

Urgent need to recognize retail e-commerce exports as an industry *USD 26 billion is the estimated potential of B2C ecommerce exports from India:* *FICCI – IIFT Study*

NEW DELHI, 30 May 2017: Mr. S N Tripathi, Additional Secretary & Development Commissioner, Ministry of Micro, Small and Medium Enterprises, Government of India, today unveiled a study '**Exploring Potential of E-Commerce for Retail Exports of Indian MSMEs in Manufacturing Sector**' prepared by FICCI, Indian Institute of Foreign Trade-Centre for MSME Studies and Apex Cluster Development Services.

The study was launched at a discussion organized by FICCI jointly with Indian Institute of Foreign Trade-Centre for MSME Studies and Apex Cluster Development Services.

Recognizing the immense potential of retail ecommerce exports from India, the report allows Indian MSMEs to explore prospects in B2C ecommerce retail export. As per the study, the total potential for B2C ecommerce exports is estimated at approximately. USD 26 billion, of which USD 3 billion can be achieved in the next three years from 16 product categories.

The study, supported by eBay India, involves an in-depth survey on the major MSME clusters across the country. The survey brings forth limitations pertaining to ICT infrastructure; e-payment and logistics across MSME sectors. It also highlights reasons like bandwidth and network restrictions, lack of availability of skilled workforce, privacy and security concerns and inaccessibility to finance amongst other reasons that are collectively dissuading Indian MSMEs from adopting modern retail practices. The study highlights the need for the Government to recognise ecommerce retail exports as an industry and work towards removing regulatory barriers, including reviewing the FTP policy, simplifying customs duty procedures etc.

The study provides MSMEs with the requisite information to undertake ecommerce retail exports while exploring the untapped potential of the international B2C e-commerce market by leveraging the digital platform to bridge the gap between buyers and sellers. It also aims to intensify the global reach of Indian MSMEs and enhance the export competitiveness of 'Made in India' products.

However, this huge potential of e-commerce towards will only be feasible through modifications in the current Merchandise Exports from India Scheme (MEIS) policy under [ftp://FTP 2015-20]FTP 2015-20.

In his Special Address, Mr. Tripathi said that there was a need to reduce the distance between the producer and consumer and e-commerce could help in bridging this gap. Besides, it would also reduce the cost of products. He added that today Indian manufacturers were producing locally for global markets and the study revealed that manufacturers were taking advantage of technology to reach global markets.

Alluding to various initiatives of the government of India such as 'Zero Defect Zero Effect', Mr. Tripathi said that the MSMEs should take advantage of schemes to improve the quality of their products and scale up their business. He added that the government was working towards improving ease of doing business and addressing various challenges faced by MSMEs.

In his Special Address, **Mr. J. V Patil, Additional DGFT, Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India**, said that there was a need to facilitate movement of products through e-commerce. Referring to MEIS, he said that it provides benefits on various products and exporters should leverage it. Citing the success story of an online store, eShakti, which caters to people across the globe including the US and Canada, Mr. Patel said that e-commerce provides immense business potential.

Mr. Sanjay Bhatia, President, FICCI-CMSME, stated, "There is no way we can undermine the contribution of MSMEs to our economy and it is in fact very important that we continue to explore synergies to integrate this very important sector with the latest emerging trends. E-commerce is one such trend which is massively changing the mechanism of global businesses. Online retail segment has seen tremendous growth globally over the past couple of decades. Even though this trend has caught up recently in India but the exponential growth has certainly been striking."

He said that the e-Commerce spend in India still accounts for less than 2 per cent of the total retail spending (compared to 10-13 per cent in developed countries), nonetheless the segment has become a key driver to create new markets in erstwhile unreachable geographies. The online international trade is flourishing and given the increasing accessibility to internet and the focus of the Government on Digital drive, our MSMEs can benefit directly from this opportunity. It is important that the Government recognised retail e-commerce exports as an industry.

Mr. Bhatia said that the study highlights the need for MSMEs to increase their presence in international market places using B2C exports as major tool. The study covers in detail the status, missing opportunity by MSMEs and also suggests the policy changes required to make B2C ecommerce a smooth and attractive option for the exports by MSMEs. The suggestions are related to changes to be made in the existing system and need for new policy measures to adopt in areas of customs, DGFT, banks and ICT.

Commenting on the report, **Mr. Navin Mistry, Director Retail Exports, eBay India**, said, "Since 2012, eBay India has always been proactively driving the agenda for Cross Border Trade in India. We are happy to have contributed to the study given our understanding of working with over 25,000 small and medium entrepreneurs who actively leverage our platform to sell across 200+ countries. We are positive that together with FICCI and IIFT we will be able to initiate dialogues at policy level to ease norms for e-commerce retail exports and encourage larger MSME base to tap the potential of ecommerce."

The study emphasizes on creating synergies with numerous export promotion programs and schemes by the government and their agencies, which will help in on-boarding large number of sellers and more exports per seller. The study also highlights policy recommendations towards integrating 'Make in India' and 'Digital India', which will enable access to new geographies and market diversification for the Indian MSMEs.

Dr. Tamanna Chaturvedi, Consultant, MSME Centre at IIFT, explained that Centre works extensively towards promoting exports from MSME sectors and has found immense CBT potential of certain sectors including textiles and apparel, sports good, handicrafts, handlooms, gems and jewellery etc. having potential to uplift the CBT (B2C) revenue from existing USD 500 million to USD two billion by the year 2020.

Mr. Rajveer Singh, MD, Apex Cluster Development Services Private Limited, said that there were infrastructural issues such as stronger ICT support in terms of speed and reliability of the network, power failure in rural areas and perception issues on technical complexities needs to be addressed in parallel to exploit full potential.

Weblink: FICCI-IIFT Report 'Exploring Potential of e-Commerce for Retail Exports of Indian MSMEs in Manufacturing Sector' - <http://ficci.in/publication-page.asp?spid=20911>

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