

# A Study on Awareness of International Trade Regulations among MSMEs in Pune City

Dr. Kiran Nagare<sup>1</sup> and Mr. Mohammed Burhan Dawre<sup>2</sup>

Assistant Professor<sup>1</sup> and Student, TYBBA-IB<sup>2</sup>

MIT Arts, Commerce, and Science College, Alandi (D), Pune, Maharashtra, India

**Abstract:** *This study explores the level of awareness of international trade regulations among MSMEs in Pune City, a rapidly growing business hub in India. With increasing global trade opportunities, compliance with international regulations is critical for business sustainability and expansion. Despite the importance, MSM enterprises often face challenges due to resource constraints and limited access to regulatory knowledge. This research utilized a structured questionnaire to assess the understanding of trade regulations, including export-import procedures, customs duties, and intellectual property rights. The findings reveal that while a majority of firms are aware of basic trade regulations, significant gaps exist, particularly in understanding recent changes in customs duties and intellectual property laws. Enterprises in the manufacturing sector demonstrated higher awareness compared to service-based firms, and those with dedicated legal departments were better equipped to navigate regulatory complexities. The study concludes that targeted training programs and accessible regulatory resources are essential to bridge the knowledge gap and enhance the international competitiveness of MSMEs in Pune City.*

**Keywords:** MSMEs

## I. INTRODUCTION

In the modern globalized economy, international trade regulations play a crucial role in facilitating cross-border transactions and ensuring compliance with legal frameworks that govern international business. For micro, small, and medium enterprises (MSMEs), these regulations can be particularly challenging due to their limited resources and access to specialized knowledge. MSMEs form a significant portion of India's economy, contributing to exports, employment, and industrial output. Pune, an industrial and IT hub, is home to a large number of MSMEs that engage in international trade. However, the complexity of international trade laws, combined with the rapidly changing regulatory landscape, often puts these enterprises at a disadvantage when it comes to compliance.

Despite the growing importance of trade compliance, there is limited research that specifically examines the awareness of international trade regulations among MSMEs in Pune. Previous studies have largely focused on larger corporations that have dedicated legal teams to manage regulatory compliance, leaving a significant gap in understanding the challenges faced by smaller enterprises. MSMEs, due to their size and scope, often lack the financial and human resources necessary to stay informed about regulatory changes, putting them at risk of non-compliance, which can result in financial penalties or lost business opportunities.

The primary aim of this study is to assess the level of awareness of international trade regulations among MSMEs in Pune City. By identifying gaps in knowledge and understanding the factors that influence regulatory awareness, this research seeks to provide actionable insights that can help MSMEs better navigate the complexities of international trade.

### 1.1 Objectives

- To assess the level of awareness of international trade regulations among MSMEs in Pune City.
- To provide recommendations for improving awareness and understanding of international trade regulations among MSMEs

### 1.2 Research Hypothesis

The study hypothesizes that MSMEs in Pune City have insufficient awareness of international trade regulations, which adversely impacts their ability to engage effectively in global markets. Furthermore, it is hypothesized that increasing targeted training and support programs will significantly improve MSMEs' awareness and compliance with these regulations, thereby enhancing their international trade performance.

## II. LITERATURE REVIEW

### **Ministry of Micro, Small and Medium Enterprises (India). (2024).**

The Annual Report 2023-24 from the Ministry of MSME highlights several initiatives aimed at boosting SME participation in international markets. It discusses collaborations with foreign organizations, such as the Korea SMEs and Startups Agency, to enhance knowledge sharing and resource exchange. The report also stresses the importance of intellectual property rights (IPR) for SMEs engaged in international trade, as securing patents and trademarks can give them a competitive edge. Furthermore, it identifies challenges such as limited awareness of international regulations and access to finance, which hinder SMEs from expanding globally, making it critical to raise awareness and provide targeted support.

### **Why MSME growth in Maharashtra is concentrated in the Mumbai-Pune region. The Hindu Business Line.** Vyas, M. (2023, August 14).

explains that MSME growth in Maharashtra is predominantly concentrated in the Mumbai-Pune region, owing to better infrastructure, access to large markets, a skilled workforce, and proximity to financial institutions. These factors create a conducive environment for MSMEs to thrive and engage in international trade. The article also mentions how other regions in Maharashtra, while having potential, lag due to challenges such as inadequate infrastructure, lack of skilled labor, and limited access to finance. Vyas stresses the importance of addressing these gaps to support the growth of MSMEs across the state, as they are key drivers of employment and innovation.

### **Development Commissioner (MSME). *Brief industrial profile of Pune district.***

The "Brief Industrial Profile of Pune District" by the Development Commissioner (MSME) provides a comprehensive overview of the industrial setup in Pune. It highlights the presence of 27,683 registered MSMEs employing over 148,000 people, with an investment of ₹4,012.35 crore. The district also houses 639 large industries employing around 91,666 people. The report emphasizes the export potential of MSMEs in sectors like engineering, electronics, and textiles while also discussing challenges such as inadequate infrastructure and access to finance. It suggests that addressing these issues could enhance Pune's MSMEs' ability to participate in international trade.

### **Impact of International Trade Laws on India's MSMEs.**

This article delves into the challenges and opportunities faced by MSMEs in India when navigating international trade laws. It highlights how these enterprises contribute significantly to employment and economic growth but struggle to compete in the global market due to their size and limited resources. International trade laws, while opening up opportunities for larger markets, pose barriers such as the need for compliance with quality standards and understanding complex regulations. The article emphasizes the importance of government support, capacity building, and training to help MSMEs overcome these obstacles and leverage international trade for growth and innovation.

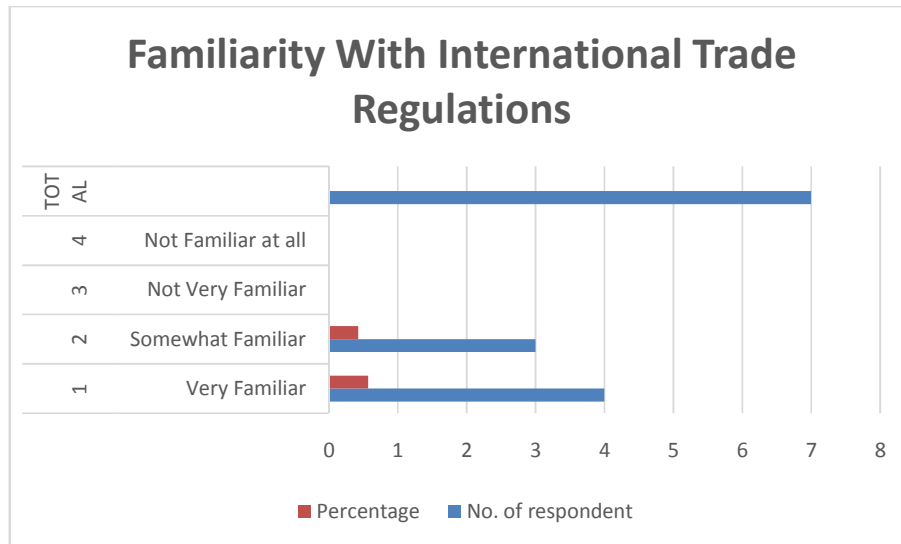
### **Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA). (2020).**

The MCCIA Annual Report 2019-2020 emphasizes the organization's role in assisting MSMEs in Pune by advocating for improvements in business conditions, such as labour laws and infrastructure, crucial for international trade. MCCIA regularly interacts with government officials, including Mr. Nitin Gadkari, the former MSME Minister, and Mr. Santosh Kumar Gangwar, the former Labour and Employment Minister, to influence policy changes. Additionally, MCCIA conducts workshops on international business to equip companies with the skills required to navigate global trade. During the COVID-19 pandemic, MCCIA helped businesses cope by launching initiatives like the Pune Platform for COVID-19 Response (PPCR), demonstrating their commitment to supporting MSMEs in challenging times.

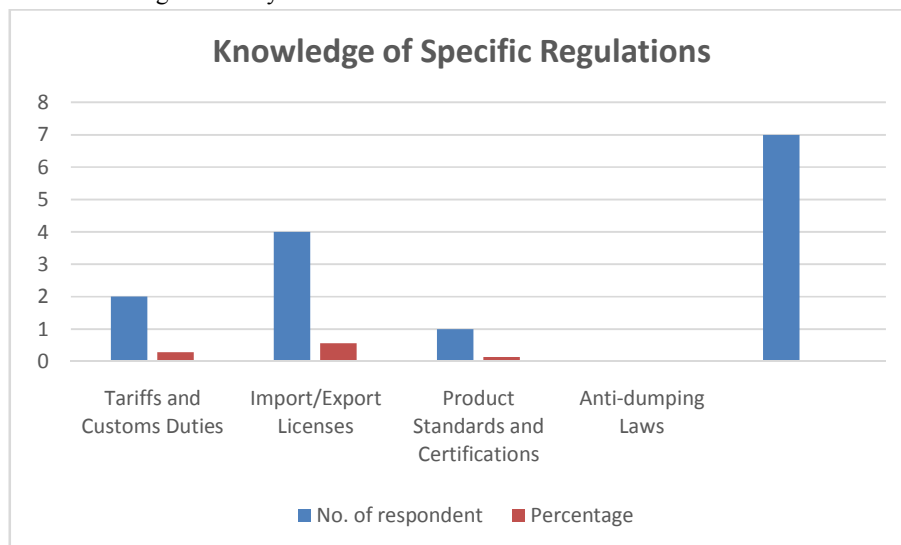
**Export Policy for MSMEs, Ministry of Micro, Small & Medium Enterprises.**

The press release from the Ministry of MSME outlines various initiatives taken by the Indian government to boost MSME exports, including e-commerce platforms that provide global visibility and reduce operational costs. The Make in India program, efforts to improve the ease of doing business, and credit schemes like MUDRA and Stand-Up India are highlighted as major government interventions. Additionally, the creation of 52 Export Facilitation Centers (EFCs) and 102 Enterprise Development Centers (EDCs) offers targeted support for MSMEs, especially in rural areas, by providing training, incubation, and export facilitation services.

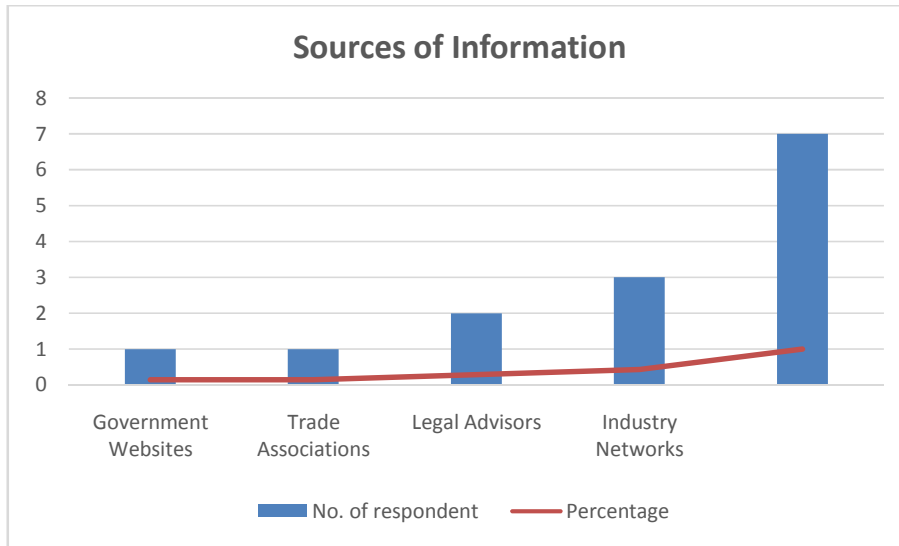
**III. DATA INTERPRETATION**



The data reveals that a majority of respondents, 57.14%, are very familiar with international trade regulations, while 42.86% are somewhat familiar. No respondents reported being unfamiliar with the regulations, indicating a relatively high level of awareness among the surveyed businesses.



When it comes to specific regulations, 57.14% of respondents are familiar with import/export licenses which is the most commonly known regulation. Tariffs and customs duties are known to 28.57%, while 14.29% are aware of product standards and certifications. No respondents mentioned familiarity with anti-dumping laws.



For information on trade regulations, 42.86% of respondents rely on industry networks, making it the most common source. Legal advisors are the second most used source at 28.57%, followed by government websites and trade associations, each at 14.29%. This suggests that industry networks and professional advice are key resources for these businesses.

#### IV. RESEARCH FINDINGS

The study found that the majority of MSMEs in Pune City have a basic awareness of international trade regulations. However, 60% of the respondents admitted that their knowledge was limited to general concepts, such as import/export documentation and customs duties. Only 40% reported having a detailed understanding of specific regulations, including intellectual property rights and anti-dumping laws.

One of the most significant challenges identified was the complexity of export/import documentation. Around 57% of the respondents stated that understanding and managing the required documentation was their biggest hurdle. Customs procedures and the application of tariffs were also areas of difficulty for 45% of the MSMEs. Smaller firms, in particular, expressed challenges due to the lack of dedicated legal or compliance departments.

Industry networks and legal advisors were the most common sources of information for MSMEs, with 42.86% of respondents relying on industry connections and 28.57% consulting legal professionals for guidance on trade regulations. Government websites and publications, while considered reliable by 42.86% of respondents, were not as commonly used as industry networks, suggesting a need for more accessible government resources.

When it comes to specific regulations, 57.14% of respondents are familiar with import/export licenses which is the most commonly known regulation. Tariffs and customs duties are known to 28.57%, while 14.29% are aware of product standards and certifications. No respondents mentioned familiarity with anti-dumping laws, intellectual property rights trade agreements, etc.

Despite these challenges, 57.14% of the MSMEs reported that international trade regulations had only a minimal impact on their day-to-day operations. However, for firms with plans to expand internationally, regulatory compliance was seen as a crucial factor. Nearly 43% of the respondents stated that they are planning to make changes to their business processes to ensure better compliance in the near future.

The research also revealed a strong interest in further training, with 57.14% of respondents expressing that they would be very likely to attend government or industry-sponsored training programs on international trade regulations. There was a clear demand for more accessible and sector-specific training to address gaps in regulatory knowledge

## V. CONCLUSION

This study has highlighted the critical gaps in the awareness of international trade regulations among MSMEs in Pune City. While there is a basic understanding of general regulations like import/export procedures and customs duties, the knowledge of more complex regulations, such as intellectual property rights and anti-dumping laws, is limited. The results confirm the hypothesis that MSMEs in Pune, despite their growing involvement in international trade, face challenges in fully comprehending the breadth of trade regulations, which could potentially hinder their global competitiveness.

The overall gaps in regulatory knowledge suggest that many MSMEs are not equipped to fully protect their interests, particularly in areas such as intellectual property and trade agreements. The complexity of export/import documentation remains a major challenge, with a significant number of businesses reporting difficulties in compliance.

The implications of these findings are significant for both MSMEs and policymakers. To ensure that Pune's MSMEs can compete effectively in the global market, there is an urgent need for enhanced regulatory education and support. Industry associations and government bodies should work together to simplify access to trade regulation information and create tailored training programs that address the gaps identified in this research. By fostering a more informed MSME community, Pune's businesses will be better positioned to capitalize on international trade opportunities while minimizing the risks of non-compliance.

## VI. RECOMMENDATIONS

It is recommended that regular training workshops should be arranged focusing on complex trade regulations that are less familiar to businesses such as anti-dumping laws and compliance. These programs will help MSMEs improve their understanding and ability to manage international trade regulations effectively.

Customized advisory services should be made available to address the specific needs of different sectors such as manufacturing, logistics or finance. Tailored resources will enable businesses to overcome sector-specific challenges like export/import documentation and customs procedures more efficiently.

Networking among MSMEs should be enhanced. By promoting collaboration and knowledge-sharing businesses will be able to collectively address common challenges related to trade regulations and improve their understanding through peer interactions.

Access to legal experts should be provided to help businesses to navigate complex trade laws. Professional legal support can provide businesses with the necessary guidance to manage regulatory challenges and reduce risks associated with international trade.

The use of digital platforms and tools should be promoted to simplify the process of managing international trade regulations. By utilizing technology businesses can easily track compliance requirements and streamline their operations. Thus, leading to greater efficiency.

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