GTRI Report

March 2023

Making E-Commerce Exports a Bigger Success Story than IT:

A Blueprint for Realising India’s E-Commerce Exports Potential

Global Trade Research Initiative

Contents

Preface 3
Executive Summary 4
The Report 9
A-Introduction 10
B-Four Reasons why India stands to benefit 10
C-E-Commerce export policy 11
D-Action Points for E-Commerce Policy 13
1-Redefine the responsibilities of sellers 13
2-Simplify payment reconciliation 15
Allow more time for receipt of export proceeds 15
Allow lower receipt of export proceeds 15
Introduce annual financial reconciliation process 15
Allow e-commerce exporters to receive forex like regular exporters 15
Simplify foreign inventory management documentation. 15
Make bank processes online 15
3-Simplify Export Policy and Process 16
Raise the value cap for E-Commerce exports. 16
Create separate customs codes for E-Commerce shipments 17
Exempt import duties on rejects 17
Reduce the Courier Shipping Bill processing time. 17
Simplify the format of the Courier Shipping Bill 17
Allow E-Commerce exporters to claim GST refunds and export incentives 17
4- Develop Business Eco-system 18
Enabling more firms to use E-Commerce export. 18
Recognize E-Com export houses. 18
Launch India Quality Product(IQP) label 18
Promote customized product categories with billion-dollar-plus potential 18
Support all Modes of E-Commerce exports 19
Pay the product listing fee on global marketplaces 19
Set up fulfilment centres in each district 19
5-Set up E-Commerce National Trade Network 20
E-Essential Data 21
Disclaimer 22
About Global Trade Research Initiative 22

Preface

Making E-Commerce Exports a bigger success story than IT: Blueprint for realising India's E-Commerce Exports Potential

- India's E-commerce exports have the potential to grow at a faster pace than its IT exports did in the early 2000s. With Global Business to Consumer (B2C) E-Commerce exports estimated to grow from $800 billion to $8 trillion by 2030, India's strengths in high-demand customized products, expanding seller base, and higher profit margins per unit of export place it in a prime position to benefit from this trend.
- But current E-Commerce export provisions in India are a patchwork over the rules framed for regular B2B exporters and hence, growth would require addressing pain points and taking action to support the sector.
- The GTRI has identified 21 action points for accelerating E-Commerce exports.

The report can be downloaded from www.gtri-in.com

We would be happy to receive your feedback at ajay@centrefortrade.com

Ajay Srivastava

Global Trade Research Initiative

Executive Summary

A-Introduction

India's E-commerce exports have the potential to grow at a faster pace than its IT exports did in the early 2000s. With Global Business to Consumer (B2C) E-Commerce exports estimated to grow from $800 billion to $8 trillion by 2030, India's strengths in high-demand customized products, expanding seller base, and higher profit margins per unit of export place it in a prime position to benefit from this trend.

Despite its potential, India's current E-Commerce export numbers remain far below their potential. Currently, E-Commerce exports account for only $2 billion, less than 0.5% of India's total goods export basket. The country must plan to export $350 billion, or about one-third of its total goods, through E-Commerce by 2030. This will require focus on developing the ecosystem for E-Commerce exports to fully realize its potential.

India's current E-Commerce export provisions are a patchwork of rules framed for regular B2B exporters. This creates an enormous compliance burden on small firms, and India needs to address all such issues in one place. To address such needs, the report recommends that the Indian government issue a separate e-commerce export policy. E-Commerce policies in China, Korea, Japan, Vietnam, etc., have helped many firms sell globally.

As the needs of the E-Commerce export sector are vastly different from the regular export sector, the E-Commerce Export Policy should be an independent document addressing all pain points faced by exporters.

This policy should be jointly issued by the RBI, Customs, and DGFT after making necessary changes to their regulations. The policy should include provisions for business development, easing regulatory burden, and setting up a national trade network.

B-Action Points for E-Commerce Export Policy

The Global Trade Review India (GTRI) report has identified 21 recommendations to increase e-commerce exports from India. These recommendations cover five broad categories:

1-Redefine the responsibilities of sellers

2-Simplify payment reconciliation

3-Simplify Export Policy and Process

4- Develop Business Eco-system

5-Set up E-Commerce National Trade Network

C-Details of Action Points

1-Redefine the responsibilities of sellers

Small and medium-sized firms rely on E-Commerce platforms for global exposure and value-added services, such as timely payment assurance. However, this conflicts with FEMA regulations as the platform is responsible for receiving payment, while the ownership of goods remains with the seller. Compliance procedures can be challenging for small sellers due to high sales volume.

China has solved this issue by separating the responsibilities of the seller and the compliance process entity. The seller is only responsible for creating an E-Commerce marketplace account, obtaining product-specific licenses, and creating commercial invoices and packing lists. The remaining logistics and payment compliance processes can be outsourced for a fee, allowing the seller to retain ownership of the goods. This separation has been a major contributor to China's e-commerce export industry and should be adopted by India.

2-Simplify payment reconciliation

Payment reconciliation is a major roadblock for third-party e-commerce exporters. RBI guidelines for B2B exports need changes to accommodate B2C exports.

<u>Six needed changes to simplify payment reconciliation:</u>

- More time to receive export proceeds: Sellers must receive forex within 9 months of shipment, which is challenging for shipments sold over 12-18 months. More time is needed to reconcile payments.

- Lower restrictions on receipt of export proceeds: Forex received must not vary more than 25% of the value stated in the export document. A 25% reduction cap is too restrictive for e-commerce sales that involve discounts and returns. Exporters need flexibility in keeping annual turnover, and restrictions per consignment should be removed.

- Annual financial reconciliation process: Bank charges for EDPMS closure & e-BRC generation are costly (~INR 1,000-4,000) for exporters. E-commerce exports have a high number of small shipments and invoices per large shipment, which increases the payment reconciliation burden. An expensive consignment-wise EDPMS closure process must be eliminated.

- Simplify forex payments: E-commerce exporters receive payments in INR (post-conversion), which requires an additional document (FIRC) for export remittance. The requirement for a FIRC must be eliminated, and e-commerce exporters should be allowed to receive forex like regular exporters.

- Simplify foreign inventory management documentation: Documentation burden for forward deploy inventory to an overseas warehouse is cumbersome. Foreign inventory management documentation must be simplified.

- Online bank processes: Issuing Authorized Dealer (AD) code letters and submitting documents to banks are done offline. For e-commerce exports, banks don't recognize the fund flow as an export transaction, causing a delay [~2 weeks] in AD code letter generation.

3-Simplify Export Policy and Process

1. **Raise the value cap for E-Commerce exports from Rs 5 Lakhs to Rs 25 Lakhs** to allow exporters to choose the shipment mode as per their business requirements. As most trade is shifting to GVCs requiring timely deliveries, exporters must be allowed to choose the shipment mode as per their business requirements. China has created an efficient and seamless logistics system to ship goods to global customers.

2. Create separate customs codes for E-Commerce shipments to avoid delays caused by ad hoc document requests by customs officials and allow Green Channel clearance for E-Commerce shipments, similar to China's customs supervision codes.

3. Exempt import duties on rejects and treat reimports as duty-exempt imports in line with global practices to reduce costs and expedite the delivery of merchandise. Many products exported under the E-Commence route are returned by buyers abroad. Import duty for returned goods is zero. However, the process of distinguishing 'reimported' and 'imported' is not well-defined. This leads to returned goods being treated as imports and subject to import duty, increasing the costs of the returns. To promote E-Commence trade, many countries allow the duty-free entry of low-value imports. The US exempts all imports up to $800 from customs duty. Japan, Korea, China, and many other countries have similar limits. India must treat reimports as duty-exempt imports in line with global practices. This reduces the cost and expedites the delivery of merchandise.

4. Reduce the Courier Shipping Bill processing time from 3-4 hours to less than 20 minutes by making changes in the Express Cargo Clearance System (ECCS) system, process alignment, and making advance assessment mandatory.
5. Simplify the format of the Courier Shipping Bill (CSB-II) to allow filing of more than one order details in one shipping bill and include import-export code details, making it easier for courier companies to consolidate shipper details into one form.

6. Allow E-Commerce exporters to claim GST refunds and export incentives to make the export product globally more competitive. Rules allow E-Commerce exporters to claim GST refunds, but no system exists to give a refund. E-Commerce shipments through couriers are not eligible for export incentives, such as RoDTEP, RoSCTL, duty drawbacks, etc., despite the ECCS system being run on the EDI system.

4- Develop Business Eco-system

1. India should focus on developing market intelligence, organizing training for artisans, and facilitating the fulfillment of export orders for high-potential product categories such as handicrafts, jewelry, ethnic wear, decorative paintings, Ayurveda, specially crafted shoes, carpets with designer motifs, leather jackets, home furnishings, traditional Jodhpur garments, organic products, musical instruments, sports goods, medical equipment, surgical items, and auto components.

2. Launching the India Quality Product (IQP) label for high-potential product categories can help small firms with quality products to earn more money per sale. Strict quality control must be implemented for each category, and action must be taken to prevent counterfeit products.

3. The government should support all modes of e-commerce exports, whether a firm uses its own website or platforms, to maximize India's exports. Over one lakh firms are registered with such platforms for exports.

4. The government can consider paying the product listing fee on global marketplaces to support small firms. Governments in countries like Singapore and New Zealand finance 70-90% of such expenditures incurred by small firms, and the government may set aside Rs. 5,000 crore annually for this purpose.

5. The government should focus on enabling more firms to use e-commerce exports. India has over 20 lakh firms that produce quality products and services, but less than 1.5 lakh export through normal and e-commerce channels. The government must focus on increasing the number of sellers doing commercial export transactions from one to five lakhs in three years.

6. Recognizing e-commerce export houses can benefit small firms looking to export. These firms can help sellers develop product categories, brands, and international markets, and provide market intelligence and training, allowing sellers to focus on the product and outsource everything else.

7. The government should set up fulfillment centers in each district to help sellers with listing products on websites, shipping and logistics, and payment reconciliation. Currently, E-Commerce platforms, and a few others facilitate small firms, but new centers will increase reach and cut prices through enhanced competition.

5-Set up E-Commerce National Trade Network

The National Trade Network (NTN) is designed to make exporting faster and cheaper, giving small manufacturers the opportunity to export directly.

This network will bring together the RBI, Customs, DGFT, GSTN, India Post, Courier companies, E-Commerce platforms, and the user to create a central technology platform that streamlines the entire process.

All necessary information and documents will be filed digitally in one place, with an in-built system intelligence that will route the information to the appropriate agencies.

The NTN will also establish a service agreement with these agencies to ensure that they respond to requests within an agreed time, and users will receive permissions online within this timeframe.

Currently, e-commerce exports require multiple registrations and submissions, including PAN, IEC, GSTIN, AD Code, ICEGATE, and Export Promotion Council. Exporter details such as name, address, and GSTIN also need to be submitted in every shipment, despite having been provided during ICEGATE registration. NTN eliminates these inefficiencies by providing a one-stop-shop for all registration and submission requirements.

D- Reasons why India stands to benefit from global e-commerce export trends

India stands to benefit from the global trend towards business to consumer (B2C) e-commerce for several reasons:

1. Growing market: Global B2C e-commerce exports are predicted to increase from $800 billion to $8 trillion by 2030, providing a significant opportunity for Indian businesses to expand their international sales.
2. Skilled artisans: India has a rich tradition of producing bespoke, handcrafted products that are increasingly in demand by discerning customers who value quality and uniqueness over mass-produced goods. Key product groups with high potential for export include handicrafts, jewelry, ethnic wear, decorative paintings, and Ayurveda products.
3. Expanded seller base: The internet, technology, and secure online payments have made exporting via e-commerce simple and safe, enabling small firms from a wide range of cities and regions to participate in international trade. Over 100,000 Indian sellers are already exporting through e-commerce, and this number is set to multiply.
4. Higher profits: Exporting through e-commerce channels can result in higher profits per unit of export, as businesses can cut out intermediaries like indenting agents, bulk buyers, and shopkeepers.

The Report

Making E-Commerce Exports a bigger success story than IT:

Blueprint for realising India's E-Commerce Exports Potential

A-Introduction

India’s E-Commerce exports may soar at higher rate than its IT exports in early 2000.

The Global Business to Consumer (B2C) E-Commerce exports are estimated to grow from $800 billion to $8 trillion by 2030. India is well placed to benefit from this trend on account of its strengths in high demand customized products, one lakhs plus and expanding seller base and higher profits margins per unit of exports.

Current exports are far below potential. With an export of about $2 billion, E-Commerce share in India's Goods export basket is less than 0.5 percent. India must plan to export $ 350 billion or about a third of all its Goods through E-Commerce by 2030.

The current E-Commerce export provisions in India are a patchwork over the rules framed for regular B2B exporters. As the process of doing E-Commerce exports is different from traditional exports, the current rules put an enormous compliance burden on small firms.

The export growth will require focus on developing the ecosystem for E-Commerce exports and address all such issues in one place. E-Commerce policies in China, Korea, Japan, Vietnam, etc., have helped many firms sell globally. India needs to publish an E-Commerce Export Policy.

This should be different from the regular Foreign Trade Policy and must address all pain points faced by exporters. It should also contain a blueprint for developing the sector.

The policy document should be issued jointly by RBI, Customs, and DGFT after changing their respective regulations. It may contain provisions for business development, easing regulatory burden, and setting up of National Trade Network.

B-Four Reasons why India stands to benefit

One, Global Business to Consumer (B2C) E-Commerce exports are estimated to grow from $800 billion to $8 trillion by 2030.

Two, India's strength in customized products created by skilled artisans. Global E-Commerce exports of such products are increasing as discerning customers prefer these for personal or home use over mass-produced goods. India, with its rich craft tradition of handmade bespoke products created by skilled artisans is in a perfect position to take advantage of this trend.

The following products from India could each develop into a billion dollars plus category: Handicrafts, jewelry, ethnic wear, decorative paintings, and Ayurveda are key product groups. Other high-potential product categories are specially crafted shoes, carpets with designer motifs, ayurveda products, leather jackets, handicrafts, home furnishings, jewelry, khadi apparels, ethnic wear, decorative paintings, traditional Jodhpur garments, organic products, musical instruments, sports goods, medical equipment, surgical items, and auto components.

Three, expanded seller base. High investment requirements for normal prevented small firms' participation and checked India's export growth. Now, with the internet, technology, and secure online payments making exports through E-Commerce simple and safe, over one lakh plus sellers are already exporting through the E-Commerce route. This number is set to multiply as sellers from Amritsar, Roorkee, Dehradun, Lucknow, Jaipur, Jodhpur, Bikaner, Patna, Indore, Raipur, Bhubaneshwar, Cuttack, Salem and many class II and III cities are actively using E-Commerce mode to export.

Four, higher profits per unit of export. A firm earns more money exporting the same Product through E-Commerce than through normal channels. He benefits by cutting on the money taken by intermediaries like indenting agents, bulk buyers, shopkeepers, etc.

C-E-Commerce export policy

India needs to publish an E-Commerce Export Policy.

This should be different from the regular Foreign Trade Policy and must address all pain points faced by exporters. It should also contain a blueprint for developing the sector.

The policy document should be issued jointly by RBI, Customs, and DGFT after changing their respective regulations.

It may contain provisions for business development, easing regulatory burden, and setting up of National Trade Network.

GTRI has identified 21 action points under 5 broad heads.

1-Redefine the responsibilities of sellers

2-Simplify payment reconciliation

- Allow more time for receipt of export proceeds
- Allow lower receipt of export proceeds than declared
- Introduce the annual financial reconciliation process
- Allow E-Commerce exporters to receive forex like regular exporters
- Simplify foreign inventory management documentation
- Make bank processes online

3-Simplify Export Policy and Process

- Raise the value cap for E-Commerce exports
- Create different customs codes for E-Commerce shipments
- Exempt import duties on rejects
- Reduce the Courier Shipping Bill processing time
- Simplify the format of the courier shipping bill
- Allow E-Commerce exporters to claim GST refunds and export incentives

4- Develop Business Eco-system

- Enabling more firms to use E-Commerce export
- Recognize E-Commerce export houses
- Launch India Quality Product(IQP) label
- Promote customized products with billion dollar plus potential
- Support all Types of E-Commerce exports
- Pay for listing of products on global marketplaces
- Set up fulfilment centres in Each District

5-Set up E-Commerce National Trade Network

D-Action Points for E-Commerce Policy

1-Redefine the responsibilities of sellers

This is the most significant pain point for E-commerce exporters now. Over a lakh small and medium size firms use services of platforms as these platforms provide value added services like assuring payment in time and global exposure. While the ownership of the Goods remains with the seller, the payment is realised by the platform who pass it on the sellers. This conflicts with the FEMA regulation which mandates that owner of the good must realise export proceeds in his name. This needs to change as small sellers are not geared to meet such compliance requirements. Given the high sales volume, the effort required to comply with the above procedures is high.

China has solved the issue by differentiating the roles of the seller and the entities that carry out the compliance process on behalf of the sellers. It allows the seller to be responsible for only E-commerce marketplace account creation, obtaining Product specific licenses, and making Commercial invoices and Packing Lists. The seller can outsource the remaining logistics and payment compliance processes to an associated entity for a fee while retaining the goods' ownership.

This change, the seller-exporter separation, has been one of the biggest enablers of the e-commerce export industry in China. China now has about 20 million sellers. They export through one lakh associated entities/exporters. India must follow global norms.

India must adopt the practice and not insist that the seller be responsible for all compliances. While Customs and DGFT policies recognize the existence of third-party exporters, RBI does not.

This will require a change in the FEMA regulation, which prescribes that the entity with the product ownership title can only realize the export payment. But as the shipping documents contain the exporter's name, payment reconciliation becomes infeasible. Customs and DGFT may also incorporate such provisions explicitly for E-Commerce exports.

The following table details the responsibilities.

India/ China exporter and seller Matrix				
Area	Activity	India (Sellers & Exporters)	China Sellers	China Exporters
Marketplace	Marketplace account creation and handling	✓	✓	
	Marketplace payment to account	✓		✓
Mandatory Licenses	Company registration and license	✓		✓
	Export license	✓		✓
	Port & customs registration	✓		✓
	Bank registration (same as AD code)	✓		✓
	Product specific licenses	✓	✓	
Shipping documents	Commercial invoice, Packing List	✓	✓	
	Custom declaration form	✓		✓
Payment and tax	Inward remittance credited to account	✓		✓
	Payment reconciliation at banks	✓		✓
	Claim tax rebates/ benefits	✓		✓

2-Simplify payment reconciliation

Payment reconciliation remains one of the biggest roadblocks for third-party e-commerce exporters. The RBI guidelines have been created for B2B exports and need changes to facilitate B2C exports. The following changes are required.

Allow more time for receipt of export proceeds. RBI guidelines prescribe that sellers must receive forex in 9 months from the date of shipment. Many shipments are sold over 12-18 months after sending the shipment. It isn't easy to reconcile the payments within nine months.

Allow lower receipt of export proceeds. Forex received must not vary more than 25% of the value stated in the export document. Given price uncertainty due to discounting and potential returns (a prominent feature of e-commerce sales), a 25% reduction cap is restraining. A few items may not sell and need to be destroyed. Also, heavy discounts are at times extended to buyers. Exporters should be allowed flexibility in keeping annual turnover, and restrictions per consignment must be removed.

Introduce annual financial reconciliation process. The bank charges for EDPMS closure & e-BRC generation (~INR 1,000-4,000) are a significant portion of exporters' revenue. The payment reconciliation burden is higher for B2C e-commerce exports, with an increased number of small shipments and a high number of invoices per large shipment. Expensive consignment-wise EDPMS closure process must be done away with.

Allow e-commerce exporters to receive forex like regular exporters. Regular exporters get paid in USD, while e-commerce exporters get paid INR (post-conversion). This requires e-commerce exporters to submit an additional document Foreign Inward Remittance Certificate (FIRC). For Authorized Dealer (AD) banks to recognize these payments as export remittances (and reconcile payments), e-commerce exporters must submit a FIRC issued by the converting bank. The requirement for a FIRC must be done away with and e-commerce exporters must be allowed to receive forex like regular exporters.

Simplify foreign inventory management documentation. There are cases wherein, one shipment may get sold over many months. The current requirement places an onerous documentation burden on e-commerce exporters for forward deploy inventory to an overseas warehouse. Foreign inventory management documentation must be simplified.

Make bank processes online. . At most banks, processes such as issuing Authorized Dealer (AD) code letters and submitting documents to banks are done offline. For e-commerce exports, banks don't know/recognize the fund flow as an export transaction, causing a delay [~2 weeks] in AD code letter generation. Bank processes must therefore be made online.

3-Simplify Export Policy and Process

Raise the value cap for E-Commerce exports. The value cap for E-commerce exports must be raised from the current Rs 5 Lakhs to Rs 25 Lakhs.—value limits force shipments of higher value to be sent by cargo mode. As most trade is shifting to GVCs requiring timely deliveries, exporters must be allowed to choose the shipment mode as per their business requirements. China has created an efficient and seamless logistics system to ship goods to global customers.

The following are the two modes in which consignments are predominantly shipped out by e-commerce exporters:

	Cargo	Courier Shipping Bill (CSB V)
Documents	Multiple documents	Airway bill and invoice
Custom clearance time	2 to 3 days	2 to 3 hours
GST compliance	GST Input Credit available	Policy allows. But no credit available
Export Incentives/authorisation	RODTEP/ROSCTL/ Advance authorisation/EPCG	Policy allows. But no incentives issued so far
Value limit	No limit	INR 500K
System	Indian Customs Electronics System 1.5 (ICEGATE)	ECCS
EDPMS integration	Direct	Through ICEGATE

Customs

Create separate customs codes for E-Commerce shipments. There is no separation between B2B and e-commerce export shipments in India. Many times, delays are caused due to ad hoc document requests by customs officials. China has created customs supervision Codes 9610, 1210, and 1239 to allow Green Channel clearance for E-Commerce shipments. Different customs codes must be created for e-commerce shipments in similar manner to China.

Exempt import duties on rejects. Many products exported under the E-Commence route are returned by buyers abroad. Import duty for returned goods is zero. However, the process of distinguishing 'reimported' and 'imported' is not well-defined. This leads to returned goods being treated as imports and subject to import duty, increasing the costs of the returns.

To promote E-Commence trade, many countries allow the duty-free entry of low-value imports. The US exempts all imports up to $800 from customs duty. Japan, Korea, China, and many other countries have similar limits. India must treat reimports as duty-exempt imports in line with global practices. This reduces the cost and expedites the delivery of merchandise.

Reduce the Courier Shipping Bill processing time. The Courier Shipping Bill processing time must be reduced from 3-4 hours to less than 20 minutes. This refers to the time taken when the shipment arrives at International Courier Terminal using Express Cargo Clearance System (ECCS). Improvement will require changes in the ECCS system, process alignment, and making advance assessment mandatory.

Simplify the format of the Courier Shipping Bill (CSB-II).

CSB-II must be simplified to allow filing of more than one order details in one shipping bill and include import-export code details. It will help courier companies consolidate shipper details into one form instead of submitting multiple forms for each shipper to customs authorities.

Allow E-Commerce exporters to claim GST refunds and export incentives

Rules allow E-Commerce exporters to claim GST refunds, but no system exists to give a refund. E-Commerce shipments through couriers are not eligible for export incentives, such as RoDTEP, RoSCTL, duty drawbacks, etc., despite the ECCS system being run on the EDI system. Export Incentives make the export product globally more competitive, and must be extended to E-Commerce exporters.

4- Develop Business Eco-system

Enabling more firms to use E-Commerce export. India has over 20 Lakh firms that produce quality products and services, but less than 1.5 Lakh export through normal and E-Commerce channels. About one lakh Indian firms export through platforms, or websites. Most entrepreneurs come from Tier II and III cities. Low risk and low investment make it attractive to homemakers, students, small traders, retired army personnel, small craftsperson, and manufacturers. Government must focus on increasing the number of sellers doing commercial export transactions from one to five lakhs in three years.

Recognize E-Com export houses. These are the firms helping small firms to export. Sellers in China, Korea, and Japan benefit from expert groups who develop product categories, brands, and international markets and help firms to scale. Such experts have an idea of end to end requirements of sellers. They will provide market intelligence and training. They will also allow sellers to focus on the Product and outsource everything else. China now has about 20 million sellers. They export through one lakh associated entities/exporters.

Launch India Quality Product(IQP) label for branding high-potential product categories. This will help small firms with quality products to realize more money per sale. They do not have money to invest in branding and benefit from country branding. Strict quality control must be applied for each category. Action must be mandated to check counterfeit products.

Promote customized product categories with billion-dollar-plus potential.

India should develop market intelligence, organise training for artisans and help in fulfilment of export orders for the following product categories. Each has a billion dollar plus potential.

Handicrafts, jewelry, ethnic wear, decorative paintings, and Ayurveda are key product groups. Other high-potential product categories are specially crafted shoes, carpets with designer motifs, ayurveda products, leather jackets, handicrafts, home furnishings, jewelry, khadi apparels, ethnic wear, decorative paintings, traditional Jodhpur garments, organic products, musical instruments, sports goods, medical equipment, surgical items, and auto components.

Support all Modes of E-Commerce exports.

E-Commerce exports can take place in two broad ways. A firm can use its own website to get orders. Or it can use the services of platforms. Such platforms offer the option to end-to-end services, assure the timely realization of money, and provide quality assurance to buyers and hence are popular among small firms. Over lakh, firms are registered with such platforms for exports.

Government should equally support both modes to maximize India's exports.

Pay the product listing fee on global marketplaces. Governments in many countries, like Singapore, New Zealand, etc., finance 70-90 percent of such expenditures incurred by small firms. Government may set aside Rs 5,000 crore annually for this.

Set up fulfilment centres in each district. The centres must focus on helping sellers in Listing products on websites, Shipping and logistics, and Payment reconciliation. Currently, eBay, Amazon, and a few others facilitate small firms. New centres will increase reach, cut prices by enhanced competition.

5-Set up E-Commerce National Trade Network

The national trade network (NTN) will reduce the time and cost of exporting and enable lakhs of small manufacturers to export directly.

The NTN will on-board RBI, Customs, DGFT, GSTN, India Post, Courier companies, E-Commerce platforms, and the user. It would serve as the central technology platform that will power the operation, administration, and oversight of the entire process. NTN will allow the firm to file all information/documents digitally in one place. The in-built system intelligence will route the required information to the appropriate agencies. A service agreement with these agencies will bind them to respond to these requests within the agreed time, and users will receive permissions online within this time.

Currently, E-Commerce exports require multiple registrations and multiple submissions. Essential registrations are PAN, IEC, GSTIN, AD Code, ICEGATE, Export Promotion Council, etc. In addition, Exporter details like name, address, GSTIN, AD Code, etc., need to be submitted in every shipment even though details are provided during ICEGATE registration. KYC is to be provided to every service provider even though there is IEC / GSTIN/ ICEGATE registration. The invoice is to be submitted in GST and again invoice for Customs clearance. NTN will do all such jobs online.

E-Essential Data

Year 2022 estimates

Global GDP-$100 Trillion.

Global e-commerce sales (domestic +exports)-$30 trillion

- B2B-80% ($24 Trillion)
- B2C-20% ($6 Trillion)

Global e-commerce Exports

- B2B -No Reliable Data
- B2C -$800 billion, expected to reach $8 trillion by 2030

Global b2c e-commerce export

- **Share in global Trade-China-34%, India<1% (UNCTAD estimates)**

- **Value of country's total Goods Exports-**
  - World- Goods exports-$24 trillion
  - World- E-Commerce B2C exports-$800 billion
  - China- Global Goods exports-$3.6 trillion
  - China- E-Commerce B2C exports-$270 billion
  - India- Global Goods exports-$453 billion
  - India- E-Commerce B2C exports-$2 billion

- **Share in country's Goods Exports-**
  - China-share in Global Goods exports-15%,
  - China-share in Global E-Commerce B2C exports-7.5%,
  - India-share in Global Goods exports-0.5%,
  - India-share in Global E-Commerce B2C exports-0.25%,

Disclaimer

The information contained in this Report may be viewed solely as a resource for its users without any assurance. While the Report tries to provide high-quality content, the Materials provided in this Report are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement.

The Report does not make any warranties or representations regarding the accuracy or completeness of any Materials contained herein. GTRI will not be liable in any capacity for damages or losses to the user that may result from the use of or reliance on the information views expressed in this Report.

GTRI shall not be responsible for any errors, omissions, or inadvertent alterations that may occur in this Report.

About Global Trade Research Initiative

GTRI aims to create high-quality and jargon-free outputs for governments and industry on issues related to trade, technology and investment from the perspective of development and poverty reduction.

Mr Ajay Srivastava is the co-founder of GTRI. He took VRS from the Government of India in March 2022. He is an Indian Trade Service officer with experience in trade policy making, WTO and FTA negotiations. He did MBA from Indian School of Business.

Feedback

Your feedback on this report is most welcome. Please write to ajay@centrefortrade.com.

GTRI Report

March 2023

www.gtri-in.com