

The logistics of raising e-commerce exports

Extending logistics and customs support to small-scale and first-generation exporters is vital

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One focal area, identified in the recently unveiled Foreign Trade Policy, is that of e-commerce exports. Given the growing importance of e-commerce trade, the Directorate General of Foreign Trade enhanced the value limit to ₹10 lakh per consignment.

The Union Government has envisaged up to 15 per cent of e-commerce exports in achieving an overall target of \$2 trillion. While policy support is a right step forward, it is important to set the business priorities to excel in e-commerce exports:

Focus on key categories: Appraising the existing trends of the global market, Indian business firms have to step up efforts in clothing, shoes, smartphones, laptops, tablets, furniture, decor, kitchen appliances and accessories, vitamins and other health supplements, car parts and accessories.

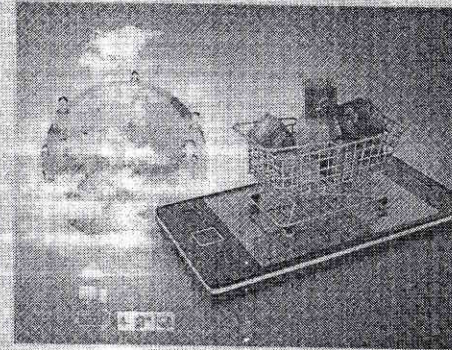
For the food sector, India has a window of opportunities in ready-to-eat food, herbal beverages, including speciality and gourmet products as these are high in demand by both — the large Indian diaspora and international consumers. Baby and child products,

including toys, clothing and accessories, are also popular categories in cross-border e-commerce.

Fostering e-commerce platforms: Considering China's tremendous success with \$300 billion of e-commerce exports in 2022, Indian business firms can also eye big. Along with strengthening our production capabilities, we need to build China-like e-commerce giants like Tmall (Alibaba), Kaola, JD Worldwide, VipShop. Along with building product specific production capabilities, we must also build cross-border e-commerce retail platforms in each specific segment, for instance B2B, C2C and D2C (direct to customer) e-marketplaces.

Our policymakers should also evolve support policies on central warehouses for the return of imported cross-border e-commerce retail goods and the B2B export supervision model for compliance and facilitation. This will require coordination among commerce, finance and logistics departments.

Logistics is a differentiator: For India's e-commerce export dream to be realised, the desired logistics support should be extended to small-scale and first-generation exporters. In small-volume, individually-delivered



SHIPPING COSTS. Must be curtailed

products, speed of delivery is critical to maintain competitive advantage. Efficient logistics support can help e-commerce businesses to offer faster delivery times, which can lead to increased customer satisfaction and loyalty. Shipping costs can be a significant expense for e-commerce businesses. Hence, effective logistics — cost-effective shipping methods and carriers — is vital.

The large number of small packets of courier cargo can make customs clearance process not only cumbersome but also time-consuming. The 'Turant system' for customs clearances (automated bill clearances) must be

leveraged. Efficient support by customs and associated Partner Government Agencies (PGAs) can help e-commerce firms navigate the customs clearance process, ensuring that products are cleared quickly and with minimal delays. The RBI can also offer a liberalised system for FEMA compliance to smoothen the process.

Additionally, there is a need to build smart warehouses for millions of packets of courier cargo, sorted on a real-time basis. E-commerce customers expect transparency and visibility throughout the shipping process and, accordingly, there's a need to work with associated private logistics stakeholders to integrate bar-coding, radio frequency identification and global positioning system even for small and specific packets of cross-border e-commerce trade.

India's e-commerce export policy, if properly synced with 'One-District, One-Product' scheme, will be a game changer not only in strengthening policy governance but also in giving wings to the dreams of millions of India to sell internationally.

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