'Swift reforms, more sops can boost e-comm exports to $350 b by 2030'

Our Bureau
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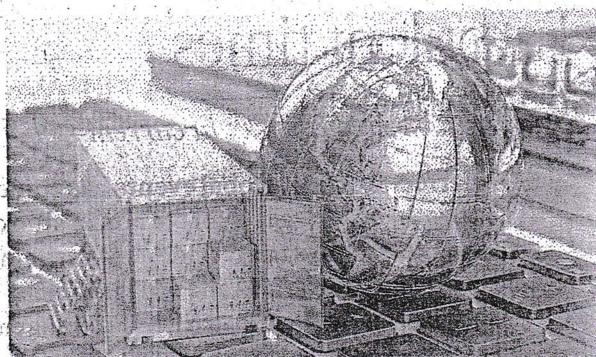

HUGE GAP. India's e-commerce exports are estimated at an annual $5 billion while that of China were at $331 billion in 2023, the GTRI study noted

India's e-commerce exports may fall way short of the potential $350 billion by 2030 and touch just about $25 billion if the government does not introduce swift reforms in rules, offer more incentives to the sector and formulate a policy to also support the overseas warehouse model, per a report by research body Global Trade and Research Initiative (GTRI).

"About 60 per cent of China's e-commerce exports use foreign warehouses for faster delivery. They have special rules and support systems that help their e-commerce sector grow.

"If we don't adopt similar measures, our e-commerce exports might only reach $25 billion by 2030, despite having the potential to reach $350 billion," the report authored by GTRI founder Ajay Srivastava pointed out.

At present, India's e-commerce exports are estimated at an annual $5 billion while China's e-commerce exports were at $331 billion in 2023, the study noted. There is huge potential for growth for India as global cross-border e-commerce exports are projected to grow from $1 trillion in 2023 to $8 trillion by 2030.

To move with the fast-paced growth in e-commerce globally, the government needs to support not just the direct export model but also the overhouse warehouse model. "Indian regulations primarily cater to the direct export model. Separate regulations need to be introduced for meeting the needs of warehouse model," it said.

EXPORT MODEL

In the direct export model, exporters get orders from overseas buyers and then ship products. There is a longer delivery time as the package has to travel from India to the destination country. There are also potential customs delays.

In the overseas warehouse model, exporters store top-selling products in warehouses located in key markets overseas. On receipt of orders, products are delivered to buyers from these warehouses within 1-2 days, matching local delivery speeds.

Benefits include over 50 per cent savings in freight, no Customs delays, and faster delivery, the report noted.

"While the direct export model provides an easy entry point for new exporters, the overseas warehouse model enhances sales by offering a competitive buying experience similar to domestic sellers," it added.

MORE REFORMS

The report highlighted a number of Customs-related reforms to boost e-commerce exports.

These including creating a dedicated green channel for e-commerce shipments, developing an online identifier to distinguish e-commerce export shipments from offline B2B shipments, gathering and analysing data on e-commerce exports to enhance downstream processes such as returns management and payment reconciliation, establishing a single window clearance system, introducing express-like processes in air and ocean cargo channels and enabling complete digital submission of documents.

The report also makes a case for waiver of bank charges and exemption of shipment value up to $1000 per shipment from monitoring till single window is implemented.