

Policy for e-comm exports

This is essential for small, medium enterprises

AS Mittal

India's e-commerce exports are only \$2 billion, which is less than half per cent of \$447.46 billion exports in 2022-23.

Global e-commerce exports are estimated to touch \$2 trillion by 2025. To explore the potential of e-commerce in the range of \$200 billion to \$250 billion by 2030, India needs to solve the SME exporter's problems by formulating an e-Commerce Export policy.

However, the new Foreign Trade Policy (FTP) 2023 took several initiatives to increase the value limit of exports through couriers by increasing e-commerce exports from ₹5 lakh to ₹10 lakh per shipment. Yet, the current export regulations place a heavy burden on exporters and tend to hamper the SMEs' exports.

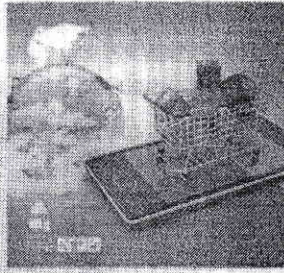
Ninety per cent of e-commerce exporters are small and medium-sized businesses. To this end, FISME (Indian Small and Medium Enterprises Federation) has conducted detailed studies on the e-commerce export policies of some major countries. The e-commerce export policies of China, South Korea, Japan, Vietnam, and other countries have helped many small and medium-sized businesses to sell worldwide.

The e-commerce policy has to align with the amendments proposed in the Consumer Protection (e-commerce) Law of 2020 by the Department of Consumer Affairs. In addition to the Direct Foreign Trade Law and the Consumer Protection Law, e-commerce is also regulated by the Information Technology Act and the Competition Act.

The e-commerce export policy should be jointly formulated by the customs and the directorate general of foreign trade (DGFT) and the RBI after necessary changes in their regulations, including redefining the responsibilities of sellers and simplifying payment facilitation, accounts and procedures.

A National Trade Ecosystem should bring together the RBI, Customs, DGFT, GSTN, India Post, couriers, e-commerce companies and the user to form a centralised technology platform as a single green channel for e-commerce exports, simple documentation and customs clearance for shipments to ensure delivery on time.

Anyone entering the e-commerce business should be familiar with e-payment, e-signature, e-shipping and other



E-COMM EXPORTS. Huge potential ISTOCKPHOTO

digital solutions.

SMEs rely on online platforms for value-added services such as international expansion and on-time payment guarantees. However, it is said this is against FEMA (Exchange Administration Act) regulations as the platform is responsible for collecting payments while ownership of the product remains with the seller. Refunds are a major issue for third-party e-commerce exporters, and RBI guidelines for business-to-business (B2B) exporters need to be revised accordingly.

The 25 per cent discount cap on is limited to e-commerce sales, discounts and returns. These exporters can be facilitated with separate customs clearance regimes for their goods, waiver of import duties on rejected goods, and treatment of returned goods as non-commercial goods, reducing costs and expediting the delivery of goods worldwide. It is the norm and permits these exporters to refund.

THE WAY FORWARD

Educating SMEs about the global value chain and applying best practices will help them grow their business by strengthening their e-commerce platform.

It also needs to protect small businesses from cyber scams. States can work with Districts Industries Centres (DICs) to establish Export Facilitation Cells (EFCs) to identify products and markets and meet export compliances. Cross-border e-trade can play a major role in helping India to achieve the \$1 trillion export milestone. The e-commerce domestic market size of \$22 billion in 2019, grew to \$49 billion in 2022 and is expected to grow to \$60 billion in 2023. No stone should be left unturned as Indian SMEs are poised to become the global market leaders.

The writer is Vice-Chairman of Sonalika group, Vice-Chairman, Punjab Economic Policy and Planning Board. Views expressed are personal