

NITI bats for e-comm push to boost MSME exports

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NITI Aayog has called for easing of access to export finance and a concerted push to boost e-commerce exports to realise the potential of the country's micro, small, and medium enterprises (MSMEs).

In a report released on Wednesday, the Aayog said small firms have encountered difficulties in tapping into export markets due to the inherent obstacles posed by economies of scale. "It proves more challenging for small enterprises to enter foreign markets, adhere to compliance requirements, achieve cost-effective production, and efficiently manage logistics for clients," it added.

"By modifying our business environment to facilitate seamless exports through e-commerce platforms, coupled with addressing essential ease-of-doing-business factors, we have the potential to catalyse a radical transformation



China's e-commerce MSME exports are 100 times India's, said the NITI Aayog report

of our MSME sector into a formidable growth engine," the report said. As part of six key recommendations, NITI Aayog called for "green channel" clearances of MSME e-commerce exporters. It said that India has not been able to tap into e-commerce to work

around market access barriers, unlike China. In 2022, China's e-commerce exports by MSMEs were worth \$200 billion, which is 100 times that of exports by Indian MSMEs.

"One key reason for this gap is the cumbersome compliance process associated with exports, especially when it comes to payment reconciliation, which is particularly challenging for a new or small exporter," the report said.

The report jointly prepared by NITI Aayog and the non-profit Foundation for Economic Development, said that access to finance is regularly seen as a key bottleneck for MSMEs. Towards this end, promotion of Export Credit Guarantee can help improve working capital availability for MSMEs, according to the Aayog.

The report also said that a single information portal must be put in place to address the asymmetry of information.