]. However, MAI assisted SMEs in entering global markets, supporting participation in trade fairs in the US, Japan, and Germany. An EEPC report (2019) found SMEs benefiting from MAI-sponsored exhibitions saw a 17% increase in export orders [15]. However, small SMEs struggled to access MAI benefits unless they were part of large industry associations.

Despite their benefits, MEIS, MAI, ECGC, and MUDRA face accessibility issues. ECGC: 44% of small SMEs struggle with documentation and high fees, limiting access to credit insurance [23]. MUDRA: While providing collateral-free loans, its ₹10 lakh cap is insufficient for export expansion. Only 25% of SMEs successfully used MUDRA loans for export financing due to high working capital needs and long receivable periods [24]. Research shows that medium and large SMEs have easier access to export promotion policies than smaller businesses. Awareness Gap: Only 68% of small SMEs know about schemes like MAI, MEIS, and ECGC, compared to 85% of medium SMEs [25].

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Rural SMEs struggle due to weak outreach and lack of industry association support. Furthermore, large firms leverage government relationships to navigate bureaucratic requirements, while small SMEs face delays and extra costs [26]. Medium enterprises received 60% of MUDRA funds (2015-2019), while small/micro enterprises got only 40% (Mahesh et al., 2022). For example; Bright Apparel (Gujarat) used MAI and MEIS to secure $500,000 orders at Heimtextil [27].

C. Challenges Faced by Indian SMEs in International Markets

Indian SMEs face several challenges in global markets, including high credit costs, bureaucratic hurdles, limited market intelligence, and infrastructure constraints [28].

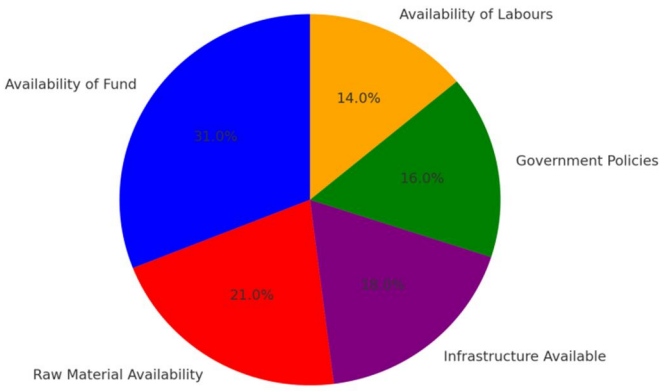


Figure 5 Problems faced by SMEs in India [28]

This section looks at these challenges in more detail using data derived from surveys, research papers, Institute like RBI and World Bank and case studies to give an insight of the obstacles that face SMEs in India in a global market.

Over 55% of Indian SMEs struggle to access affordable credit due to high perceived risk and lack of collateral [29]. The total credit demand for SMEs is estimated at $380 billion [30]. Small businesses, like Manju Textiles in Gujarat, lost export orders due to banks rejecting loans without sufficient assets [31]. Alternative Financing Models like EXIM Bank and SIDBI offer export credit, but complex procedures limit SME access. Peer-to-peer (P2P) lending platforms like Faircent provided ₹5 billion in SME loans, with 30% going to export-oriented ventures. Supply Chain Finance (SCF) also helped SMEs improve working capital by 20% [32].

Regulatory and compliance barriers also pose as a hindrance. 72% of SMEs cite compliance with international trade standards, such as ISO certifications, as a major challenge. 40% of textile SMEs reported increased costs due to high tariffs in the US and EU [33]. Export documentation is another hurdle—Indian SMEs must complete over 25 regulatory documents, leading to more delays than competitors in Vietnam and Indonesia [34]. India is ranked 63rd in the World Bank's Ease of Doing Business Index (2020). Bureaucratic delays of 7-10 days in export clearances significantly impact SMEs. Ghosh Leather Exports in Kolkata faced extensive delays securing MEIS incentives due to excessive paperwork, leading to lost European contracts [35]. While ECGC provides credit insurance, its high fees and paperwork deter SMEs. Only 25% of agro-based SMEs use ECGC services due to cost barriers [17].

The customers' insight, behavior pattern, and competitive analysis are critical for the SMEs operating in the global environment of growing competition, 70% of SMEs lack access to market research, limiting their ability to analyze global consumer trends, Small business also lack the financial muscle to pay for membership and subscription to global databases like Euro monitor or Statista thus are limited and outdated. For example, Shakti Spices, an SME exporting to the Middle East, suffered a 15% sales drop in 2019 due to poor market insights [37].

Only 25% of Indian SMEs use digital technologies, far lower than counterparts in China and Brazil [38]. Limited adoption of digital marketing and e-commerce reduces competitiveness. SMEs in rural areas struggle with warehousing costs, leading to shipment delays and lower product quality. SMEs incur 10-15% extra costs due to poor infrastructure [37].

D. Role of Innovation in Enhancing SME Export Performance

Innovation plays a critical role in improving SME export performance by aligning businesses with global market trends, reducing costs, and ensuring high-quality production. While Indian SMEs face innovation challenges, they have demonstrated resilience by adopting new products and processes to enhance competitiveness.

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Product innovation is essential for SMEs to improve their export potential by offering better-quality solutions that meet foreign market demands [39]. Textile SMEs have embraced sustainable product development to meet rising EU market demand [40]. Raymond Limited developed Greencoat, a specialized dyeing technique that reduces water and chemical use, increasing its EU exports by 15% between 2018 and 2020 [1]. In pharmaceuticals, SMEs like Lupin Pharmaceuticals have focused on low-cost generic drugs, particularly for tuberculosis treatment in Africa and South America. Lupin's innovation efforts led to a 20% increase in exports in 2021[41]. Handicraft SMEs have leveraged customization to enter niche markets. Jaipur Rugs introduced modern designs blended with traditional Indian themes, driving a 30% rise in US sales in 2019 [42].

On the other hand, hrocess innovation improves cost efficiency and ensures compliance with international quality standards [43]. Lean manufacturing techniques have helped SMEs cut waste and labor costs. Vardhman Textiles reduced material wastage by 25% and labor expenses by 15% (2016-2019), making it more competitive in the US and EU markets [44]. Automation has further strengthened SME exports. Bharat Forge, a medium-sized engineering SME, integrated robotics into manufacturing, improving production by 30% and reducing defects, allowing expansion into Germany and the UK) [45] These innovations help SMEs meet strict global standards, enhancing their export competitiveness.

E. Impact of Export Promotion Policies and Innovation on Economic Outcomes in India

Small and medium enterprises (SMEs) play a crucial role in India's economy, contributing significantly to GDP, employment, and regional development. Export promotion policies and innovation have helped drive SME exports, yet challenges remain in assessing their full macroeconomic impact.

SMEs contribute 30% to India's GDP and account for 45% of total manufacturing output. SME exports make up 40% of India's total exports, particularly in textiles, agriculture, and engineering. Between 2010 and 2020, SME exports grew by 11% per annum, reaching $100 billion in FY 2020 [1]. Regional economic growth is strongly linked to SME exports. Gujarat's GDP grew by 13% in 2019, with textiles, chemicals, and machinery exports playing a significant role [46]. Export-oriented SMEs in Mumbai, Ahmedabad, and Surat have further strengthened India's GDP growth. Moreover, SME growth is directly linked to poverty reduction, especially in rural and semi-urban regions. Studies show that rural areas with high SME activity saw poverty rates decline by 8-10% in a decade [47]. Labor-intensive industries, such as textiles and handicrafts in Uttar Pradesh, Rajasthan, and West Bengal, have been the most effective in generating employment [48]. The Khadi and Village Industries Commission (KVIC) has played a major role in supporting rural SMEs. Exports of khadi materials reached ₹1,200 crore in 2021, a 30% increase from the previous year, showing the economic benefits of integrating rural SMEs into global trade [49]. Furthermore, SMEs employ over 110 million people in India, making them a crucial driver of job creation. The textile and apparel sector employs 3.2 million workers, primarily in SMEs in Maharashtra, Tamil Nadu, and Gujarat. A study in Maharashtra found that textiles and fabric SMEs employ 25% of the state's industrial workforce. Similarly, 15% of Tamil Nadu's population is employed in SME-driven auto ancillary and engineering industries [50]. In agriculture, agro-processing SMEs in Punjab and Haryana provide stable seasonal employment, reducing reliance on migration [51].

States	Employment Statistics
Maharashtra	32.76%
Tamil Nadu	18.84%
Uttar Pradesh	17.24%
Gujarat	13.72%
Rajasthan	13.63%

Figure 6 MSME Statistics – State Specific [52]

Export promotion policies help reduce regional economic disparities. Programs like Market Access Initiative (MAI) and Export Credit Guarantee Corporation (ECGC) support SMEs in less-developed areas by providing market access and financial security. Export clusters such as the Moradabad handicraft cluster in Uttar Pradesh and the Tiruppur textile cluster in Tamil Nadu contribute to balanced economic growth by stabilizing rural incomes [48].

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III. METHODOLOGY

A. Introduction

This study follows the research onion framework, using interpretivism to analyze Indian SME export challenges. A qualitative, mono-method approach relies on secondary data from government databases, industry reports, and trade sources. A cross-sectional design provides a snapshot of SME competitiveness and policy effectiveness in India.

B. Research Philosophy

This study adopts an interpretivist epistemology, which views reality as socially constructed and emphasizes understanding SME experiences within their context [53]. This approach analyzes how export promotion policies influence SME performance by examining economic and social factors, making it ideal for studying SME challenges and opportunities [54].

C. Research Methodology

This study uses secondary data collection, including research articles, databases, and reports. It examines export promotion policies and SME performance, comparing policy efficiency, assessing SME contributions to economic growth, and identifying barriers to SME export success in India.

D. Study Design

This study uses a cross-sectional research method to analyze export promotion policies and SME performance in India. Data is collected from organizations, regulatory agencies, and firms, providing a snapshot of policy implementation and SME challenges based on published reports, government statistics, and recent empirical evidence.

E. Study Area

This study focuses on India, with special attention to Gujarat, Maharashtra, and Tamil Nadu, which have high SME export intensity (Gupta, 2023). These states host export-oriented SMEs in textiles, engineering, automobiles, and handicrafts, enabling a broad analysis of export promotion policies and innovation across various industries.

F. The Population of the Study Area

This study targets export-oriented SMEs across various industries in India, including textiles, engineering, handicrafts, and IT. India has 63 million MSMEs, contributing significantly to employment, GDP, and exports [1]. A diverse sample ensures a comprehensive analysis of export promotion policies, innovation, and economic impact.

G. Selection of database

For this study, relevant databases were selected to ensure comprehensive and credible data collection on the export performance of SMEs in India. Key databases include government databases, research and statistical databases, international trade databases and industry reports and surveys.

H. Search Items

This study uses targeted search terms to analyze SME export performance, export policies, and economic impact in India. Searches include "SME export performance India," "Export promotion policies for SMEs India," and "Ministry of MSME export data." Industry-specific terms like "FICCI reports on SME export growth" provide sectoral insights.

I. Inclusion and Exclusion

To ensure a relevant literature base for the study on export promotion policies and SME performance in India, specific inclusion and exclusion criteria were applied. Inclusion criteria focused on peer-reviewed articles, empirical studies, and literature on SME contributions to GDP and export promotion, while excluding conference papers, studies on large corporations, studies published prior to 2000 and non-English sources.

J. Ethical Considerations

The research relies on secondary sources, focusing on ethical considerations such as data integrity, intellectual property, and bias-free interpretation.

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It emphasizes proper citation to ensure accuracy, transparency in methodology, and respect for cultural sensitivities in the Indian SME context. These principles aim to uphold the credibility of the study while preventing ethical violations related to data use.

IV. FINDINGS AND ANALYSIS

This chapter presents the findings and analysis of the study on the effectiveness of export promotion policies for Small and Medium Enterprises (SMEs) in India, examining how these policies have impacted SME competitiveness, revenue growth, and broader economic contributions.

A. Analysis of Export Promotion Policies' Impact on SME Competitiveness and Revenue Growth

The policies MEIS, MAI, ECGC, and MUDRA are designed to address challenges faced by SMEs in export markets, such as high production costs and limited market access. MEIS enhances price competitiveness, MAI assists with market access through financial support for trade fairs, ECGC mitigates trade credit risks, and MUDRA provides unsecured credit for business development. While these policies can improve SME export capabilities, complexities in application processes and low awareness hinder accessibility, particularly for smaller firms. Different sectors experience varying benefits from these policies; for example, textiles utilize MEIS for cost reduction, and agricultural SMEs leverage MAI for international exposure. Identifying policy gaps, such as administrative burdens and biases favoring larger SMEs, is crucial for improving the effectiveness of export promotion strategies. Addressing these gaps through streamlined processes and increased outreach could enhance inclusivity and support the growth of SMEs in rural areas. Ultimately, tailored adjustments to policies can significantly impact sector-specific export performance and contribute to overall economic development in India.

B. Challenges SMEs Face in Export Markets and How Policies Address Them

SMEs face significant challenges in export markets, including financial constraints, regulatory barriers, and gaps in market intelligence and technology. Although ECGC insurance has reduced non-payment incidences, high premiums remain a burden for small SMEs, while MUDRA loans provide limited working capital. Regulatory compliance with international standards is costly and complex, with policies like MAI helping to address these gaps by funding trade fair participation. However, documentation and procedural challenges persist. Additionally, SMEs struggle to access market information due to financial constraints, limiting their competitiveness. While MAI offers exposure to market trends, many smaller firms cannot afford the necessary tools for digitalization. To enhance export capabilities, the government should streamline compliance procedures, increase funding caps, and provide financial support for digital infrastructure. Targeted activities to improve digital skills and access to market databases are essential for enabling SMEs to develop competitive products and services, ultimately improving their performance in international markets. These initiatives would address the barriers faced by SMEs and support their growth and internationalization efforts.

C. Role of Innovation in SME Export Performance

Product and process innovations are crucial for SMEs to enhance competitiveness in international markets by ensuring compliance with standards and reducing costs. Indian textile SMEs have met EU environmental requirements through eco-friendly practices, while pharmaceutical SMEs leverage low-cost generics. Government support measures, such as grants and subsidies, can foster innovation and improve export performance. However, existing policies primarily benefit technology-focused and urban SMEs, limiting support for other sectors. Enhancing innovation incentives within export policies and promoting inter-sector cooperation can help stabilize and strengthen SME exports across various industries, ultimately aligning innovation with export success.

D. Broader Economic Impact of SME Exports on India's Economy

Export-oriented SMEs contribute nearly 30% to India's GDP, particularly in high-export zones like Tamil Nadu and Maharashtra, highlighting their role in regional development and economic stability. By focusing on SMEs in rural and semi-urban areas, export clusters can stimulate local economies and reduce urban migration. Additionally, SMEs generate significant employment in sectors with high multipliers, aiding poverty alleviation. Policies that strengthen export prospects for SMEs can enhance their impact on employment and social goals. Enhancing skill development and targeted programs can create more job opportunities and improve the socio-economic benefits of SME growth (Verma, 2020).

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V. CONCLUSION

A. *Summary of Key Findings*

SMEs' export competitiveness is supported by MEIS, MAI, ECGC, and MUDRA, yet bureaucratic hurdles and limited coverage reduce their effectiveness. Innovation, especially in textiles and pharmaceuticals, boosts global competitiveness. SMEs face cost, legal, and technological barriers, with funding constraints despite ECGC and MUDRA. Expanding policy coverage and simplifying access can further enhance SME export performance. The following graph shows the effectiveness of key export policies in advancing SME competitiveness;

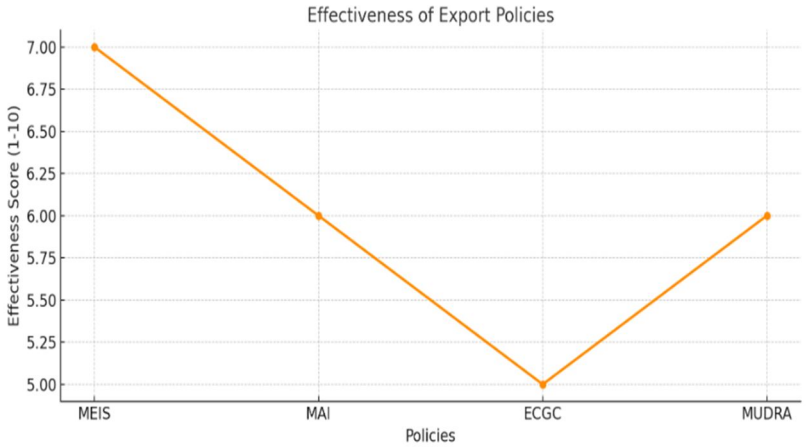


Figure 7 Effectiveness of Export Policies

B. *Theoretical Implications*

This study reinforces the role of government policies in SME development, particularly in emerging economies, advocating broader financing with special focus on rural SMEs. It highlights innovation as a mediator of policy impact on exports, aligning with prior research. Complementing export policies with innovation policies enhances SME competitiveness and strengthens their global market presence.

C. *Limitations of the Study*

The study has several limitations. It relies on secondary data, limiting insights into sector-specific SME challenges. A lack of primary data, such as surveys or interviews, restricts a nuanced understanding of policy impact. The research provides a general sectoral overview but lacks in-depth analysis of high-potential industries like IT or eco-friendly manufacturing. Additionally, the cross-sectional approach examines policies at a single point in time, preventing an assessment of evolving policy impacts.

VI. RECOMMENDATIONS

To ensure SMEs can compete effectively in international markets, targeted policy measures and strategic interventions are necessary. The following recommendations focus on improving market intelligence, regulatory compliance, infrastructure support, and long-term policy alignment.

1) Provide subsidized access to market research databases and encourage SME collaboration with industry councils to bridge information gaps and improve export readiness.
2) Introduce standardized documentation, tailored support programs for high-compliance markets, and government-sponsored certification programs to help SMEs meet international standards.
3) Establish region-specific export hubs to enhance infrastructure, logistics, and knowledge-sharing, similar to China’s export processing zones.
4) Support training and skill development programs in rural areas to boost employment, reduce migration, and promote economic stability.
5) Conduct longitudinal studies on the long-term impact of export policies and sector-specific analyses in high-growth industries like IT and renewable energy.

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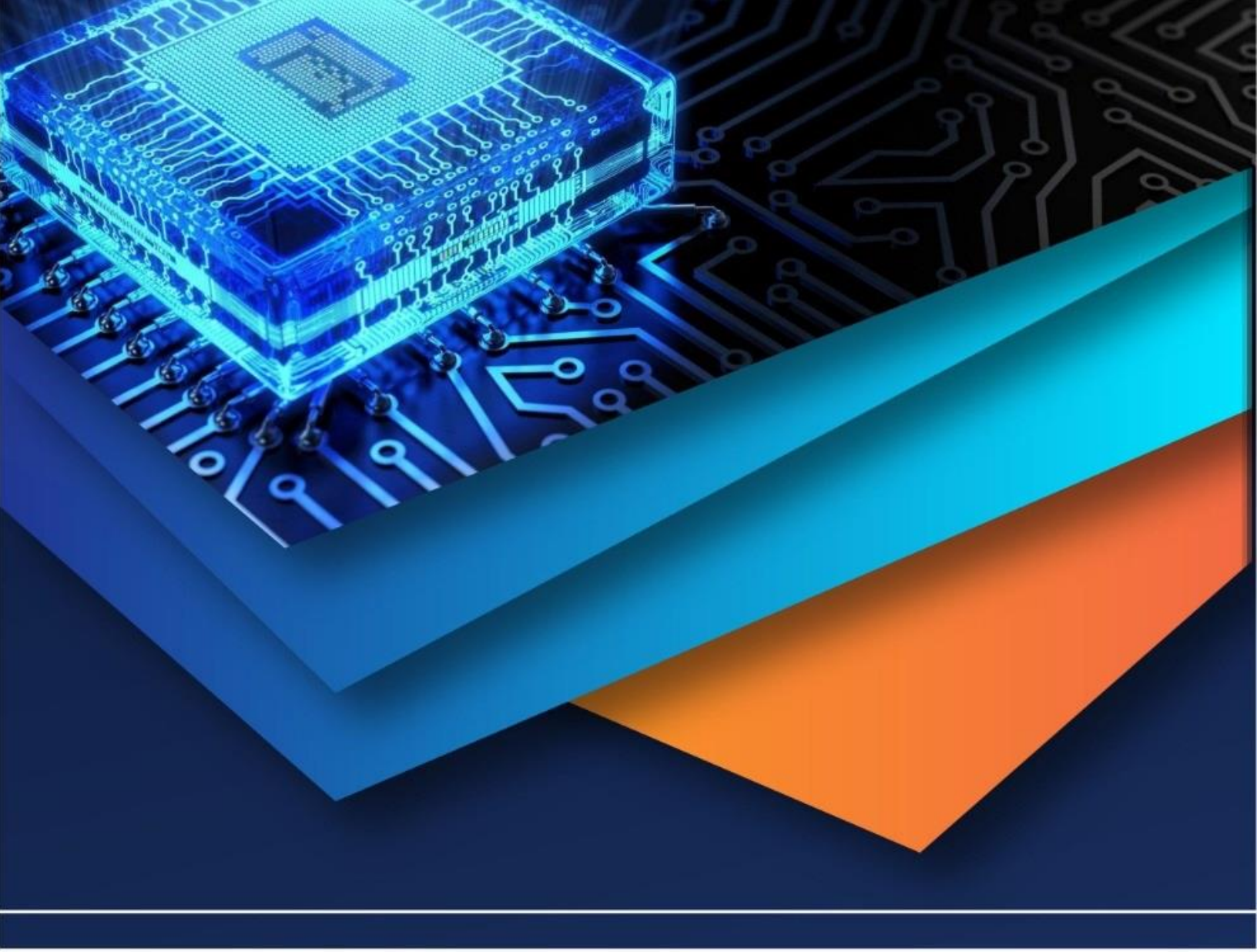
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