

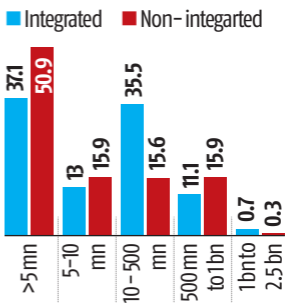
MSMEs not linked with e-commerce platforms at risk

The micro, small, and medium enterprises (MSMEs) that are unable to integrate with e-commerce platforms may find it increasingly difficult to access the market, says a latest study by the Indian Council for Research on International Economic Relations (Icrier) titled 'Annual Survey of MSMEs in India: Leveraging E-commerce for the Growth of MSMEs'.

In contrast, units that have integrated with the e-commerce platforms have witnessed significant gains in the form of increased sales, profitability, and investments. Of the integrated MSMEs, the report notes that 63 per cent units are export-oriented, as compared to 48 per cent among non-integrated firms. Similarly, 35.5 per cent integrated MSME firms reported a turnover between ₹10 million and ₹500 million in financial year 2021-22, whereas among the non-integrated firms, the share of firms having a turnover between ₹10 million and ₹500 million stood at 15.6 per cent in the same period.

"MSMEs have witnessed significant gains by integrating with e-commerce platforms. Improved market access is the most widely reported benefit of integration. Therefore, it is unsurprising that a majority of integrated enterprises report their willingness to increase the share of e-commerce sales

MSME SHARE (In terms of turnover, in %)



Source: Icrier report

in their total sales in the future," the study noted.

The share of permanent staffers is higher in integrated units as 40.8 per cent of them reported having over 50 per cent of their workforce composed of permanent employees, as compared to only 32.9 per cent non-integrated firms having the same level of permanent workforce.

Approximately 40 per cent of integrated MSMEs reported profit margins of 15 per cent or below, while among non-integrated firms, the corresponding share was 58 per cent.

"Firms also reported that they had launched new products, made improvements in existing product design, and adopted new business practices and organisational methods since they integrated with e-commerce platforms.

SHIVA RAJORA