

“EFFECTIVENESS OF SPECIALISED EXPORT MARKETING TECHNIQUES BY SMALL-SCALE INDUSTRIES FOR PROMOTING INTERNATIONAL BUSINESS: AN INDIAN PERSPECTIVE”

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ABSTRACT

In export marketing, goods are sent abroad as per the procedures framed by the exporting country as well as by the importing country. Moreover, when a business crossed the borders of a nation, it becomes infinitely more complex. Along with this, export marketing offers ample opportunities for earning huge profits and valuable foreign exchange. Export marketing has wider economic significance as it offers various advantages to the national economy. It promotes economic, business, industrial development, to earn foreign exchange and ensures optimum utilization of available resources. Every country takes various policy initiatives for promoting exports and for meaningful participation in global marketing. Every country has to open up its markets to other countries and also try to enter the markets of other countries in the best possible manner. This is a normal rule which every country has to follow under the present global marketing environment. In the absence of such participation in global marketing, the process of economic development of the country comes in danger. This paper covers new foreign trade policy, various means to identify an export market, role of director general of foreign trade, national small industries corporation, role of international trade promotion organization, export pricing, and role of export credit guarantee corporation in facilitating exporters and banks.

KEYWORDS

Director General Foreign Trade, India Trade Promotion Organisation, Export Credit Guarantee Corporation

1. EXPORT IMPORT POLICY

The Government of India, Ministry of Commerce and Industry announced New Foreign Trade Policy on 01st April 2015 for the period 2015-2020, earlier this policy known as Export Import (Exim) Policy. After five years foreign trade policy needs amendments in general, aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable balance of payments position. The Export Import Policy (EXIM Policy) or Foreign Trade Policy is updated every year on the 31st of March and the modifications, improvements and new schemes becomes effective from April month of each year. At the same time, all-out efforts are made to promote exports. Thus, there are two aspects of Exim Policy; the import policy which is concerned with regulation and management of imports and the export policy which is concerned with exports not only promotion but also regulation. The main

objective of the Government's EXIM Policy is to promote exports to the maximum extent. Exports should be promoted in such a manner that the economy of the country is not affected by unregulated exportable items specially needed within the country. Export control is, therefore, exercised in respect of a limited number of items whose supply position demands that their exports should be regulated in the larger interests of the country. In other words, the main objective of the Exim Policy is to accelerate the economy from low level of economic activities to high level of economic activities by making it a globally oriented vibrant economy and to derive maximum benefits from expanding global market opportunities, to stimulate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production, to enhance the technological strength and efficiency of Indian agriculture, industry and services, thereby, improving their competitiveness, to generate new employment opportunities and encourage the attainment of internationally accepted standards of quality, to provide quality consumer products at reasonable prices.

2. INDIA'S TRADE IN 2016-17

For Indian exports, the year 2016-17 started with hope of stability and recovery optimism, after a grim year 2015-16. Green shoots in exports growth have been noticed for quite some months. Keeping pace with the positive momentum, exports during the month of December, 2016 registered an impressive positive growth of 5.72 per cent in dollar terms valued at US\$ 23.88 billion than the level of US\$ 22.59 billion during December, 2015. Cumulative value of exports for the period April-December 2016 was US\$ 198.80 billion as against US\$ 197.33 billion registering a positive growth of 0.75 per cent in Dollar terms over the same period last year. Petroleum exports during April to December 2016 have declined by 6.5 per cent in Rupee terms as compared to the corresponding period of 2015. However, non-petroleum exports during this period have increased by almost 6 per cent as compared to nonpetroleum exports in the corresponding period of 2015. Principal commodities like newsprint, wool, raw, fresh fruits, marine products, groundnut, paint, varnish & allied products, agro chemicals, spices, aluminium & products of aluminium, inorganic chemicals, cereal preparations, processed vegetables, auto tyres & tubes, fresh vegetables, plastic raw materials, drug formulations & biological, buffalo meat, leather footwear component etc. have shown positive growth in both value and through courier or foreign post offices. The Policy also extended benefits of both the reward schemes (MEIS and SEIS) to units located in SEZs. However, certain principal commodities like granite, natural stone & products, sesame seeds, castor oil, pulp & waste paper, other miscellaneous chemicals, petroleum products, cashew nut shell liquid, guar gum meal etc. have recorded positive growth in volume terms even though exports in value terms have been negative.

3. HOW TO IDENTIFY AN EXPORT MARKET

Export promotion councils: This should usually be the starting point. The Ministry of Commerce has made several export promotion councils for the development of exports from India. They have a wealth of information in form of market survey reports, exporters directories, importers directories. You will also be able to get a lot of information on trade practices and import rules in many countries. You must contact the export promotion councils relative to your own product group. A list of the councils will be available in the EXIM policy book. Its gives you a basic idea on which countries to start looking at. Embassies: Write to the Indian embassy in the foreign country. Letters should be addressed to the *Commercial Attaché* and your request must ask for names and addresses of prospective importers of this product in that country. The government in recent years has trained Embassy staff to be more responsive to queries of Indian exporters and you will usually get a quick response. I strongly recommend the uses of faxes/email in all communication as letter moves at snail pace and are not normally taken care of. Ask the Indian embassy also to send you write ups on How to market in that country which many Indian

embassies have now prepared. Send a copy of your product write up if available. You will need at this point of time to familiarize yourself with trade restrictions which are imposed all over the world by various importing countries. Many of the foreign Embassies of these countries located in India will be glad to give you this information. A similar exercise should be done at the foreign embassies located in New Delhi. However, sending letters to them shall not elicit any response as it is not in their interest to import. Most embassies of advanced countries have very good trade libraries to which you can get access. Search through their databases and you will get another list more likely to be suitable than the earlier one. If all this sounds very tedious it is so and that is exactly how I started exports. Of course in those days we did not have access to faxes, emails and slower longer routes had to be adopted. Some of the embassies will send you lists of addresses with product group headings. An important hint I must give it to you that try to use nomenclature as per BTN and specify correct customs classification for more accurate responses. A lot of data bases are computer based these days and therefore work only on the basis of customs classifications. For example when searching for buyers of leather bags you will get list of buyers of all types of leather goods many of whom actually do not deal in bags but other types of leather articles. Another problem you will face in the name in common trade parlance of the product used in foreign countries. Trade Directories: Another good source these days is to see through the large number of exporters directories now available in the market. In fact these directories have done much of the work already that I am asking you to do above. You have directories which list names of importers by products, countries. A selection is attached at the end for your reference. However one of the most comprehensive directories is KOMPASS which is an international company in the business of collecting and publishing data bases of manufacturers, traders alike. This is quite expensive and commercially available. Since each of these directories are country related it is better to know which country you are interested in, in order to locate a directory for that country. Government Institutions: the government of India as well as many state governments have established export house only to encourage exports. State Trading Corporation is a premier international trading company that was set up in 1956. Presently, 90% of its equity is owned by the Government of India. STC undertakes import and export of large number of bulk commodities such as rice, wheat, sugar, pulses, edible oils, fertilizers, coal, bullion, etc. It also undertakes import of mass consumption items like wheat, sugar, pulses, etc. as and when called upon by the Government to do so. STC's corporate office is at New Delhi. It has 13 branch offices spread across the country. Visiting your local state level export trading corporation can always be a good place to begin with. Small scale exporters will particularly benefit from this. The state trading corporation from India, New Delhi, and UP Export Corporation may be contacted to get help and information on export activities. Such has a system of appointing business associates. There is prescribed form for enrolment of a Business associate for which no fee is charged. As a result of liberalization of foreign trade by the Govt. of India since mid-1991, all export and import items earlier canalized through STC were decanalized. This adversely affected the turnover and profitability of the Corporation requiring reorientation of the entire business profile of the Corporation. Presently, there is no item export or import of which is canalized exclusively through STC. The present business handled by STC can broadly be classified into three categories viz. (i) import of items like edible oils, pulses and fertilizers on behalf of the Govt. of India, (ii) business carried out on behalf of business associates on back-to-back basis and (iii) direct buying and selling in items like tea, soyabean seed, chana. Imports on behalf of the Govt. are arranged by STC through floating of global tender and imported quantities are either handed over to the agency (such as FCI, Department of Fertilizers) nominated by the Govt. or sold in the domestic market through tenders. In the case of back-to-back business, the terms of trade are finalized in consultation with the business associate and STC charges a fixed trade margin in the range of 1 to 1.5%. Thus, today STC undertakes exports/imports of a diverse range of items to/from countries all over the world. Its export basket includes wheat, rice, tea, coffee, cashew, extractions, castor oil/seed, sugar, spices, jute goods, iron ore, chemicals, pharmaceuticals, light engineering goods, construction materials, consumer goods, processed

foods, textiles, garments, jewellery, leatherware, etc. The Corporation also monitors counter trade commitments against Government purchases. Major items of import by STC include gold, silver, edible oils, sugar, pulses, fertilizers, metals, minerals, ores, hydro-carbons, petro-chemicals and raw materials for the Indian industry. It also undertakes import of technical and scientific equipment on behalf of Forensic Science Laboratories, State Police and Intelligence Departments and Paramilitary Organizations.

4. DIRECTORATE GENERAL OF FOREIGN TRADE

Directorate General of Foreign Trade (DGFT) organisation is an attached office of the Ministry of Commerce and Industry and is headed by Director General of Foreign Trade. Right from its inception till 1991, when liberalization in the economic policies of the Government took place, this organization has been essentially involved in the regulation and promotion of foreign trade through regulation. Keeping in line with liberalization and globalization and the overall objective of increasing of exports, DGFT has since been assigned the role of “facilitator”. The shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports, keeping in view the interests of the country.

5. NATIONAL SMALL INDUSTRIES CORPORATION

National Small Industries Corporation (NSIC), is an ISO 9001-2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country. NSIC operates through countrywide network of offices and Technical Centres in the Country. To manage operations in African countries, NSIC operates from its office in Johannesburg, South Africa. In addition, NSIC has set up Training cum Incubation Centre managed by professional manpower.

6. INDIA TRADE PROMOTION ORGANIZATION

India Trade Promotion Organisation (ITPO) was incorporated by merger of **Trade Development Authority (TDA)**, a Registered Society under Ministry of Commerce & Industry, with **Trade Fair Authority of India (TFAI)** with effect from 1 January 1992. TFAI was earlier incorporated, under Section 25 of the Indian Companies Act, 1956, on 30 December 1976 by amalgamating 3 organisations of the Government of India viz. India International Trade Fair Organisation, Directorate of Exhibitions & Commercial Publicity and Indian Council of Trade Fairs & Exhibitions and commenced operations with effect from 1 March 1977. ITPO, during its existence of more than 3 decades has played a proactive role in catalysing trade, investment and technology transfer processes. Its promotional tools include organising of fairs and exhibitions in India and abroad, Buyer-Seller Meets, Contact Promotion Programmes, Product Promotion Programmes, Promotion through Overseas Department Stores, Market Surveys and Information Dissemination.

7. EXPORT CREDIT GUARANTEE CORPORATION

Export Credit Guarantee Corporation of India Ltd. (ECGC) is a Government of India Enterprise which provides export credit insurance facilities to exporters and banks in India. It functions under the administrative control of Ministry of Commerce & Industry, and is managed by a Board of Directors comprising representatives of the Government, Reserve Bank of India, banking , insurance and exporting community. Over the years, it has evolved various export credit risk insurance products to suit the requirements of Indian exporters and commercial banks. ECGC is

the seventh largest credit insurer of the world in terms of coverage of national exports. The present paid up capital of the Company is Rupees 1200 Crores and the authorized capital is Rupees 5000 Crores. ECGC is essentially an export promotion organization, seeking to improve the competitive capacity of Indian exporters by giving them credit insurance covers comparable to those available to their competitors from most other countries. It keeps its premium rates at the lowest level possible. Offers insurance protection to exporters against payment risks, Provides guidance in export-related activities, Makes available information on different countries with its own credit ratings, Makes it easy to obtain export finance from banks/financial institutions, Assists exporters in recovering bad debts Provides information on credit-worthiness of overseas buyers.

8. PRICING STRATEGY

Strategic pricing is one of the most important factors in achieving financial success in your export business. Part of setting a realistic export price, and therefore an appropriate profit margin, is to examine production, delivery costs, competition and market demand. You should also understand the variables of your target market and other export-related expenses such as: currency exchange rates; market research and credit checks; receivables/risk insurance; business travel; international postage, cable and telephone rates; translation; commissions, training charges, and other costs involving foreign representatives; consultants and freight forwarders; and product or service modification and special packaging. **Free on Board (FOB)** without charge to the buyer for goods placed on board a carrier at the point of shipment. **Cost Insurance & Freight (CIF)** used by a seller to indicate that the price quoted includes the cost of the merchandise, packing, and freight to a specified destination plus insurance charges.

9. CONCLUSION

Identification of an export market is an important element in any export business, it can be achieved through various export promotion councils, commercial section of related embassies, trade directories and government institutions like state trading corporation. Strategic pricing is one of the most important factors in achieving financial success in your export business. The Government's Export Import Policy promote exports to the maximum extent. Export Credit Guarantee Corporation deals with commercial and political risks and provides export credit insurance facilities to exporters and banks in India. The role of Director General of Foreign Trade is promotion and facilitation of exports/imports, keeping in view the interests of the country. National Small Industries Corporation has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country.

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