# UNLEASHING INDIA'S E-COMMERCE EXPORT POTENTIAL

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# Unleashing India's e-Commerce Export Potential



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## INTRODUCTION

The OECD defines e-commerce as "the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods and services do not have to be conducted online"[1]. e-Commerce can be domestic or cross-border. While domestic e-commerce involves purchase and sale of goods/services from within a country, cross-border e-commerce refers to purchases sourced from outside the purchaser's country of residence.

e-Commerce can be divided into a range of different categories such as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C) or consumer-to-business (C2B) etc., depending on the nature of the buyers and sellers.

The prominent e-commerce business models are inventory-based model and marketplace-based model. Apart from these, there are several new and emerging e-commerce business models that are gaining salience, including hybrid model, quick commerce model and last-mile delivery model.

## SIGNIFICANCE OF E-COMMERCE

e-Commerce is a low-cost method for businesses for building market presence. They can lower barriers to entry, especially for small companies. Further, e-Commerce platforms provide an ecosystem of services, including marketing tools, payment services and logistics. Services provided by these

[1] OECD (2019), Unpacking e-Commerce Business Models, Trends and Policies

platforms can assist in providing efficient channel for distribution of goods and services and overcoming the challenges pertaining to last-mile delivery. The sector also has significant potential to contribute to employment creation.

Despite its advantages, the penetration of e-commerce in India is relatively low, at present. According to a report by JP Morgan[2], e-commerce comprised only 5% of the total retail sales in India in 2021. This is lower when compared to other Asian countries like China, Thailand and Vietnam, wherein the share of e-commerce in total retail sales stood at around 30%, 8% and 5.5%, respectively in 2021.

Against this backdrop, the Study attempts to analyse the recent trends in e-commerce, including cross-border commerce, both globally and in India. The Study also attempts to identify challenges pertaining to e-commerce exports in India, and suggest strategies which can be adopted to address these challenges to make e-commerce a key channel for realising India's target of US$ 2 trillion exports by 2030.

## CURRENT SCENARIO OF E-COMMERCE

### Global e-Commerce Trends

e-Commerce emerged with the rise of the internet in the 1990s, and has grown rapidly with the advancement of technology and greater global integration. The global e-commerce sales were estimated at US$ 24.3 trillion[3] during 2022, witnessing a robust Compound Annual Growth Rate (CAGR) of 16.6% during 2017 to 2022. Global e-commerce sales are further estimated to have reached a level of US$ 28.1 trillion in 2023.

This rapid growth in e-commerce has been particularly driven by the increasing adoption of digital buying by consumers as also the adoption of remote selling models by businesses over the recent years. Moreover, the

[2] JP Morgan (2022), Global e-Commerce Trends Report

[3] While e-commerce has several categories, the estimates of e-commerce sales used in this analysis includes only B2B and B2C e-commerce, which are the two major segments of e-commerce globally. The estimates are based on available data from the International Trade Administration, the U.S. Department of Commerce.

limitations on physical purchases during the Covid-19 pandemic played a catalytic role in increasing e-commerce adoption by buyers and incentivising businesses to transition to online operations in an effort to maintain business continuity[4].

### *Segment-wise Analysis of e-Commerce Trends*

Segment-wise analysis indicates that globally, B2B e-commerce was the largest segment of e-commerce, accounting for a share of 86.4% in the total global e-commerce sales in 2022, while B2C e-commerce held a relatively lower share of 13.6% in the total global e-commerce sales in the same period.

Over the recent years, B2B e-commerce adoption has significantly increased. As per data from the U.S. International Trade Administration (ITA), during 2017 to 2022, the global B2B e-commerce sales recorded a CAGR of 16.4% to reach US$ 21.0 trillion, up from US$ 9.8 trillion in 2017. Heavy industries such as advanced manufacturing, energy, healthcare, and professional business services are the major segments that are driving majority of the B2B e-commerce sales value. The robust growth in adoption of B2B e-commerce could be partly attributed to the shift towards remote selling models by businesses during the Covid-19 pandemic. A recent analysis published by the U.S. ITA indicates that, since 2020 over 90% of global B2B companies have shifted to full or partial virtual sales model, due to improved process efficiencies and better management software. While this may not entirely represent an increase in e-commerce sales, it is indicative of greater adoption of digital means by businesses for increasing sales. It is noteworthy that, among the countries surveyed, Indian businesses had the highest proportion of 56% of salesforce working entirely via video/phone during 2020.

While B2B e-commerce remains the largest segment in the e-commerce industry, B2C e-commerce has emerged as the fastest growing segment of the industry in the recent years, recording a CAGR of 18.0% during 2017-2022, to reach US$ 3.3 trillion in 2022. Fashion products was the largest sub-segment, accounting for a share of 22.6% in the global B2C e-commerce sales in 2022. Other top sub-segments include electronics (share of 21.3%),

[4] UNCTAD (2023), e-Commerce from a Gender and Development Perspective

furniture (20.1%), biohealth pharmaceuticals (10.5%), and media (8.5%), among others. It is noteworthy that while fashion and electronics are the two largest sub-segments, over the recent years, biohealth pharmaceuticals has emerged as the fastest growing sub-segment, with sales recording a CAGR of 18.9% during 2017 to 2022[5].

## Indian e-Commerce Scenario

India's e-commerce market is the eighth largest[6] and one of the fastest growing in the world. The value of Indian e-commerce market stood at US$ 46.2 billion[7] in 2020 and is estimated to have reached US$ 63.2 billion in 2023[8], recording a CAGR of 11% during this period, as the momentum in sales growth was amplified during the Covid-19 pandemic. Despite the significant growth, as per estimates by JP Morgan, e-commerce sales comprised only 5% of total retail sales in India in 2021, indicative of the substantial untapped potential. With increasing proportion of people purchasing online in India, using mobile phone or the Internet, Indian e-commerce industry is expected to reach nearly US$ 136.5 billion by 2026[9].

From the business point of view, it is noteworthy that nearly 47.4% of Indian enterprises received online orders in 2021, which is substantially high when compared to several other developing countries.

## Cross-Border e-Commerce

### *Global Cross-border e-Commerce*

As per latest available data, nearly 1.48 billion individuals aged 15 and older- representing more than one quarter of the world's population- shopped online in 2019. Of this, nearly 24.3% of the individuals made cross-border

[5] International Trade Administration, The U.S. Department of Commerce (2023), eCommerce Sales & Size Forecast; Exim Bank Research

[6] JP Morgan (2023), Global e-Commerce Trends Report

[7] International Trade Administration, The U.S. Department of Commerce (2022), India - Country Commercial Guide - Online Marketplace and e-Commerce

[8] International Trade Administration, The U.S. Department of Commerce (2023), eCommerce Sales & Size Forecast

[9] International Trade Administration, The U.S. Department of Commerce (2022), India - Country Commercial Guide - Online Marketplace and e-Commerce

purchases indicating that domestic suppliers remained the main source for online shoppers globally. Nevertheless, it is noteworthy that over the years, the share of cross-border online shoppers has steadily increased, from 18% in 2016 to 24.3% in 2019.

Postal operators, with large physical infrastructure and personnel assigned to remote locations, are an important link in the mosaic of agents in the e-Commerce value chain. Analysis of data from the Universal Postal Union (UPU) on the volume of international postal traffic offers important insights into recent trends in cross-border e-Commerce of goods[10]. Between 2018 and 2022, global international parcels dispatched reached 33.1 million parcels in 2022, more than doubling from 15.9 million parcels in 2018, although admittedly not all of these would be linked to e-Commerce transactions[11]. Largest volume of international parcels was dispatched from France, which accounted for 36.2% of all international parcel dispatches during 2022, followed by Lithuania (share of 7.8%), Japan (6.0%), China (4.3%) and Switzerland (3.9%), among other countries. India ranked 20th among these countries, accounting for a share of 0.6% in the total international parcel dispatches during 2022.

Recent estimates by UNCTAD suggests that on an average, cross-border sales comprised 21% of e-Commerce revenues[12]. Based on this estimate, the value of cross-border e-commerce would be an estimated US$ 5.1 trillion in 2022[13]. As per latest available data published by the UNCTAD in 2021[14], cross-border B2C e-commerce stood at US$ 440 billion in 2019, recording a y-o-y growth of 8.9%. It is noteworthy that the top 10 countries exporting through e-commerce mode, accounted for nearly 75% of the total cross-border B2C e-commerce sales in 2019. China has the largest cross-border e-commerce exports, with a share of 23.9% in the total cross-border B2C e-commerce in

[10] WTO (2017), Aid for Trade: Promoting Trade, Inclusiveness and Connectivity for Sustainable Development

[11] Based on UPU's 2022 Postal Statistics for 76 countries for which data was available.

[12] UNCTAD (2023), Measuring the Value of e-Commerce

[13] Exim Bank's calculation based on data from UNCTAD

[14] UNCTAD (2021), Estimates of Global e-Commerce 2019 and Preliminary Assessment of Covid-19 Impact on Online Retail 2020

2019, followed by the USA (share of 20.5%), the UK (8.6%), Hong Kong (8%), and Japan (5.2%) among others.

### *Cross-border e-Commerce in India*

According to a JP Morgan report, cross-border transactions account for nearly one-fourth of the total e-commerce sales in the country[15]. Accordingly, the value of cross-border e-commerce in India is estimated at US$ 15.8 billion in 2023[16]. This would be nearly 0.3% of the estimated value of global cross-border e-commerce and nearly 2% of India's total exports (merchandise and services combined).

Analysis of data from the Universal Postal Union on the volume of international postal traffic from India suggests that between 2018 and 2022, there has been a marked decline in the international parcels dispatched from India, reaching 213.1 thousand parcels in 2022, from nearly 328.0 thousand parcels in 2018. While not all of these would be linked to e-commerce transactions, the decline is substantially large and in contrast to the global trend. Meanwhile, the volume of international parcels received in India during the same period also declined from 227 thousand parcels in 2018, to 200.7 thousand parcels in 2022.

### *Government of India's Support to Enhance e-Commerce Exports*

*Thrust to e-Commerce under the Foreign Trade Policy (FTP) 2023*

e-Commerce exports are a promising category requiring distinct policy interventions from traditional offline trade. Accordingly, the Government of India (GOI) has brought out a dedicated chapter in the Foreign Trade Policy (FTP) 2023 on e-commerce titled "Promoting Cross-border Trade in Digital Economy". The Chapter outlines the intent and roadmap for establishing e-commerce hubs and related elements for enhancing e-commerce exports from the country. Some of the prominent measures announced in the FTP 2023 for enhancing e-commerce exports include increase in value limit under courier mode, operationalisation of Dak Niryat Kendras throughout the

[15] JP Morgan (2023), Global E-Commerce Trends Report
[16] Exim Bank calculation

country to work in a hub-and-spoke model with Foreign Post Offices, creation of e-commerce export hubs with cutting-edge facilities for e-commerce aggregators, and handholding and outreach programme in partnership with industry players.

*Improving Cost Competitiveness through RODTEP*

The Government of India has announced extension of the benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to e-commerce exports, including exports through courier and postal routes. This would help make e-commerce exporters more competitive in the global market.

*National e-Commerce Policy, 2019*

The Government of India released the draft National e-Commerce Policy in February 2019, with a view to empower domestic entrepreneurs and to encourage Make in India, while safeguarding interests of consumers and facilitating job creation[17]. The Government of India is currently in the process of finalising the finer contours of the policy, which is expected to be released in the near future.

## STRATEGIES FOR INCREASING INDIA'S E-COMMERCE EXPORTS

Currently, e-commerce exports account for only about 2% of India's total exports (goods and services combined), which is much lower compared to other countries like Malaysia and Thailand, which have a relatively higher share of e-commerce exports in total exports at 8% and 5%, respectively[18]. The Government of India expects e-commerce exports to reach nearly US$ 200 billion- US$ 300 billion by 2030[19], thereby helping the country achieve the exports target of US$ 2 trillion by 2030. The Study explores the various roadblocks faced by e-commerce exporters in the country and outlines strategies that could be adopted to alleviate these challenges and enhance e-commerce exports from the country.

[17] PIB (2020), Formulation of the National e-Commerce policy and the new Industrial Policy under consideration of the Government

[18] UNCTAD (2023), Digital Trade for Development

[19] PIB (2023), Foreign Trade Policy 2023 announced, Ministry of Commerce and Industry

## Focus Products for Enhancing e-Commerce Exports

India has comparative advantage in certain products and focusing on these products for e-commerce exports would enable the sellers to garner greater revenues and establish their brand identity. The DGFT's e-Commerce Exports Handbook for MSMEs identifies a list of products where India has comparative advantage, that may be targeted by MSMEs aspiring to export through e-commerce mode.

In addition to these products, the Government of India could also consider promoting Indian products with Geographical Indications (GI) through e-commerce by collaborating with leading e-commerce platforms. A similar approach is being adopted by the Government of Italy, which has signed a memorandum of understanding with the e-commerce platform Amazon, to promote Italian products that have a protected designation of origin (PDO) or protected geographical indication (PGI). The collaboration also aims to strengthen the protection of such products sold on the e-commerce platform, through identification and reporting of violations of intellectual property rights of products with PDO or PGI, as well as through checking unfair practices related to sharing of incorrect product information. The agreement also allows Amazon to promptly remove counterfeit products. Similar collaboration could be considered by the Government of India to help improve consumer confidence on quality and authenticity, and enhance sales and exports of GI tagged products through e-commerce mode.

## Identifying Potential Markets

Analysis in the Study attempts to identify potential markets for e-commerce exports from India. For this purpose, markets with significant potential for e-commerce, as evinced from the share of cross-border digital buyers and internet penetration rates, have been identified in the Study. These markets are mapped with India's top export destinations for merchandise exports, which are markets where India already has substantial footprint under the traditional mode of exports. An attempt is made to then analyse India's e-commerce export footprint in these key markets. The analysis indicates that, among the identified markets, India features as the top import source for cross-border e-commerce only in the case of UAE. India does not feature among the top import sources in any of its other top merchandise export destinations in 2022. This indicates substantial potential for tapping these markets for e-commerce exports.

## Addressing Data Issue

Measuring the economic significance of e-commerce and its contribution to GDP, employment, and development would be essential for evidence-based policymaking. Likewise, disaggregating the contribution of domestic and cross-border e-commerce would also be crucial for determining the extent to which e-commerce contributes to international trade. However, currently, there is a lack of comprehensive and reliable data on e-commerce, including cross-border e-commerce in the public domain. Moreover, there is also considerable variation in statistics available from various economies, in terms of definitions, approaches to e-commerce value, survey questions, data sources, methods, and scopes underpinning them[20]. Furthermore, cross-border e-commerce statistics often only refer to exports and rarely to imports.

India needs to consider developing a robust, exhaustive, and internationally comparable statistics on the value of e-commerce. One way to do that would be to strengthen the e-commerce related questions in the Annual Survey of Industries (ASI) carried out by the National Sample Survey Organisation. Currently in India, a sampling framework is used for the ASI to record potential changes across industries. The framework combines a census approach for larger establishments and random sampling for other enterprises, including for micro-enterprises. The data pertaining to businesses' use of information and communication technology (ICT) tools, including e-commerce, are collected through Block K of the ASI questionnaire. However, the same is currently not published at an aggregate level by the NSSO, making it difficult to ascertain the level of ICT adoption and use of e-commerce by enterprises. Moreover, the questions pertaining to ICT and e-commerce in the ASI are also not comprehensive enough to gauge crucial information such as the value, volume and type of e-commerce transactions undertaken by enterprises, etc. Hence, the GOI could consider including specific and detailed questions on

[20] UNCTAD (2023), Measuring the value of e-Commerce

e-commerce buying and selling by enterprises to help measure the value of e-commerce in the country.

Moreover, efforts are also needed for effectively capturing relevant data pertaining to e-commerce exports from the country. Currently, the DGCI&S compiles export figures from the daily trade returns received from the Customs, as per the reporting made by the exporters in the shipping bill through the Indian Customs Electronic Data Interchange Gateway (ICEGATE). Since courier or postal export datasets do not flow through ICEGATE, such data do not find mention in the official trade statistics reported by the DGCI&S. The lack of export data makes it difficult to identify trends and assess the impact of policy interventions. The GOI is already working towards the integration of Courier and Postal e-commerce exports with ICEGATE. The same could be expedited. Moreover, steps are also required for capturing e-commerce data effected through sea or air cargo mode.

## Expanding the ITPS to Cover More Countries

The International Tracked Packet Service (ITPS) is a competitive service for transmission and delivery of packets. The ITPS has been designed by India Post to meet the cross-border shipping requirements of e-commerce exporters including MSMEs, small businesses and merchants, and promote exports using local post offices. India Post already provides the service for 41 destinations. However, several of India's top export destinations are currently not covered under the ITPS. India has been proactively expanding the number of ITPS partners over the recent years. In fact, in June 2023 alone, India added 23 new partner countries under the ITPS framework. Going forward, key export destinations like Bangladesh, Saudi Arabia, the UK, could also be considered for collaboration under the ITPS.

Besides, there is also a need to consider rationalising the postage fee charged under the ITPS. Currently, the postage fee for such packages varies depending on the destination country, and stands at an average of nearly ₹ 341 for the first 50 gms and an average of ₹ 32.8 for every additional 50 gms[21]. This could

[21] Exim Bank Calculation based on country-wise tariff data; Source: India Post

be cost prohibitive for small value exporters. As per estimates, nearly 2 lakh e-commerce export transactions were undertaken through the postal route, with an average consignment value of nearly ₹ 2,600. As postal routes are used predominantly for small value exports by MSMEs, the government could consider rationalising/ waiving the postage fee for MSME exporters.

## Promoting ONDC for International Trade

The Open Network for Digital Commerce (ONDC) is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry. The ONDC offers a network to enable local digital commerce stores across industries to be discovered and engaged by any network-enabled applications. The ONDC architecture not only includes buyers and sellers, but also logistic providers for the delivery of goods. The platform creates new opportunities and limits e-commerce monopolies by supporting MSMEs and small traders to get on online platforms across various segments. The ONDC network protocol operates without geographical restrictions, allowing any seller the freedom to offer products and services to buyers across any location, even internationally. Notably, the network has successfully conducted its first cross-border transaction in January 2024, with Singapore and is progressing towards scaling up this initiative.

In order to scale up ONDC beyond the borders of India, the study suggests a few key enablers that would be crucial to put in place, such as i) seamless cross-border payment settlements; ii) robust grievance redressal systems; iii) awareness about country-specific guidelines; and iv) collaboration with international e-commerce platforms.

## Addressing Regulatory Complexities

Currently, there are host of regulations in India for e-commerce, involving multiple government agencies and departments governing different aspects of e-commerce operations. For instance, the Consumer Protection Act, 2019 and the Consumer Protection (e-Commerce) Rules, 2020 deal with the responsibilities and liabilities of the sellers and e-commerce platforms to protect the consumers. Meanwhile, the Competition Act, 2000 keeps in check anti-competitive practices. Besides these, the Sale of Goods Act, 1930, the Legal Metrology Act, 2009, the Foreign Exchange Management Act, 2000, and the Payments and Settlement Systems Act, 2007, among others, also govern various aspects of e-commerce[22]. Such multiplicity of regulations and regulatory bodies increases compliance burden and may affect the ease of doing business, particularly from the perspective of MSME e-commerce players. A single, comprehensive e-commerce policy is therefore important for supporting growth of e-commerce exports. While the DPIIT has released the draft e-Commerce Policy in 2018–19, the policy is still in its draft stage and yet to be adopted. There is a need to expedite the finalisation of the national e-commerce policy. The policy should include short-term and long-term strategies to promote the growth and development of the sector, in line with domestic priorities and international best practices. Regulations related to e-commerce must also be aligned with the national policy to avoid ambiguity and conflicting regulations.

## Enhancing Access to Export Credit for e-Commerce Exporters

In a recent representation made to the Government of India, firms had highlighted the non-availability of pre-shipment and post-shipment export credit for e-commerce exporters. As per India Exim Bank's discussion with select commercial banks, the main challenge with export credit to e-commerce players is the unavailability of confirmed orders/Letters of Credit. Besides, it was also noted that the banks found it challenging to conduct due diligence of buyers as also to ascertain the nature of sales (domestic/overseas), as the transactions are done online. Further, banks also found it challenging to track the realisation of export proceeds in e-commerce, as it may not be routed through traditional banking channel.

In order to address the issues of e-commerce exporters in availing export credit, it would first be important to distinguish between the traditional modes of trade and e-commerce, and their distinct financing requirements. Unlike the traditional mode of transaction, where payment is usually made after the receipt of goods by the buyer, e-commerce exports typically allow

[22] ADB (2023), Benchmarking Adoption of e-Commerce Across the G20 Members

upfront payments to sellers through payment gateways at the time of placing the order. Moreover, the frequency of shipments is higher in e-commerce exports as compared to offline exports. Additionally, a seller may forward deploy inventory to an overseas warehouse, and a single shipment may get sold over a period of months, with the seller receiving multiple remittances against one shipping bill. These complexities increase the documentation burden on e-commerce exporters and also lead to reconciliation problems.

Therefore, a thorough assessment of the financing requirement of e-commerce exporters, perhaps through a Working Group approach, would be crucial to highlight specific challenges faced by e-commerce exporters in obtaining export credit and design tailored financing programmes for e-commerce exporters.

It is noteworthy that, the Export-Import Bank of Thailand (Exim Thailand) has introduced a separate financing programme viz. e-Commerce Financing Loan. Under the programme, Exim Thailand extends short term revolving credit (including pre and post-shipment) for a period of up to 10 months for business operators who trade through e-commerce platforms viz. Alibaba, Thai Trade and Amazon[23]. On similar lines, a specific programme could also be designed to support e-commerce exporters in India by scheduled commercial banks.

## Addressing Payment Reconciliation Related Challenges

### *Issues Emerging from Extant FEMA Regulations*

In India, e-commerce platforms are responsible for receiving payment, while ownership of goods remain with seller. However, the FEMA regulations prescribe that only the entity with product ownership title can realise the payment for exports. This creates a problem for payment reconciliation, as the shipping documents contain exporter's name, while payment is received by the platform. There is a need for change in FEMA regulation in view of the distinct characteristics of e-commerce exports facilitated through platforms. Along with the favourable changes in regulations, the GOI could also consider a separate e-Commerce Export Policy. The policy could demarcate clear and

[23] Source: EXIM e-Commerce Financing Loan, Exim Thailand Website, Accessed on February 02, 2024

separate responsibilities for e-commerce sellers (platforms) and exporters. Such demarcation has enabled the growth of e-commerce in China. As per the Global Trade Research Initiative, China has about 20 million sellers exporting through 0.1 million associated exporters[24]. The GOI could also consider creating a favourable policy environment for e-commerce exports from India through such demarcation in responsibilities of the seller and exporter.

### *EDPMS and other Bank related Reconciliation Challenges*

Export Data Processing and Monitoring System (EDPMS) is a system through which export payments and reconciliation are tracked. The extant guidelines by the RBI prescribe that in order to close an entry on the EDPMS portal, the amount received in the seller's account must match the value declared in the shipping bill. The RBI guidelines also mandate that the process should be completed within 9 months of the shipping bill generation. In case of price changes, unsold inventory or discounts, up to 25% reduction in amount is allowed, which needs to be approved by the bank. The exporter has to declare the remittance value of goods being exported at the time of effecting a shipment.

However, this becomes challenging for e-commerce sellers because of the price uncertainty associated with e-commerce transactions, owing to discounting and potential returns, both of which are prominent features of e-commerce sales. This makes it difficult for e-commerce exporters to meet the 25% price variability cap. Therefore, revision of the cap for price changes could be considered, particularly in case of e-commerce exports. Besides, for pre-loaded shipments that get sold over a period of 12-18 months after sending the shipment, reconciliation of payments within 9 months becomes challenging. As per Exim Bank's discussion with stakeholders, this issue is much more acute for new e-commerce sellers. In the absence of the EDPMS closures due to the delay in reconciliation, e-commerce exporters find it difficult to get Electronic Bank Realisation Certificate (e-BRC), which is essential to claim incentives and benefits for exports. Considering this challenge, reconciliation period could be extended from 9 months to 18 months, particularly for e-commerce exports.

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[24] GTRI (2023), Making e-Commerce Exports a Bigger Success Story than IT: A Blueprint for Realising India's e-Commerce Exports Potential

Moreover, exporters have also highlighted that the bank charges faced on e-BRC and EDPMS closure are high, ranging between ₹ 1,500 to 2,000. This amount is substantial given that a large portion of e-commerce exports from India comprises small value shipments. Several banks have already withdrawn e-BRC charges for customers. Similar relaxation on e-BRC charges may also be considered by other commercial banks.

## Creation of e-Commerce Export Zones

In view of the increasing importance of e-commerce in global trade, the GOI could consider creation of e-Commerce Export Zones (EEZs). The EEZs could act as technology enabled, end-to-end, cross-border e-commerce fulfilment centres, providing facilities such as storage, certification, testing, customs clearance, expedited processing of export incentives, Input Tax Credit refunds, and duty drawbacks, among others. A similar model has been adopted by China wherein pilot zones have been designated to realise more efficient economic management by reducing the government's licensing authority. Regulations are relaxed within the pilot zones including exemptions on value-added tax and consumption tax, primarily for cross-border e-commerce exporters. As per recent research, the lead times have significantly reduced since the adoption of this model in China, from one week to 1-2 days[25].

India's FTP 2023 envisages creation of e-commerce export hubs in the country. The same could be developed on similar lines as the model adopted in China. The GOI could undertake a study on the feasibility for setting up EEZs in the top export clusters in India, in consultation with stakeholders[26]. In the pilot phase, these EEZs may be developed near the airports where export clearances are quicker and efficient. These zones could also have unique facilities relevant for e-commerce, including returns processing centres, and facilities such as labelling, packaging, and licensing, among others. The EEZs could provide a comprehensive ecosystem with world class infrastructural and regulatory facilities, and help India leapfrog as a significant player in e-commerce exports.

[25] Mie Takahashi (2021), China's Expanding Cross-Border e-Commerce Retail Imports — An Opportunity For Japanese Companies To Capture China's Consumer Power

[26] Rajya Sabha Secretariat (2022), Promotion and Regulation of e-Commerce in India

## Increasing RoDTEP Benefits for e-Commerce Exporters

In order to improve the cost competitiveness of the e-commerce exporters, the Government of India could also consider higher rates of benefits under the Remission of Duties or Taxes on Exported Products (RoDTEP) scheme for e-commerce exporters. e-Commerce exporters tend to incur additional costs associated with online transactions, such as currency conversion charges and service charges. As per exporters, the charges levied by payment gateways may be as high as 4% of the transaction value in some cases, which could be prohibitive for MSME exporters. Therefore, Government could consider increasing the rate of reimbursement for e-commerce exports under RoDTEP, taking into consideration the GST paid on currency conversion costs and service charges on payment gateways.

## Promoting UPI as a Payment Gateway for e-Commerce Exports

e-Commerce players also face several challenges related to payment gateways, including freezing or suspension of user accounts without any explanation or justification for a period of 180 days, which could lead to financial losses for exporters. To address these challenges, there is a need for India to promote the Unified Payments Interface (UPI) as a payment gateway for e-commerce exports, by enhancing UPI's interlinkages with payment systems in partner countries. There has already been some progress in the internationalisation of the UPI, with India launching its first cross-border real-time payments system with Singapore viz. the UPI-PayNow for cross-border payments between India and Singapore. However, currently, there is a daily limit of SGD 1,000 or its equivalent in Indian rupees for funds transfers made between users in Singapore and India, respectively. There is a need to enhance the daily transaction limits under such mechanisms to enable high-value e-commerce transactions.

Moreover, there is also a need to enhance the interlinkages in the payment systems with other key partner countries for enabling greater volume of cross-border transactions. The National Payments Corporation of India (NPCI) has already established partnerships with Discover Financial Services (USA), Japan Credit Bureau (Japan), Union Pay International (China), Royal Monetary

Authority (Bhutan), etc. The NPCI could leverage these existing partnerships to build interlinkages in payment systems for cross-border transactions, which would be beneficial for facilitating payments for e-commerce exports from India. Such systems could reduce the cost of international transactions for Indian digital payment providers as there would a reduction in the number of intermediaries.

## Renegotiating RTAs/FTAs to Include e-Commerce

Over the recent years, provisions pertaining to e-commerce/ digital trade in free trade agreements (FTAs)/regional trade agreements (RTAs) have been growing. According to the Trade Agreements Provisions on Electronic-commerce and Data database, there were 214 agreements with digital trade or e-commerce provisions by November 2023, representing 49.7% of all existing agreements[27]. Of these, 122 agreements had a digital trade or e-commerce chapter, representing 28.4% of all existing agreements[28]. However, in case of India, there are only 7 agreements that have some provisions related to e-commerce trade, and only 2 trade agreements viz. the Comprehensive Economic Cooperation Agreement with Singapore and the Comprehensive Economic Partnership Agreement with the UAE have a dedicated chapter on e-commerce/digital trade. There is a need for India to renegotiate its existing trade agreements to suitably include enabling provisions for e-commerce trade and also consider including e-commerce in the ongoing negotiations for trade agreements.

Some of the major trade agreements signed recently including the Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP) and the US-Mexico-Canada Agreement (USMCA), have also given significant attention to facilitating exports through e-commerce. For instance, the CPTPP has a strong focus on customs simplification and the use of procedures such as pre-clearance, which is in contrast to the stricter rules of origin requirements found in conventional trade agreements. The CPTPP allows self-certification of the origin of products and allows a waiver of

[27] Exim Bank's calculation based on data from the Trade Agreements Provisions on Electronic-commerce and Data (TAPED) database

[28] Ibid.

certification for products valued below US$ 1,000 (or equivalent in local currency) or in case the importer has agreed to waive the requirement. This is particularly suitable for e-commerce exports that are characterised by low value, high frequency shipments. The CPTPP also contains specific provisions for facilitating the flow of data across borders. Similarly, the USMCA also placed considerable emphasis on facilitating e-commerce trade. On similar lines, India could also consider renegotiating its existing trade agreements with e-commerce considerations, as also consider including e-commerce in its ongoing negotiations for trade agreements.

Besides, India could also enter into digital economy agreements with its FTA/RTA partner countries. Such an agreement has been entered into between New Zealand, Singapore and Chile viz. Digital Economy Partnership Agreement (DEPA), which is the first of its kind agreement signed in 2020, for addressing digital trade-related challenges. Similar agreements have also been signed by Singapore with countries such as the UK, Australia, and South Korea. These agreements extend across several areas including cooperation on artificial intelligence, digital identity, open government data, among other areas[29]. India could consider negotiating similar agreements with its FTA/RTA partner countries.

## Establishing Dedicated Customs Clearance Lanes for e-Commerce Exports

As per a recent Rajya Sabha Secretariat report, the dwell time for customs clearance for exports through cargo mode is in the range of 2 to 4 days, which is much higher than the average dwell time of 3-4 hours for exports through courier mode[30]. This lengthens delivery timelines, which is a crucial competitiveness factor for e-commerce exports. The report also highlights that the higher dwell time is primarily due to congestion at cargo complexes, complex documentary procedures, and manual processes, among others. Over the recent years, the Central Board of Indirect Taxes and Customs (CBIC) has brought in several improvements to reduce the dwell time.

[29] López-Gonzalez, J., S. Sorescu and P. Kaynak (2023), "Of bytes and trade: Quantifying the impact of digitalisation on trade", OECD Trade Policy Papers

[30] Rajya Sabha Secretariat (2022), Promotion and Regulation of E-Commerce in India

In light of the time sensitive nature of e-commerce exports, the GOI could consider establishing dedicated customs clearance lanes for e-commerce exporters in order to reduce the delays caused through congestions at the cargo complex. This would enable expeditious clearance for e-commerce exports.

## Creating Awareness

An important reason for the low share of e-commerce exports in total exports from the country is the lack of awareness about e-commerce potential and export procedures. To create awareness, the Government of India has recently published the e-Commerce Exports Handbook for MSMEs and is also partnering with e-commerce platforms to promote e-commerce exports at the district level through capacity building sessions, training and workshops for MSMEs. In addition to these measures, the Trade Connect portal announced recently by the GOI could also focus on providing all the required information pertaining to e-commerce exports. The portal could provide information related to procedures for e-commerce exports, documentation processes, market intelligence and insights to e-commerce sellers, including standards, labelling, packaging requirements in different markets, among others. Apart from this, the government could also encourage exporters to leverage trade and trade finance related information from other dedicated portals, including 'Exim Mitra' portal developed by Exim Bank. Exim Mitra offers diverse range of information, advisory and support services, which could be useful for e-commerce exporters.

There is also lack of awareness about the distinct nature of e-commerce exports transactions and processes across banks, which leads to issues related to timely realisation and reconciliation of e-commerce export payments. Processes such as issuance of AD code letter and submission of documents to banks are still done through offline mode in several banks and the lack of awareness about the process variations in the fund flow of e-commerce export transaction tends to cause substantial delays in AD code letter generation, even up to 2 weeks in some cases. Therefore, there is a need to organise sensitisation workshops for banking professionals as well to effectively address these issues.

## CONCLUSION

The Study emphasises the need to boost India's e-commerce exports to help achieve the target of US$ 2 trillion of exports by 2030. e-Commerce exports, which are currently at a low level of 2%, face challenges such as regulatory complexities, limited access to export credit, payment reconciliation issues, and prolonged customs clearance times. To address these challenges, the Study proposes strategies such as formulation of a comprehensive national e-commerce policy, tailored financing solutions for e-commerce exporters, the establishment of dedicated e-Commerce Export Zones, increase in RoDTEP benefits, promotion of UPI as a payment gateway, renegotiation of trade agreements, and the creation of dedicated customs clearance lanes. Additionally, initiatives for awareness creation, including collaborations with industry players could also help enhance the participation of Indian exporters in e-commerce.

# 1. Introduction

## OVERVIEW

e-Commerce refers to buying and selling of goods and services over digital and electronic network. The OECD defines e-commerce as "the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods and services do not have to be conducted online"[31].

e-Commerce can be domestic or cross-border. While domestic e-commerce involves purchase and sale of goods/services from within a country, cross-border e-commerce refers to purchases sourced from outside the purchaser's country of residence.

A common characteristics of retail e-commerce, particularly cross-border retail e-commerce, is that a large portion of it involves individual, small-size packages containing low value goods. Typically, the seller undertakes to deliver the goods directly to the consumer's door or to a local "pick-up point", contracting with the postal service or an express-delivery operator who assumes responsibility for clearance related to export and import. Some of the key factors influencing the competitiveness of a retail e-commerce entity include product quality, seller reliability, delivery speed, package tracking and tracing capabilities, and ease of returns, among others[32].

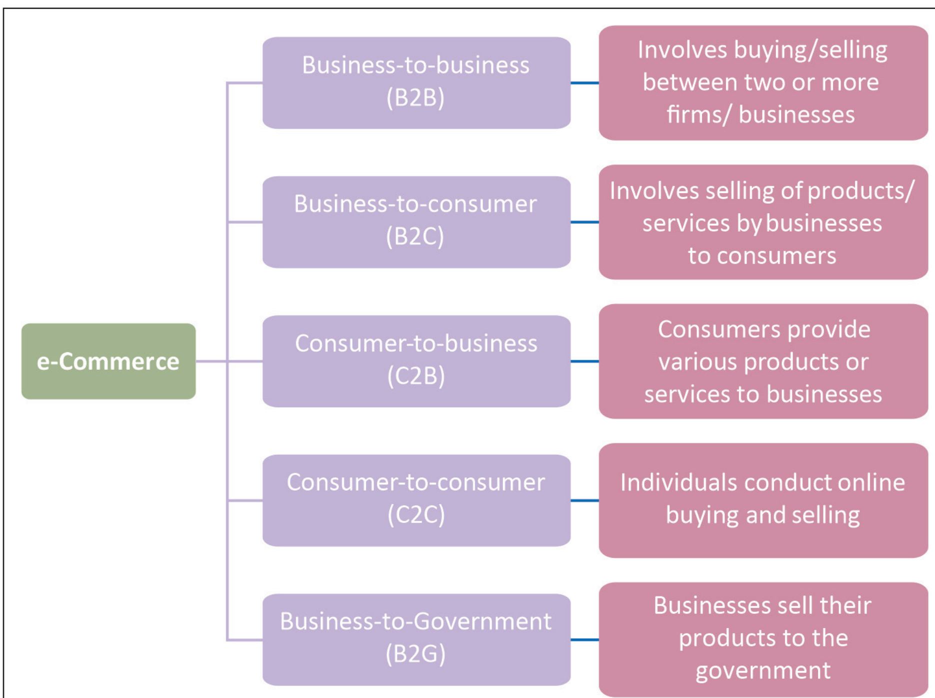
[31] OECD (2019), Unpacking e-Commerce Business Models, Trends and Policies

[32] OECD (2019), Aid For Trade At A Glance 2019: Economic Diversification And Empowerment

## CATEGORIES OF E-COMMERCE

e-Commerce can be divided into a range of different categories depending on the nature of the buyer and seller viz. business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C) or consumer-to-business (C2B) etc. Besides individuals and businesses, institutions such including government bodies also engage in e-commerce, as buyers or seller. Some of the prominent categories of e-commerce are highlighted in **Exhibit 1.1**.

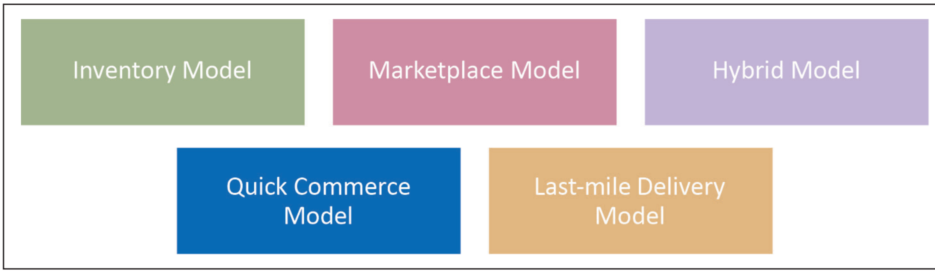
**Exhibit 1.1: Prominent Categories of e-Commerce**




## MODELS OF E-COMMERCE

In terms of business models, the prominent e-commerce business models are inventory-based model and marketplace-based model. Apart from these, there are several new and emerging e-commerce business models that are increasingly gaining salience, including hybrid model, quick commerce model and last-mile delivery model.

**Exhibit 1.2: Key Models Adopted by e-Commerce Businesses**




I. **Inventory Model:** An Inventory based model of e-commerce is one in which the inventory of goods of the sellers is owned and stored by the e-commerce entity, and is directly sold to the consumers. Under the inventory model, full-fledged fulfilment services are provided by the e-commerce entity, including expedited shipping, enhanced quality control, inventory management, and end-to-end order fulfilment.

II. **Marketplace Model:** In a Marketplace based model of e-commerce, an information technology platform on a digital & electronic network is owned by an e-commerce entity, which acts as a facilitator between buyer and seller, without taking ownership of the goods or services. Under this model, the e-commerce entities provide a centralised platform to multiple sellers where they can sell their products and connect with potential customers. e-Commerce entities in this model are not responsible for maintaining stocks and do not provide order fulfilment services. The entire chain of the order fulfilment process from inventory management, pricing, packing and shipment of products to the end customers is taken care of by the seller directly.

III. **Hybrid Model:** There are several hybrid models that involve online and in-store sales. These are being increasingly adopted by sellers over the recent years, to expand market and customer base, and provide a flexible shopping experience to buyers. One such model is the omnichannel model wherein the sellers integrate their brick-and-mortar stores, with their brand website or app. Such a model aims to provide a seamless shopping experience across all channels, including in-store, mobile, and online. Another common kind of hybrid e-commerce is the 'buy online pickup in-store' (BOPIS), or 'Click & Collect' model wherein consumers order a product online and pickup the same at a chosen time from the nearest store, typically from a designated online pickup area within the store. This model aims to better serve customers and optimise supply chains.

IV. **Quick Commerce (Q-commerce) Model:** Q-commerce is an e-commerce business model where the delivery of goods and services is done within a few hours of ordering. Q-Commerce platforms have emerged as a viable solution for consumers increasingly seeking a quick turnaround on their orders. Q-Commerce platforms leverage technology, data analytics, and a robust network of delivery partners to offer a wide range of products, including groceries, pharmaceuticals and electronics, amongst others, at customers' doorsteps within a remarkably short time frame.

V. **Last-mile Delivery Model[33]:** This is an emerging model in the e-commerce space based on new and emerging last-mile technology. Under this model, the buyers can buy a product online through an e-commerce platform and have their order delivered anywhere, without an address using last-mile technologies such as drones. Several top global e-commerce players such as Walmart and Amazon have been investing in such last-mile technology including drones to self-driving cars, to implement this model.

## SIGNIFICANCE OF E-COMMERCE

A growing share of e-commerce involves cross-border sales and therefore contributes to international trade. As per recent estimates by the UNCTAD, nearly 1.48 billion consumers (aged 15 and older) shopped online in 2019, of which over one-fourth of the consumers made cross-border purchases[34]. The Covid-19 pandemic played a catalytic role in accelerating digitalisation among entrepreneurs and consumers, leading to a surge in e-commerce sales. As per UNCTAD, the share of online retail sales in the total global retail sales

[33] Eskandaripour, H.; Boldsaikhan E, (2023), Last-Mile Drone Delivery: Past, Present, and Future

[34] UNCTAD (2021), Estimates of Global e-Commerce 2019 and Preliminary Assessment of Covid-19 Impact on Online Retail 2020

rose from 16% in 2019 to 19% in 2020, amid movement restrictions during the year[35]. With a growing number of people shifting to e-commerce to buy goods and services, the pandemic also incentivised businesses to transition to online operations in an effort to maintain continuity despite the limitations on physical purchases. e-Commerce continues to present significant opportunities for supporting business growth and internationalisation.

There are several advantages to e-commerce that are positioning it as a catalyst for international trade. e-Commerce platforms provide an ecosystem of services, including marketing tools, payment services and logistics. They can lower barriers to entry, especially for small companies. Services provided by these platforms can also assist in providing efficient channel for distribution of goods and services and overcoming the challenges pertaining to last-mile delivery.

e-Commerce is also a low-cost method for businesses for building market presence. It entails lower operational costs, as there is no need for a physical point of sale. This particularly helps micro, small and medium enterprises (MSME) that have limited capital. e-Commerce presents an opportunity to such enterprises to enter newer markets and high-value sectors that are usually associated with higher entry costs.

Further, e-commerce also has significant potential to contribute to employment creation. Employment opportunities are large and growing in associated areas such as marketing, logistics, social media, technical solutions, digital payments and data-processing, among others. Opportunities are also growing at lower skill levels, including to meet needs related to keeping inventory, storage, transport, and the delivery of products, and for aftersales service.

Despite its advantages, the penetration of e-commerce in India is relatively low, at present. According to a report by JP Morgan[36], e-commerce comprised only 5% of the total retail sales in India in 2021. This is lower when compared

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[35] UNCTAD (2021), Global e-Commerce Jumps to $26.7 Trillion, Covid-19 Boosts Online Retail Sales

[36] JP Morgan (2022), Global e-Commerce Trends Report

to other Asian countries like China, Thailand and Vietnam, wherein the share of e-commerce in total retail sales stood at around 30%, 8% and 5.5%, respectively in 2021. Moreover, only one-fourth of the total e-commerce sales in India are cross-border, which again is lower when compared to China, Vietnam and Thailand, where the share of cross-border e-commerce stood at about 39%, 38%, and 32%, respectively. This indicates significant scope for enhancing e-commerce exports from India[37].

## SCOPE OF THE STUDY

Set against this backdrop, the Study attempts to analyse the recent trends in e-commerce, including cross-border commerce, both globally and in India. The Study also attempts to identify challenges pertaining to e-commerce exports in India, and suggest strategies which can be adopted to address these challenges to make e-commerce an important channel for realising India's target of US$ 2 trillion exports by 2030.

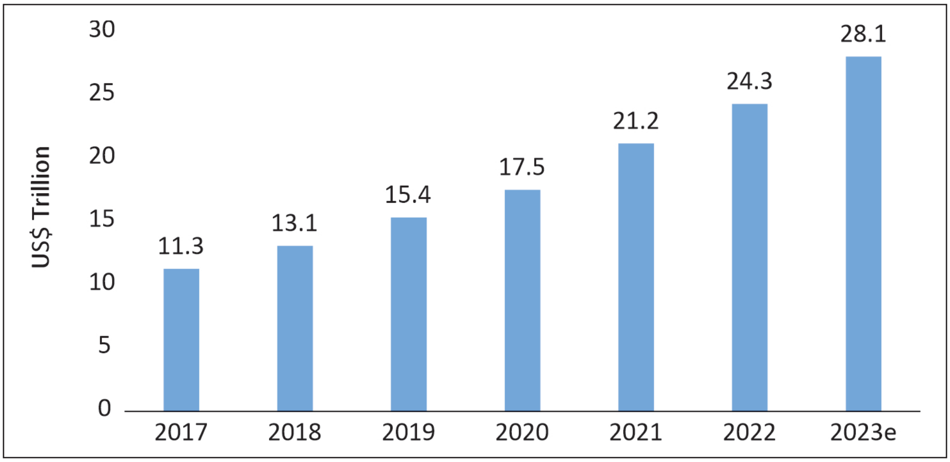
[37] Ibid

# 2. Current Scenario of e-Commerce

## GLOBAL E-COMMERCE TRENDS

e-Commerce emerged with the rise of the Internet in the 1990s, and has grown rapidly with the advancement of technology and greater global integration. The global e-commerce sales were estimated at US$ 24.3 trillion[38] during 2022, witnessing a robust Compound Annual Growth Rate (CAGR) of 16.6% during 2017 to 2022. Global e-commerce sales are further estimated to have reached a level of US$ 28.1 trillion in 2023 **(Exhibit 2.1)**.

**Exhibit 2.1: Trends in Global e-Commerce Sales**



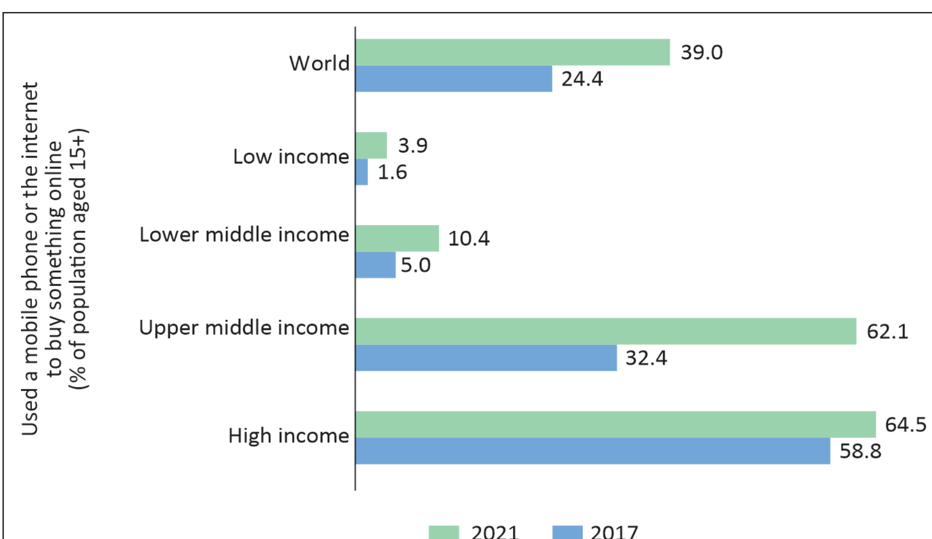

*Note: e – estimate for 2023*

*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

[38] While e-commerce has several categories, the estimates of e-Commerce sales used in this analysis includes only B2B and B2C e-Commerce, which are the two major segments of e-commerce globally. The estimates are based on available data from the International Trade Administration, the U.S. Department of Commerce.

This rapid growth in e-commerce was particularly driven by the increasing adoption of digital buying by consumers as also the adoption of remote selling models by businesses over the recent years. Moreover, the limitations on physical purchases during the Covid-19 pandemic played a catalytic role in increasing e-commerce adoption by buyers and incentivising businesses to transition to online operations in an effort to maintain business continuity[39]. Analysis of recent data indicates that in 2021, the weighted average proportion of persons using mobile phone or the Internet to purchase online increased to 39% in 2021, up from 24.4% in 2017. This trend of increasing engagement in e-commerce has been similar across developed and developing countries, despite the stark differences in the overall e-commerce adoption between the country groups. Analysis indicates that since 2017, the proportion of people that shop online has increased from 58.8% to 64.5% in high income countries, from 1.6% to 3.9% in the low-income countries and from 5% to 10.4% in lower middle-income countries **(Exhibit 2.2)**.

**Exhibit 2.2: Country Group-wise Proportion of Individuals that Purchased Online (Percentage of Population Aged 15+)**



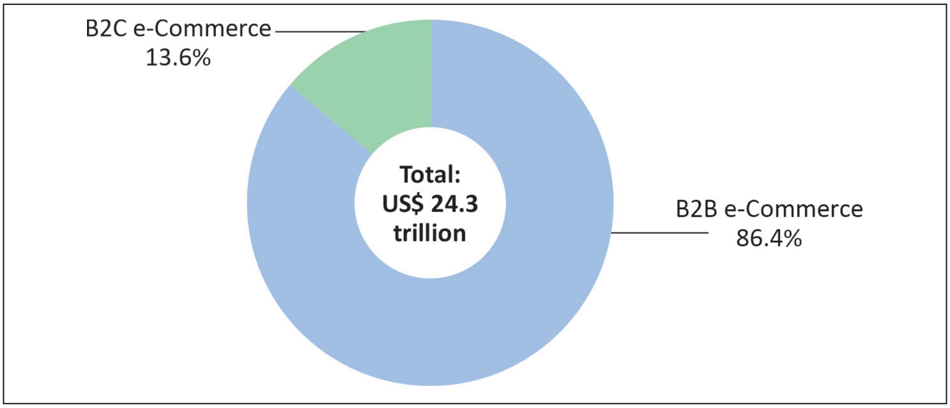

*Source: Global Findex Database 2021, World Bank; Exim Bank Research*

[39] UNCTAD (2023), e-Commerce from a Gender and Development Perspective

## SEGMENT-WISE ANALYSIS OF E-COMMERCE TRENDS

As noted in the previous chapter, B2B e-commerce involves online buying and selling between two or more businesses, while B2C e-commerce refers to online buying and selling between consumers and businesses. Segment-wise analysis indicates that globally, B2B e-commerce was the largest segment of e-commerce, accounting for a share of 86.4% in the total global e-commerce sales in 2022, while B2C e-commerce held a relatively lower share of 13.6% in the total global e-commerce sales in the same period **(Exhibit 2.3)**.

**Exhibit 2.3: Segment-wise Global e-Commerce Sales in 2022**

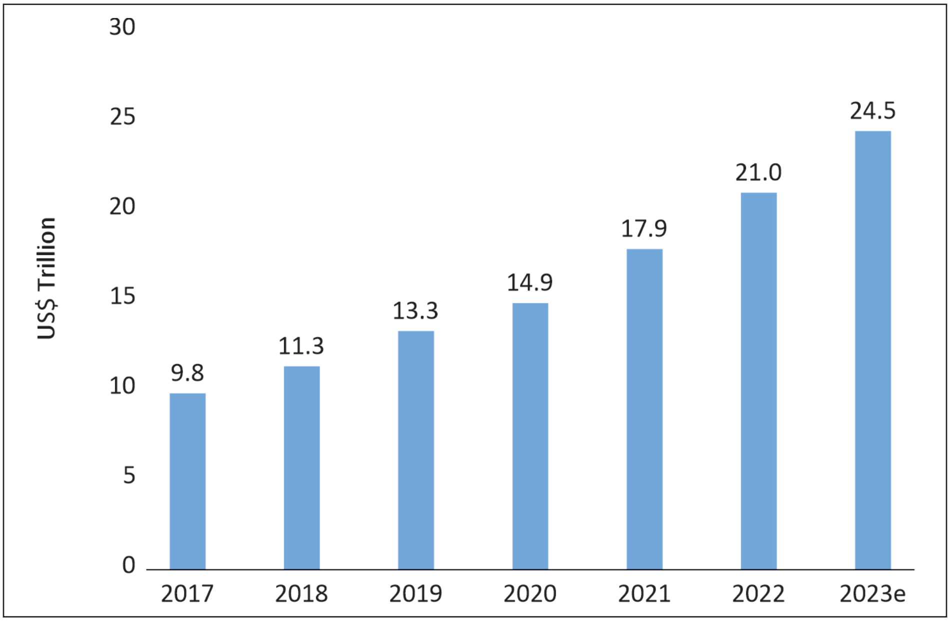



*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

Over the recent years, B2B e-commerce adoption has significantly increased. As per data from the U.S. International Trade Administration, during 2017 to 2022, the global B2B e-commerce sales recorded a CAGR of 16.4% to reach US$ 21.0 trillion, up from US$ 9.8 trillion in 2017. In 2023, the B2B e-commerce sales is estimated to have reached US$ 24.5 trillion **(Exhibit 2.4)**. It is further forecast to reach over US$ 36.2 trillion by 2026[40]. Heavy industries such as advanced manufacturing, energy, healthcare, and professional business services are the major segments that are driving majority of the B2B e-commerce sales value.

[40] International Trade Administration, The U.S. Department of Commerce (2023), e-Commerce Sales & Size Forecast

**Exhibit 2.4: Trends in Global B2B e-Commerce Sales**

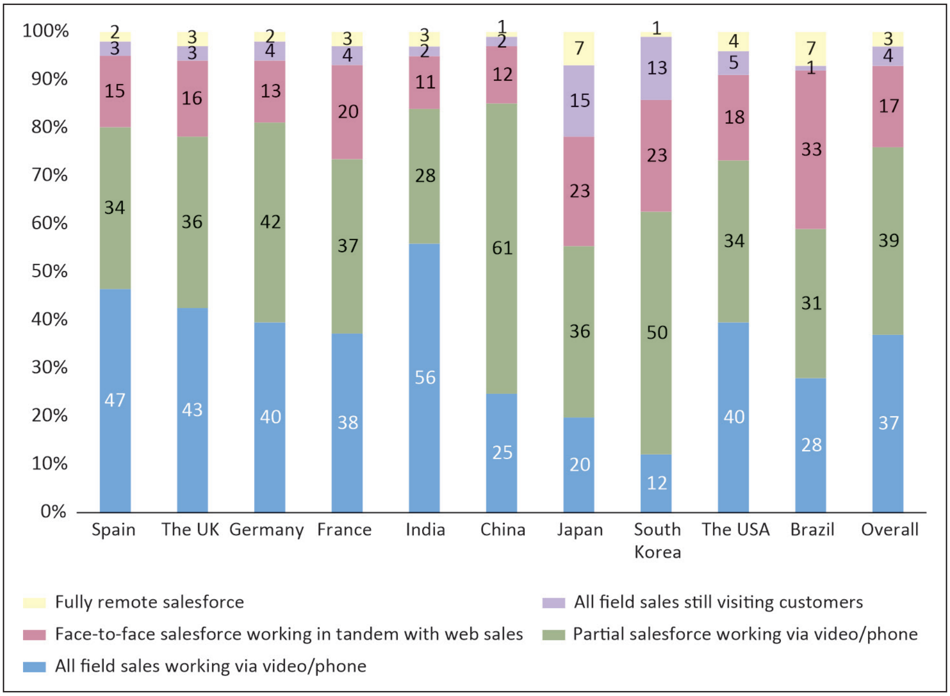



*Note: e – estimate for 2023*

*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

The robust growth in adoption of B2B e-commerce could be partly attributed to the shift towards remote selling models by businesses during the Covid-19 pandemic. A recent analysis published by the U.S. International Trade Administration indicates that, since 2020 over 90% of global B2B companies have shifted to full or partial virtual sales model, due to improved process efficiencies and better management software. Analysis indicates that, on an overall basis, businesses had nearly 37% of salesforce working entirely via video/phone, while 39% of their salesforce were partially working via video/phone in the year 2020. While this may not entirely represent an increase in e-commerce sales, it is indicative of greater adoption of digital means by businesses for increasing sales. It is noteworthy that, among the countries surveyed, Indian businesses had the highest proportion of 56% of salesforce working entirely via video/phone during 2020. Meanwhile, two markets viz. South Korea and Japan, had relatively lower adoption rates of digital selling methods, with a large proportion of the salesforce conducting face-to-face meetings even in 2020 **(Exhibit 2.5)**.

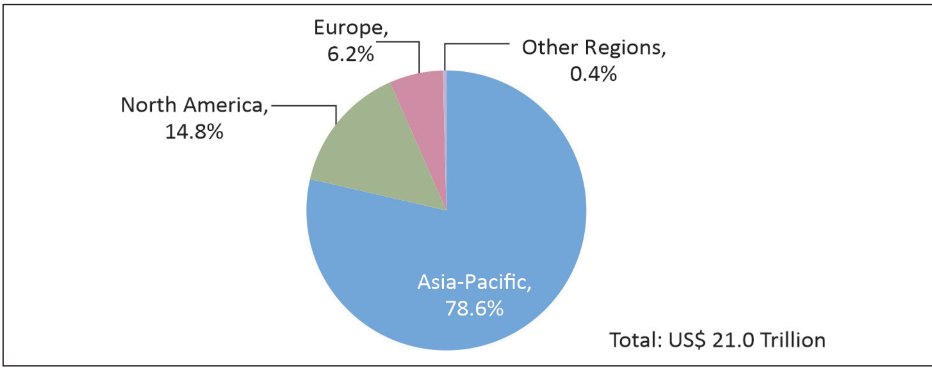
**Exhibit 2.5: Adoption of Remote Selling B2B Models by Major Economies in 2020**




*Source: International Trade Administration, The U.S. Department of Commerce*

Over the recent years, the adoption of B2B e-commerce has been increasing across developing countries, especially in the Asia Pacific region. In fact, Asia-Pacific is the largest contributor to global B2B e-commerce, accounting for a share of 78.6% in the total global B2B e-commerce sales in 2022, followed by North America (share of 14.8%), and Europe (6.2%), among other regions **(Exhibit 2.6)**. Over the recent years, the share of Asia Pacific in global B2B e-commerce has gradually expanded from 77.9% in 2017 to 78.6% in 2022. The increasing adoption of B2B e-commerce across developing countries has been fuelled by improving digital infrastructure, including greater proliferation of mobile technologies and better internet connectivity, which have enabled businesses to engage with their customers more efficiently, speed up supply chain processes and boost sales performance.

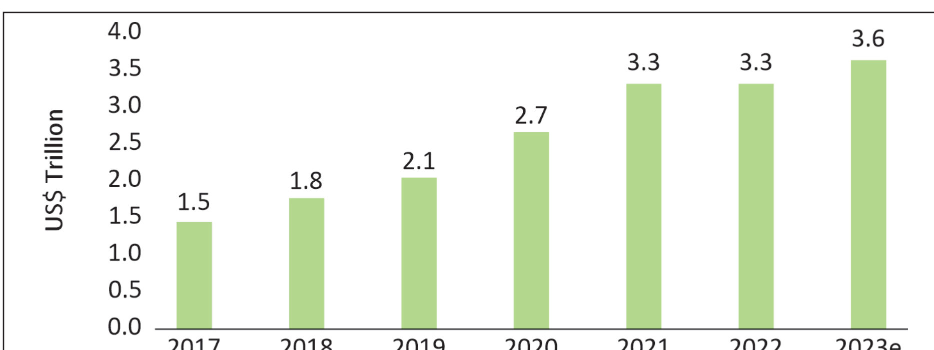
**Exhibit 2.6: Region-wise Global B2B e-Commerce Sales in 2022**




*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

While B2B e-commerce remains the largest segment in the e-commerce industry, B2C e-commerce has emerged as the fastest growing segment of the industry in the recent years, recording a CAGR of 18.0% during 2017-2022, to reach US$ 3.3 trillion in 2022. In 2023, the B2C e-commerce segment is estimated to have been valued at US$ 3.6 trillion, and is further projected to grow to US$ 5.2 trillion by 2026, recording a CAGR of 13.0% during 2023 to 2026[41].

**Exhibit 2.7: Trends in Global B2C e-Commerce Sales**



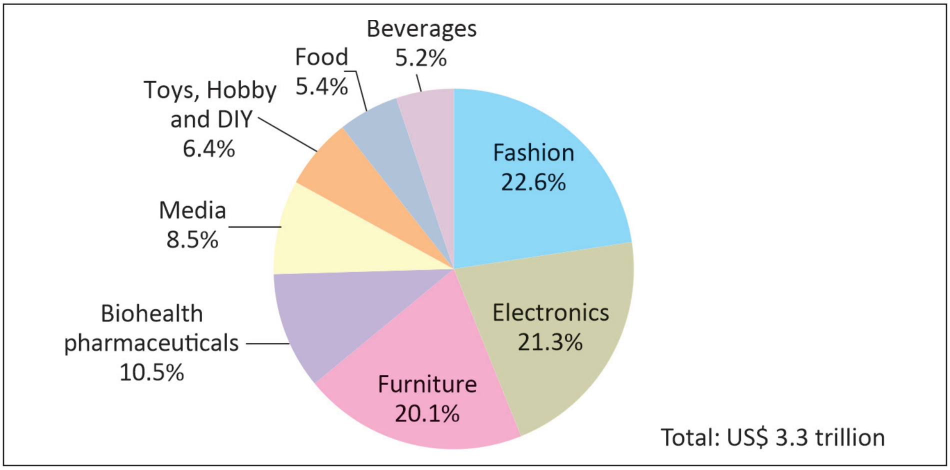

*Note: e – estimate for 2023*

*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

[41] International Trade Administration, The U.S. Department of Commerce (2023), eCommerce Sales & Size Forecast

Fashion products was the largest sub-segment in the global B2C e-commerce segment, accounting for a share of 22.6% in the global B2C e-commerce sales in 2022. Other top sub-segments include electronics (share of 21.3%), furniture (20.1%), biohealth pharmaceuticals (10.5%), and media (8.5%), among other sub-segments. It is noteworthy that while fashion and electronics have been the two largest sub-segments, over the recent years, biohealth pharmaceuticals is the fastest growing sub-segment, recording a CAGR of 18.9% during 2017 to 2022[42].

**Exhibit 2.8: Sub-segment-wise Global B2C e-Commerce Sales in 2022**




*Source: International Trade Administration, The U.S. Department of Commerce; Exim Bank Research*

## INDIAN E-COMMERCE SCENARIO

India's e-commerce market is the eighth largest[43] and one of the fastest growing markets in the world. The value of Indian e-commerce market stood at US$ 46.2 billion[44] in 2020 and is estimated to have reached

[42] International Trade Administration, The U.S. Department of Commerce (2023), eCommerce Sales & Size Forecast; Exim Bank Research

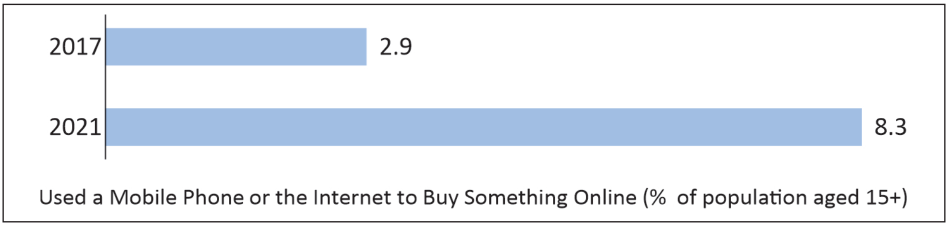
[43] JP Morgan (2023), Global e-Commerce Trends Report

[44] International Trade Administration, The U.S. Department of Commerce (2022), India - Country Commercial Guide - Online Marketplace and E-Commerce

US$ 63.2 billion in 2023[45], recording a CAGR of 11% during this period, as the momentum in sales growth was amplified during the Covid-19 pandemic. Despite the significant growth, as per estimates by JP Morgan, e-commerce sales comprised only 5% of total retail sales in India in 2021, indicative of the substantial untapped potential.

Over the recent years, the proportion of persons purchasing online in India, using mobile phone or the internet has increased by nearly threefold to reach 8.3% in 2021, up from 2.9% in 2017 **(Exhibit 2.9)**. However, this remains substantially below the global average of 39%. Nevertheless, going forward, e-commerce activity in India is likely to gain further momentum due to the increase in digitalisation, including greater use of digital payment systems. Accordingly, the Indian e-commerce industry is expected to reach nearly US$ 136.5 billion by 2026[46].

**Exhibit 2.9: Proportion of Individuals that Purchased Online in India (Percentage of Population Aged 15+)**




*Source: Global Findex Database 2021, World Bank; Exim Bank Research*

As per recent research, majority of India's e-commerce transactions are undertaken through mobile phones, particularly smart phones. In fact, estimates by JP Morgan suggests that nearly 80% of all e-commerce transactions in India take place through mobiles[47]. Owing to the greater use of mobiles in e-commerce transactions, digital wallets are the primary payment method for e-commerce transactions in India, accounting for nearly

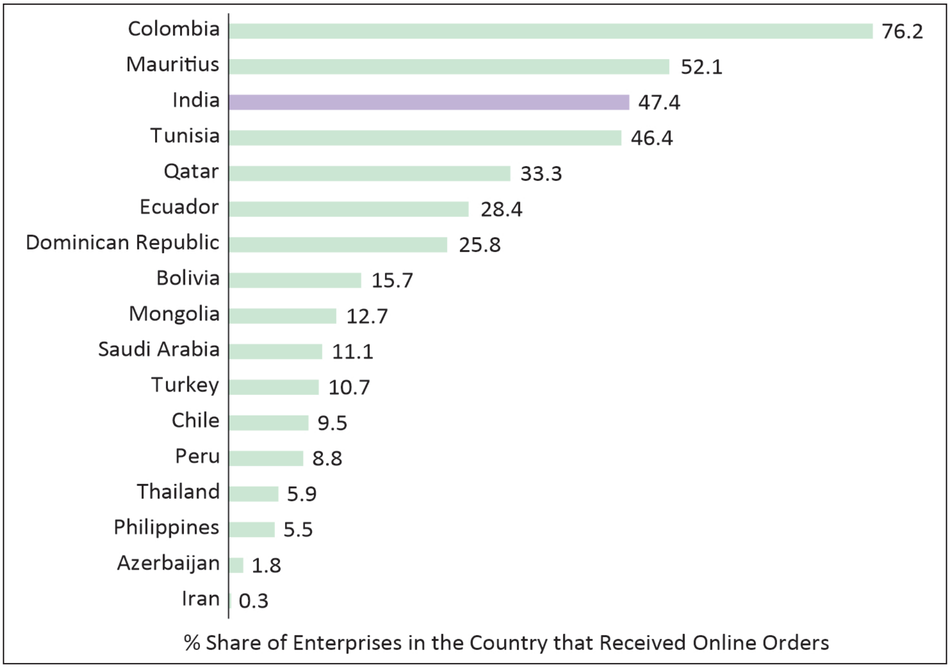
[45] International Trade Administration, The U.S. Department of Commerce (2023), e-Commerce Sales & Size Forecast

[46] International Trade Administration, The U.S. Department of Commerce (2022), India - Country Commercial Guide - Online Marketplace and e-Commerce

[47] JP Morgan (2023), Global e-Commerce Trends Report

33% of all e-commerce transactions in the country, followed by debit and credit cards, which make up nearly 31% of all e-commerce transactions in India. The share of cash as a payment method is much lower at 13%[48]. From the business point of view also, it is noteworthy that nearly 47.4% of Indian enterprises received online orders in 2021, which is substantially high when compared to several other developing countries **(Exhibit 2.10)**.

**Exhibit 2.10: Share of Enterprises Receiving Online Orders – India vis-à-vis Other Developing Countries**




*Source: UNCTAD; Exim Bank Research*

## CROSS-BORDER E-COMMERCE

Cross-border e-commerce involves purchases sourced from outside the purchaser's country of residence, whereby the goods are delivered from overseas to the purchaser's location. As per UNCTAD[49], only a handful of

[48] JP Morgan (2023), Global e-Commerce Trends Report

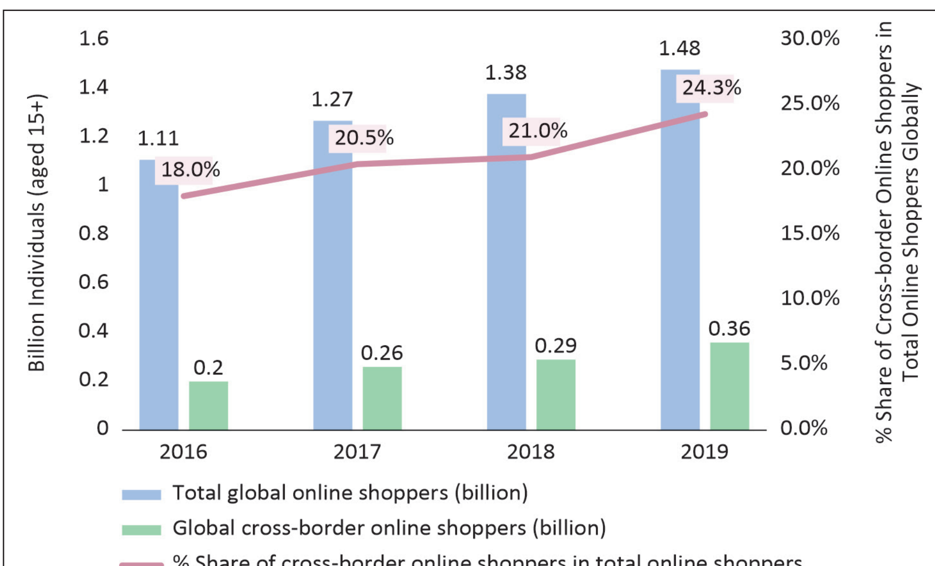
[49] UNCTAD (2023), Measuring the Value of e-Commerce.

economies have published statistics on the value of cross-border e-commerce sales. Due to the absence of reliable data on the global level, time series analysis of cross-border e-commerce becomes challenging. The limited information on cross-border e-commerce from reliable sources is analysed in this section.

## Global Cross-border e-Commerce

As per latest available data, nearly 1.48 billion individuals aged 15 and older- representing more than one quarter of the world's population- shopped online in 2019. Of this, nearly 24.3% of the individuals made cross-border purchases indicating that domestic suppliers remained the main source for online shoppers globally **(Exhibit 2.11)**. Nevertheless, it is noteworthy that over the years, the share of cross-border online shoppers has steadily increased, from 18% in 2016 to 24.3% in 2019.

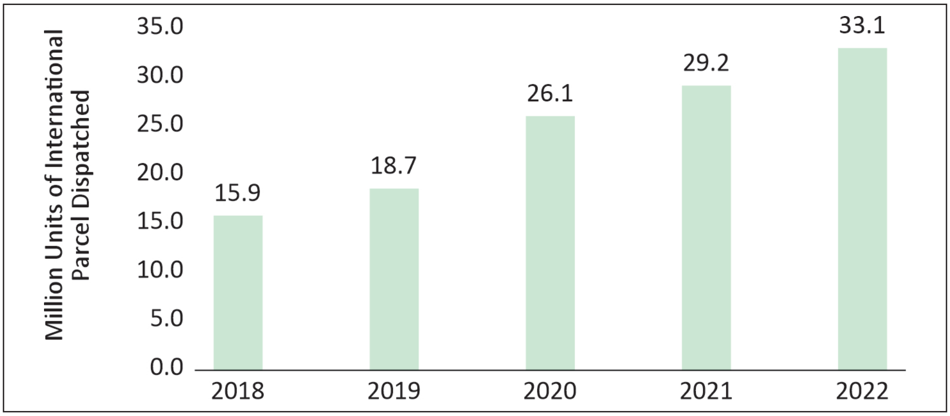
**Exhibit 2.11: Global Online Shoppers and Share of Cross-border Online Shoppers 2016-2019**




*Source: UNCTAD; Exim Bank Research*

Postal operators, with large physical infrastructure and personnel assigned to remote locations are an important link in the mosaic of agents in the e-commerce value chain. Analysis of data from the Universal Postal Union (UPU) on the volume of international postal traffic offers important insights into recent trends in cross-border e-commerce of goods[50]. Between 2018 and 2022, global international parcels dispatched reached 33.1 million parcels in 2022, more than doubling from 15.9 million parcels in 2018 **(Exhibit 2.12)**, although admittedly not all of these would be linked to e-commerce transactions[51].

**Exhibit 2.12: Global International Parcel Dispatches (2018-2022)**




*Source: Universal Postal Union Statistics 2022; Exim Bank Research*

Largest volume of international parcels was dispatched from France, which accounted for 36.2% of all international parcel dispatches during 2022, followed by Lithuania (share of 7.8%), Japan (6.0%), China (4.3%) and Switzerland (3.9%), among other countries. India ranked 20th among these countries, accounting for a share of 0.6% in total international parcel dispatches during 2022.

Recent estimates by UNCTAD suggests that on an average, cross-border sales comprised 21% of e-commerce revenues[52]. Based on this estimate, the value of cross-border e-commerce would be an estimated US$ 5.1 trillion in 2022[53].

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[50] WTO (2017), Aid for Trade: Promoting Trade, Inclusiveness and Connectivity for Sustainable Development

[51] Based on UPU's 2022 Postal Statistics for 76 countries for which data was available.

[52] UNCTAD (2023), Measuring the Value of e-Commerce

[53] Exim Bank's calculation based on data from UNCTAD

As per latest available data published by the UNCTAD in 2021[54], cross-border B2C e-commerce stood at US$ 440 billion in 2019, recording a y-o-y growth of 8.9%. It is noteworthy that the top 10 countries exporting through e-commerce mode, accounted for nearly 75% of the total cross-border B2C e-commerce sales in 2019. China has the largest cross-border e-commerce exports, with a share of 23.9% in the total cross-border B2C e-commerce in 2019, followed by the USA (share of 20.5%), the UK (8.6%), Hong Kong (8%), and Japan (5.2%) among others **(Table 2.1)**.

**Table 2.1: Top Ten Countries by Cross-border B2C e-Commerce Sales (2019)**

| Country | Cross border B2C e-Commerce sales ($ Billions) | Share in Global Cross-border B2C e-Commerce |
|---|---|---|
| China | 105 | 23.9% |
| The USA | 90 | 20.5% |
| The UK | 38 | 8.6% |
| Hong Kong | 35 | 8.0% |
| Japan | 23 | 5.2% |
| Germany | 16 | 3.6% |
| France | 12 | 2.7% |
| South Korea | 5 | 1.1% |
| Italy | 5 | 1.1% |
| The Netherlands | 1 | 0.2% |
| **Top 10** | **330** | **75.0%** |
| **World** | **440** | **100.0%** |

*Source: UNCTAD; Exim Bank Research*

It is also noteworthy that among the top 10 countries for cross-border e-commerce sales, the export-orientation (i.e. share of cross-border B2C e-commerce in total B2C e-commerce) is remarkably high in Hong Kong at 94.3% in 2019, followed distantly by countries such as the UK, Germany, Italy and Japan, among others. Meanwhile, China and the USA, which were the top 2 e-commerce exporters, had a relatively lower export orientation of 6.8% and 7.1%, respectively, during the same year.

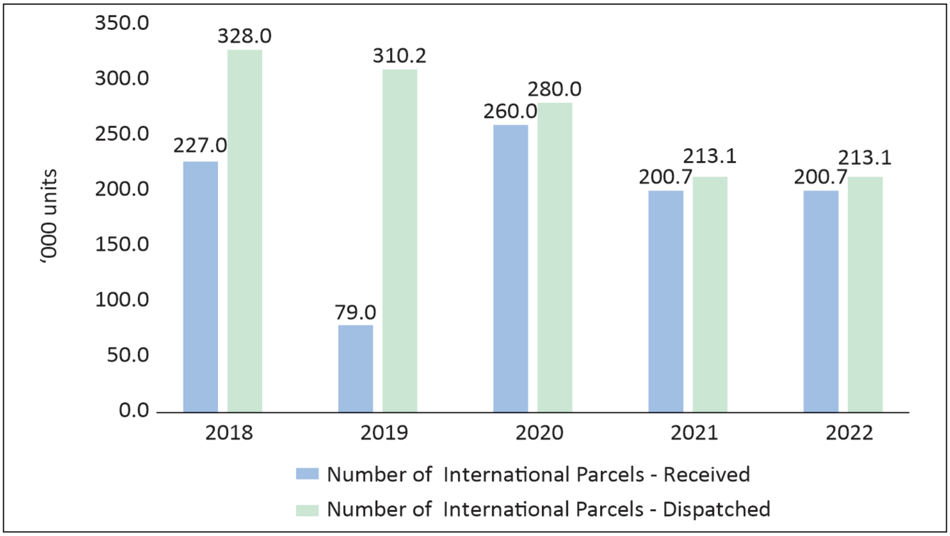
[54] UNCTAD (2021), Estimates of Global e-Commerce 2019 and Preliminary Assessment of Covid-19 Impact on Online Retail 2020

## Cross-border e-Commerce in India

According to a JP Morgan report, cross-border transactions account for nearly one-fourth of the total e-commerce sales in the country[55]. Accordingly, the value of cross-border e-commerce in India is estimated at US$ 15.8 billion in 2023[56]. This would be nearly 0.3% of the estimated value of global cross-border e-commerce and nearly 2% of India's total exports (merchandise and services combined).

Analysis of data from the Universal Postal Union on the volume of international postal traffic from India suggests that between 2018 and 2022, there has been a marked decline in the international parcels dispatched from India, reaching 213.1 thousand parcels in 2022, from nearly 328.0 thousand parcels in 2018 **(Exhibit 2.13)**. While not all of these would be linked to e-commerce transactions, the decline is substantially large and in contrast to the global trend noted in the previous section. Meanwhile, the volume of international parcels received in India during the same period also declined from 227 thousand parcels in 2018, down to 200.7 thousand parcels in 2022.

**Exhibit 2.13: International Parcel Dispatched from and Received in India (2018-2022)**




*Source: Universal Postal Union Statistics 2022; Exim Bank Research*

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[55] JP Morgan (2023), Global e-Commerce Trends Report

[56] Exim Bank calculation

# GOVERNMENT OF INDIA'S SUPPORT TO ENHANCE E-COMMERCE EXPORTS

## Thrust to e-Commerce under the Foreign Trade Policy 2023

e-Commerce exports are a promising category requiring distinct policy interventions from traditional offline trade. Accordingly, the Government of India (GOI) has brought out a dedicated chapter in the Foreign Trade Policy (FTP) 2023 on e-commerce titled "Promoting Cross Border Trade in Digital Economy". The Chapter outlines the intent and roadmap for establishing e-commerce hubs and related elements for enhancing e-commerce exports from the country. These include:

1. **Increase in Value Limit under Courier Mode:** The FTP has increased the value limit for exports through courier service from ₹ 5 lakh to ₹ 10 lakh per consignment, thereby providing a greater impetus to e-commerce exports through courier mode.

2. **Dak Niryat Facilitation:** The FTP focusses on promotion of e-commerce exports through postal route. As per the FTP, Dak Ghar Niryat Kendras shall be operationalised throughout the country to work in a hub-and-spoke model with Foreign Post Offices to facilitate cross-border e-commerce and to enable artisans, weavers, craftsmen, and MSMEs in the hinterland and land-locked regions to reach international markets.

3. **Creation of e-Commerce Export Hubs:** The policy also envisages the creation of specialised e-commerce export hubs with cutting-edge warehousing facilities for e-commerce aggregators. These hubs are envisaged to cater to the specific needs of e-commerce, providing a hassle-free inventory management, customs clearance, and returns processing, among other facilities. Moreover, designated facilities for labelling, testing, and repackaging etc., for further elevating the efficiency and convenience for e-commerce aggregators are also envisaged. This is expected to bring a transformative shift in the cross-border e-commerce industry in the country.

4. **Handholding and Outreach Programme in Partnership with Industry Players:** As per the FTP, the Niryat Bandhu Scheme shall have a

component for the promotion of e-commerce. Under this component, the DGFT shall organise outreach activities/workshops in partnership with Customs Authorities, Department of Post, Industry Partners and Knowledge Partners for promotion of e-commerce exports and increasing awareness on e-commerce related rules and processes. Besides outreach/ workshops, specific focus may be on creation of electronic content as well. The DGFT has signed its first MOU with Amazon India to undertake capacity-building and outreach activities across 20 districts **(Table 2.2)** on a pilot basis. Similar collaborations with other e-commerce players for outreach activities are also underway. These outreach and training activities would help build capacity of aspiring e-commerce exporters, onboard them on e-commerce platforms and facilitate greater exports. Further, the DGFT has also recently launched the 'E-Commerce Exports Handbook for MSMEs', which is a one-stop repository for providing strategies for promoting exports via e-commerce and facilitating MSMEs to venture into global markets effectively.

**Table 2.2: Districts Identified for Outreach Programme in Partnership with Amazon India (Pilot Phase)**

| S. No | State / UT | District(s) |
|---|---|---|
| 1 | Delhi | Southwest |
| 2 | Haryana | Faridabad, Panipat |
| 3 | Punjab | Ludhiana |
| 4 | Uttar Pradesh | Gautam Buddh Nagar,<br>Kanpur Nagar, Moradabad<br>Varanasi, Mirzapur |
| 5 | Uttarakhand | Haridwar |
| 6 | Karnataka | Bengaluru Urban |
| 7 | Telangana | Hyderabad |
| 8 | Tamil Nadu | Madurai |
| 9 | West Bengal | Howrah |
| 10 | Gujarat | Rajkot, Ahmedabad |
| 11 | Maharashtra | Pune, Kolhapur |
| 12 | Rajasthan | Jaipur, Jodhpur |

*Source: Lok Sabha Unstarred Question No. 2795, Ministry of Commerce and Industry, Government of India*

### Improving Cost Competitiveness through RODTEP

Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was introduced by the Government of India to refund taxes/ duties/ levies incurred in the process of manufacture and distribution of exported products, which were not being refunded under any other mechanism, at the central, state and local levels. The scheme aims to enhance cost competitiveness of exporter with a view to enable them to negotiate export contracts on better terms and secure greater market access abroad. The Scheme was notified till 30th September 2023, and has been further extended till 30th June 2024. However, the benefits of the scheme were earlier unavailable to e-commerce exporters. Recently, the Government of India has announced the extension of the RoDTEP benefits to e-commerce exports including exports through courier and postal routes. This would help make e-commerce exporters more competitive in the global market.

### National e-Commerce Policy, 2019

The Government of India released the draft National e-Commerce Policy in February 2019 to create a facilitative regulatory environment for growth of e-commerce sector, including exports. The policy is aimed at empowering domestic entrepreneurs and to encourage Make in India while safeguarding interests of consumers and facilitating job creation[57]. The Policy is expected to promote competition and protect the interests of all stakeholders including investors, manufacturers, MSMEs, traders, retailers, startups, and consumers. The Government of India is currently in the process of finalising the finer contours of the policy, which is expected to be released in the near future.

## CONCLUSION

The global e-commerce industry has experienced significant growth, reaching an estimated US$ 24.3 trillion in sales during 2022. This surge is attributed to increased digital adoption by consumers, accentuated by the Covid-19 pandemic's impact on physical purchases and the rising adoption of remote

[57] PIB (2020), Formulation of the National e-Commerce policy and the new Industrial Policy under consideration of the Government

selling models. India's e-commerce market, the eighth largest globally, is estimated to reach US$ 136.5 billion by 2026, with significant mobile-driven transactions. While cross-border transactions constitute nearly one-fourth of total e-commerce sales in India, its share in global cross-border e-commerce remains substantially low at 0.3%, indicating substantial scope for improvement.

# 3. Strategies for Increasing India's e-Commerce Exports

e-Commerce exports enable businesses to access a larger pool of customers and provide an easier mechanism for MSMEs to grow their business in the international markets while reducing dependence on intermediaries. However, currently e-commerce exports accounts for only about 2% of India's total exports (goods and services combined). This is much lower compared to other countries like Malaysia and Thailand, which have a relatively higher share of e-commerce exports in total exports at 8% and 5%, respectively[58]. e-Commerce could be leveraged to expand the markets for domestic manufacturers, especially the MSMEs, and drive the growth in exports from the country. The Government of India expects e-commerce exports to reach nearly US$ 200 billion- US$ 300 billion by 2030[59], thereby helping the country achieve the exports target of US$ 2 trillion by 2030. This chapter explores the various roadblocks faced by e-commerce exporters in the country and outlines strategies that could be adopted to alleviate these challenges and enhance e-commerce exports from the country.

## FOCUS PRODUCTS FOR ENHANCING E-COMMERCE EXPORTS

India has comparative advantage in certain products and focusing on these products for e-commerce exports would enable the sellers to garner greater revenues and establish their brand identity. These products would require lesser marketing/ promotion as such Indian products are already well recognised. In this regard, the DGFT's e-Commerce Exports Handbook for

[58] UNCTAD (2023), Digital Trade for Development

[59] PIB (2023), Foreign Trade Policy 2023 announced, Ministry of Commerce and Industry

MSMEs identifies a list of products where India has comparative advantage, that may be targeted by MSMEs aspiring to export through e-commerce mode. These include products such as handloom textiles and apparel; leather & leather goods; handicrafts and home décor; beauty and personal care products; semi-precious jewellery and accessories; automotive parts; ayush and herbal products; spices, tea and coffee; engineering goods.; and religious artifacts.

In addition to these products, the Government of India could also consider promoting Indian products with Geographical Indications (GI) through e-commerce by collaborating with leading e-commerce platforms. A similar approach is being adopted by the Government of Italy, which has signed a memorandum of understanding with the e-commerce platform Amazon, to promote Italian products that have a protected designation of origin (PDO) or protected geographical indication (PGI). In addition to promotion of such products, the collaboration aims to strengthen the protection of such products sold on the e-commerce platform, through identification and reporting of violations of intellectual property rights of products with PDO or PGI, as well as through checking unfair practices related to sharing of incorrect product information. The agreement also allows Amazon to promptly remove counterfeit products. Similar collaboration could be considered by the Government of India as well, which would help improve consumer confidence on quality and authenticity, and help enhance sales and exports of GI tagged products through e-commerce mode.

## IDENTIFYING POTENTIAL MARKETS

Analysis in this section attempts to identify potential markets for e-commerce exports from India. Markets with significant potential for e-commerce, as evinced from the share of cross-border digital buyers and internet penetration rates, have been identified. These markets are mapped with India's top export destinations for merchandise exports, which are markets where India already has substantial footprint under the traditional mode of exports. An attempt is made to then analyse India's e-commerce export footprint in these key markets. The analysis indicates that, among the identified markets, India features as the top import source for cross border e-commerce only in the case of UAE. India does not feature among the top import sources in any of its other top merchandise export destinations in 2022. This indicates substantial potential for tapping these markets for e-commerce exports.

**Table 3.1: Potential Target Markets for e-Commerce Exports from India**

| Country Name | % of Cross-Border Online Shoppers in 2022 | Internet Penetration (%) in 2022 | Top Import Sources for Cross-border e-Commerce Purchases in 2022 | Share of the Country in India's Merchandise Exports in 2022 |
|---|---|---|---|---|
| The USA | 33 | 92 | China, Canada, The UK | 17.7 |
| The UAE | 60 | 100 | The USA, India, China | 6.9 |
| The Netherlands | 56 | 93 | China, Germany | 4.1 |
| China | 39 | 76 | The USA, Japan, South Korea | 3.3 |
| Singapore | 78 | 89 | China, The USA, South Korea | 2.6 |
| The UK | 42 | 97 | The USA, China, Germany | 2.5 |
| Germany | 37 | 92 | China, The USA, The UK | 2.3 |
| Hong Kong | 73 | 96 | China, Japan, The USA | 2.2 |
| Brazil | 57 | 81 | China, The USA, Japan | 2.1 |
| Italy | 52 | 85 | China, The USA, The UK | 1.9 |
| Australia | 63 | 96 | The USA, China, The UK | 1.8 |
| France | 66 | 85 | China, The USA, The UK | 1.8 |
| Mexico | 65 | 76 | The USA, China, Japan | 1.1 |
| Spain | 65 | 94 | China, The USA, The UK | 1.1 |
| Canada | 62 | 93 | The USA, China, The UK | 0.9 |

*Source: Statista; International Telecommunication Union (ITU); 2022 Paypal Borderless Commerce Report; ITC Trademap; Exim Bank Research*

*Note: Country in Green represents market where India is among the top Import sources for cross-border e-Commerce purchases*

## ADDRESSING DATA ISSUE

Measuring the economic significance of e-commerce and its contribution to GDP, employment, and development would be essential for evidence-based policymaking. Likewise, disaggregating the contribution of domestic and cross-border e-commerce would also be crucial for determining the extent to which e-commerce contributes to international trade. However, currently, there is a lack of comprehensive and reliable data on e-commerce, including cross border e-commerce in the public domain. Data such as overall trends in e-commerce, e-commerce by different modes, values for domestic and cross border e-commerce, direction and composition of cross border e-commerce etc., would be crucial to facilitate analysis for informed policymaking, both globally and in India.

Moreover, as per UNCTAD, there is also considerable variation in statistics available from various economies, in terms of definitions, approaches to e-commerce value, survey questions, data sources, methods, and scopes underpinning them[60]. Furthermore, cross border e-commerce statistics often only refer to exports and rarely to imports. In this context, the UNCTAD Working Group on Measuring e-Commerce and the Digital Economy has been working to address the gap in data by collaborating with developed and developing countries across the world.

India needs to consider developing a robust, exhaustive, and internationally comparable statistics on the value of e-commerce. One way to do that would be to strengthen the e-commerce related questions in the Annual Survey of Industries (ASI) carried out by the National Sample Survey Organisation. Currently in India, a sampling framework is used for the ASI to record potential changes across industries. The framework combines a census approach for larger establishments and random sampling for other enterprises, including for micro-enterprises. The data pertaining to businesses' use of information and communication technology (ICT) tools, including e-commerce, are collected through Block K of the ASI questionnaire. However, the same is currently not published at an aggregate level by the NSSO, making it difficult to ascertain the level of ICT adoption and use of e-commerce by enterprises. Moreover, the questions pertaining to ICT and e-commerce in the ASI are also not comprehensive enough to gauge crucial information such as the value, volume and type of e-commerce transactions undertaken by enterprises, etc. Hence, the GOI could consider including specific and detailed questions on

[60] UNCTAD (2023), Measuring the value of e-Commerce

e-commerce buying and selling by enterprises to help measure the value of e-commerce in the country.

Moreover, efforts are also needed for effectively capturing relevant data pertaining to e-commerce exports from the country. Currently, the DGCI&S compiles export figures from the daily trade returns received from the Customs, as per the reporting made by the exporters in the shipping bill through the Indian Customs Electronic Data Interchange Gateway (ICEGATE). Since courier or postal export datasets do not flow through ICEGATE, such data do not find mention in the official trade statistics reported by the DGCI&S. The lack of export data makes it difficult to identify trends and assess the impact of policy interventions. The GOI is already working towards the integration of Courier and Postal e-commerce exports with ICEGATE. The same could be expedited. Moreover, steps are also required for capturing e-commerce data effected through sea or air cargo mode.

## EXPANDING THE ITPS TO COVER MORE COUNTRIES

The International Tracked Packet Service (ITPS) is a competitive service for transmission and delivery of packets. The ITPS has been designed by India Post to meet the cross-border shipping requirements of e-commerce exporters including MSMEs, small businesses and merchants, and promote exports using local post offices. India Post already provides the service for 41 destinations (Table 3.2). However, several of India's top export destinations are currently not covered under the ITPS. India has been proactively expanding the number of ITPS partners over the recent years. In fact, in June 2023 alone, India added 23 new partner countries under the ITPS framework. Going forward, key export destinations like Bangladesh, Saudi Arabia, the UK, could also be considered for collaboration under the ITPS.

Besides, there is also a need to consider rationalising the postage fee charged under the ITPS. Currently, the ITPS provides shipping solution to exporters for packages weighing up to 2 kgs, along with pick-up and volume-based discount to contractual customers. The postage fee for such packages varies depending on the destination country, and stands at an average of nearly ₹341 for the first 50 gms and an average of ₹32.8 for every additional 50 gms[61]. This could be cost prohibitive for small value exporters. As per estimates, nearly 2 lakh e-commerce export transactions were undertaken through the postal route, with an average consignment value of nearly ₹2,600. As postal routes are used predominantly for small value exports by MSMEs, the government could consider rationalising/ waiving the postage fee for MSME exporters.

**Table 3.2: Destinations Covered under ITPS and the Tariffs**

| Country Names | Tariff (₹) | |
|---|---|---|
| | First 50 gms | Additional 50 gms or part thereof |
| Aruba | 340 | 60 |
| Australia | 425 | 45 |
| Belarus | 325 | 40 |
| Bhutan | 350 | 20 |
| Canada | 400 | 35 |
| Cambodia | 355 | 20 |
| Chile | 350 | 65 |
| China | 305 | 20 |
| Curacao | 340 | 55 |
| Dominican Republic | 340 | 55 |
| Egypt | 310 | 25 |
| Estonia | 340 | 30 |
| France | 335 | 30 |
| Georgia | 305 | 20 |
| Germany | 290 | 25 |
| Gibraltar | 325 | 40 |
| Great Britain | 360 | 25 |
| Hong Kong | 290 | 25 |
| Indonesia | 360 | 25 |
| Japan | 360 | 30 |

[61] Exim Bank Calculation based on country-wise tariff data; Source: India Post

| Country Names | Tariff (₹) | |
|---|---|---|
| | First 50 gms | Additional 50 gms or part thereof |
| Jersey | 335 | 35 |
| South Korea | 360 | 25 |
| Lithuania | 310 | 25 |
| Malaysia | 355 | 25 |
| Mongolia | 375 | 35 |
| Morocco | 325 | 40 |
| Myanmar | 305 | 20 |
| The Netherlands | 330 | 30 |
| New Zealand | 430 | 55 |
| Oman | 315 | 15 |
| Philippines | 360 | 25 |
| Singapore | 355 | 25 |
| Solomon Island | 340 | 55 |
| Sri Lanka | 350 | 20 |
| Svalbard and Jan Mayen | 320 | 35 |
| Thailand | 355 | 20 |
| Tuvalu | 345 | 60 |
| Ukraine | 315 | 25 |
| The UAE | 300 | 15 |
| The USA | 550 | 45 |
| Vietnam | 355 | 25 |
| **Average Tariff** | **341** | **32.8** |

*Source: India Post, Accessed on February 02, 2024*

## PROMOTING ONDC FOR INTERNATIONAL TRADE

The Open Network for Digital Commerce (ONDC) is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry. The ONDC offers a network to enable local digital commerce stores across industries to be discovered and engaged by any network-enabled applications. ONDC is neither an aggregator application nor a hosting platform, and all existing digital commerce applications and platforms can voluntarily choose to adopt and be a part of the ONDC network.

Presently, e-commerce buyers and sellers have to be on the same app for a transaction which happens through the same platform. Under the ONDC framework, a buyer registered on one participating e-commerce site may purchase goods from a seller on another participating e-commerce site. Moreover, the ONDC architecture does not only include buyers and sellers, but also includes logistic providers for the delivery of goods. In essence, the ONDC would enable the digitisation of the entire value chain. The platform creates new opportunities and limits e-commerce monopolies by supporting MSMEs and small traders to get on online platforms across various segments.

The ONDC network protocol operates without geographical restrictions, allowing any seller the freedom to offer products and services to buyers across any location, even internationally. Notably, the network has successfully conducted its first cross-border transaction in January 2024, with Singapore and is progressing towards scaling up this initiative.

However, in order to scale up ONDC beyond the borders of India, there are a few key enablers that would be crucial to put in place. These include:

(i) **Seamless cross-border payment settlements:** This would entail clear information on country-level regulations and rules for cross-border payments.

(ii) **Robust grievance redressal systems:** Different countries have different laws pertaining to consumer protection, therefore protections in one nation might not be the same as those in the nation where the firm is registered. A robust, comprehensive and clear redressal system would help provide prompt, satisfactory grievance resolution, fostering user confidence for cross-border transactions.

(iii) **Awareness about country-specific guidelines:** It would be important to ensure that buyer and seller apps know about country-specific guidelines for the sale of products. For example, the USA prohibits import of several wildlife-based products[62]. Designing and implementing standardised guidelines for e-commerce exporters listed on the ONDC could help ensure a seamless experience for consumers.

(iv) **Collaboration with international e-commerce platforms:** ONDC could also collaborate with international e-commerce platforms to participate on the network. This would help build an ecosystem that would also give Indian consumers access to local digital commerce experiences in other partner countries.

## ADDRESSING REGULATORY COMPLEXITIES

Currently, there are host of regulations in India for e-commerce, involving multiple government agencies and departments governing different aspects of e-commerce operations. For instance, the Consumer Protection Act, 2019 and the Consumer Protection (e-Commerce) Rules, 2020, which deals with the responsibilities and liabilities of the sellers and e-commerce platforms to protect the consumers is governed by the Ministry of Consumer Affairs, Food and Public Distribution. In June 2021, the Ministry proposed additional amendments to the Rules, including alteration of the definition of an e-commerce entity; mandatory registration of e-commerce entities; establishment of a grievance redressal mechanism; a ban on manipulation of e-commerce search results; and a ban on flash sales. Apart from this, the Competition Act, 2000 keeps in check anti-competitive practices and abuse of dominant position, which also covers certain areas under e-commerce operations. Besides these, the Sale of Goods Act, 1930, related to sales and shipping policies, the Legal Metrology Act, 2009 for the packaging and labelling of products, the Foreign Exchange Management Act, 2000 for realisation of export proceeds, and the Payments and Settlement Systems Act, 2007, among others, also govern various aspects of e-commerce[63].

Such multiplicity of regulations and regulatory bodies increases compliance burden and may affect the ease of doing business, particularly from the perspective of MSME e-commerce players. Multiplicity of regulatory bodies

[62] "Bringing animal products into the United States," Centers for Disease Control and Prevention

[63] ADB (2023), Benchmarking Adoption of e-Commerce Across the G20 Members

and complex regulatory approaches could also impede investments and expansion in overseas markets. A single, comprehensive e-commerce policy is therefore important for supporting growth of e-commerce exports.

While the DPIIT released the draft e-Commerce Policy in 2018–19, with a view to strengthen the e-Commerce regulatory landscape in India, the policy is still in its draft stage and yet to be adopted. There is a need to expedite the finalisation of the national e-Commerce policy. The policy should include short-term and long-term strategies to promote the growth and development of the sector, in line with domestic priorities and international best practices. Regulations related to e-commerce must also be aligned with the national policy to avoid ambiguity and conflicting regulations.

## ENHANCING ACCESS TO EXPORT CREDIT FOR E-COMMERCE EXPORTERS

In a recent representation made to the Government of India, firms had highlighted the non-availability of pre-shipment and post-shipment export credit for e-commerce exporters. Exporters had also highlighted that owing to the non-availability of export credit, e-commerce exporters are also unable to avail the interest equalisation support extended by the GOI.

As per India Exim Bank's discussion with select commercial banks, the main challenge with export credit to e-commerce players is the unavailability of confirmed orders/Letters of Credit. Besides, it was also noted that the banks found it challenging to conduct due diligence of buyers as also to ascertain the nature of sales (domestic/overseas), as the transactions are done online. Further, banks also found it challenging to track the realisation of export proceeds in e-commerce, as it may not be routed through traditional banking channel.

In order to address the issues of e-commerce exporters in availing export credit, it would first be important to distinguish between the traditional modes of trade and e-commerce, and their distinct financing requirements. Under the traditional mode of transaction, payment is usually made after the receipt of goods by the buyer. In such traditional trade transactions, export finance is typically required at two-stages viz. pre-shipment and post-shipment. Pre-shipment credit is required for meeting the working capital requirement prior to the shipment of goods for purchase of raw material, processing, manufacturing/ packing of goods etc., whereas post-shipment credit is required after export of goods/ services till the realisation of export proceeds. However, e-commerce exports typically allow upfront payments to sellers through payment gateways at the time of placing the order. Moreover, the frequency of shipments is higher in e-commerce exports as compared to offline exports. Additionally, in case of e-commerce through a warehousing model, a seller may forward deploy inventory to an overseas warehouse, and a single shipment may get sold over a period of months, with the seller receiving multiple remittances against one shipping bill. These complexities increase the documentation burden on e-commerce exporters and also lead to reconciliation problems.

It would be important to assess the payment terms for e-commerce exporters in India and ascertain the demand for conventional export credit products by these companies. A thorough assessment of the financing requirement of e-commerce exporters, perhaps through a Working Group approach, could highlight other specific challenges, such as impaired general inventory cashability, longer payback cycle, etc. Based on understanding of the specific requirements, tailored financing programmes could be designed for e-commerce exporters, separate from the current export financing available for traditional exports.

In this context, it may be noted that recognising the unique nature of e-commerce transactions, the Export-Import Bank of Thailand (Exim Thailand) has introduced a separate financing programme viz. e-Commerce Financing Loan. Under the programme, Exim Thailand extends short term revolving credit (including pre and post-shipment) for a period of up to 10 months for business operators who trade through e-commerce platforms. These loans are extended to support funding for product preparation or raw materials for export and/or cash flow after export. These loans are also extended to support exporters in covering their platform membership fees, branding costs, and packaging costs. Currently, Exim Thailand supports e-commerce exporters trading through three platforms viz. Alibaba, Thai Trade and Amazon[64]. On similar lines, a specific programme could also be designed to support e-commerce exporters in India by scheduled commercial banks.

## ADDRESSING PAYMENT RECONCILIATION RELATED CHALLENGES

MSMEs rely on e-Commerce platforms for value-added services, such as timely payment assurance. However, as per Exim Bank's discussions with stakeholders, payment realisation and reconciliation remain one of the biggest roadblocks for third party e-commerce exporters, including MSME exporters. Issues related to payment reconciliation mainly stem from e-commerce exports being viewed from the same regulatory lens as traditional, bulk and B2B exports. The regulations make compliance unviable for B2C e-commerce exporters. Some of the challenges and policy level interventions are highlighted hereunder.

### Issues Emerging from Extant FEMA Regulations

In India, e-commerce platforms are responsible for receiving payment, while ownership of goods remain with seller. However, the FEMA regulations prescribe that only the entity with product ownership title can realise the payment for exports. This creates a problem for payment reconciliation, as the shipping documents contain exporter's name, while payment is received by the platform. There is a need for change in FEMA regulation in view of the distinct characteristics of e-commerce exports facilitated through platforms.

Along with the favourable changes in regulations, the GOI could also consider a separate e-Commerce Export Policy. The policy could demarcate clear and separate responsibilities for e-commerce sellers (platforms) and exporters. Such demarcation has enabled the growth of e-commerce in China. In China, the sellers are only responsible for marketplace account creation and handling, providing shipping documents such as commercial invoice and packing list, and for facilitating product specific licenses. Meanwhile, all other

[64] Source: EXIM e-Commerce Financing Loan, Exim Thailand Website, Accessed on February 02, 2024

responsibilities related to licenses, payments and taxes etc. are that of the e-commerce exporter. As per the Global Trade Research Initiative, China has about 20 million sellers exporting through 0.1 million associated exporters[65]. The GOI could also consider creating a favourable policy environment for e-commerce exports from India through such demarcation in responsibilities of the seller and exporter.

**Table 3.3: India/ China e-Commerce Exporter and Seller Matrix**

| Area | Activity | India (Sellers and Exporters) | China Sellers | China Exporters |
|---|---|---|---|---|
| **Marketplace** | Marketplace account creation and handling | ✓ | ✓ | |
| | Marketplace payment to account | ✓ | | ✓ |
| **Mandatory Licenses** | Export License | ✓ | | ✓ |
| | Port and customs registration | ✓ | | ✓ |
| | Bank registration (same as AD code) | ✓ | | ✓ |
| | Product specific licenses | ✓ | ✓ | |
| **Shipping documents** | Commercial invoice, packing list | ✓ | ✓ | |
| | Custom declaration form | ✓ | | ✓ |
| **Payment and tax** | Payment reconciliation at banks | ✓ | | ✓ |
| | Claim tax rebates/benefits | ✓ | | ✓ |

*Source: Global Trade Research Initiative*

## EDPMS and other Bank related Reconciliation Challenges

Export Data Processing and Monitoring System (EDPMS) is a system through which export payments and reconciliation are tracked. Several e-commerce exporters face issues related to EDPMS closures. The extant guidelines by the RBI prescribe that in order to close an entry on the EDPMS portal, the amount received in the seller's account must match the value declared in the

[65] GTRI (2023), Making e-Commerce Exports a Bigger Success Story than IT: A Blueprint for Realising India's e-Commerce Exports Potential

shipping bill. Only after the EDPMS closure is completed can a bank issue an Electronic Bank Realisation Certificate (e-BRC) indicating closure of the entry, which could be then utilised by the seller to claim benefits. The RBI guidelines also mandate that the process should be completed within 9 months of the shipping bill generation. In case of price changes, unsold inventory or discounts, up to 25% reduction in amount is allowed, which needs to be approved by the bank.

The key issue for e-commerce exporters is that the remittance value of goods being exported has to be declared at the time of effecting a shipment. This becomes challenging for e-commerce sellers because of the price uncertainty associated with e-commerce transactions, owing to discounting and potential returns, both of which are prominent features of e-commerce sales. This makes it difficult for e-commerce exporters to meet the 25% price variability cap. Therefore, revision of the cap for price changes could be considered, particularly in case of e-commerce exports.

Moreover, for pre-loaded shipments that get sold over a period of 12-18 months after sending the shipment, reconciliation of payments within 9 months becomes challenging. As per Exim Bank's discussion with stakeholders, this issue is much more acute for new e-commerce sellers. In the absence of the EDPMS closures due to the delay in reconciliation, e-commerce exporters find it difficult to get e-BRC, which is essential to claim incentives and benefits for exports. Considering this challenge, reconciliation period could be extended from 9 months to 18 months, particularly for e-commerce exports.

Besides, exporters have also highlighted that the bank charges faced on e-BRC and EDPMS closure are high. As per exporters, the bank charges for EDPMS closure and e-BRC generation stood in the range of ₹ 1,500 to 2,000, which is substantial given that a large portion of e-commerce exports from India comprises small value shipments. Several banks have already withdrawn e-BRC charges for customers. Similar relaxation on e-BRC charges may also be considered by other commercial banks.

## CREATION OF E-COMMERCE EXPORT ZONES

In view of the increasing importance of e-commerce in global trade, the GOI could consider creation of e-Commerce Export Zones (EEZs). The EEZs could act as technology enabled, end-to-end, cross border e-commerce fulfilment centres, providing facilities such as storage, certification, testing, customs clearance, expedited processing of export incentives, Input Tax Credit refunds, and duty drawbacks, among others.

A similar model has been adopted by China wherein pilot zones have been designated to realise more efficient economic management by reducing the government's licensing authority. Regulations are relaxed within the pilot zones including exemptions on value-added tax and consumption tax, primarily for cross-border e-commerce exporters. Within these pilot zones, "Bonded areas" are established. Sellers store their goods in a warehouse in these bonded zones within China in advance. Upon receipt of an order from an overseas customer, the goods undergo customs clearance and quarantine procedures and are shipped directly from the warehouse. For businesses, this model provides the advantage of significantly reducing the time taken for shipment of the order and also saves cost through bulk transportation. As per recent research, the lead times have significantly reduced since the adoption of this model, from one week to 1-2 days[66]. As noted in the previous chapter, the FTP 2023 envisages creation of e-commerce export hubs in the country. The same could be developed on similar lines as the model adopted in China.

The GOI could undertake a study on the feasibility for setting up EEZs in the top export clusters in India, in consultation with stakeholders[67]. In the pilot phase, these EEZs may be developed near the airports where export clearances are quicker and efficient. These zones could also have unique facilities relevant for e-commerce, including returns processing centres, and facilities such as labelling, packaging, and licensing among others. The EEZs could provide a comprehensive ecosystem with world class infrastructural and regulatory facilities, and help India leapfrog as a significant player in e-commerce exports.

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[66] Mie Takahashi (2021), China's Expanding Cross-Border e-Commerce Retail Imports — An Opportunity for Japanese Companies to Capture China's Consumer Power

[67] Rajya Sabha Secretariat (2022), Promotion and Regulation of e-Commerce in India

## INCREASING RODTEP BENEFITS FOR E-COMMERCE EXPORTERS

In order to improve the cost competitiveness of the e-commerce exporters, the Government of India could also consider higher rates of benefits under the Remission of Duties and Taxes on Exported Products scheme for e-commerce exporters. e-Commerce exporters tend to incur additional costs associated with online transactions, such as currency conversion charges and service charges. As per exporters, the charges levied by payment gateways may be as high as 4% of the transaction value in some cases, which could be prohibitive for MSME exporters. Therefore, Government could consider increasing the rate of reimbursement for e-commerce exports under RoDTEP, taking into consideration the GST paid on currency conversion costs and service charges on payment gateways.

## PROMOTING UPI AS A PAYMENT GATEWAY FOR E-COMMERCE EXPORTS

Besides additional charges levied by payment gateways, e-Commerce players also face several other challenges related to payment gateways, including freezing or suspension of user accounts without any explanation or justification for a period of 180 days, which could lead to financial losses for exporters. To address these challenges, there is a need for India to promote the Unified Payments Interface (UPI) as a payment gateway for e-commerce exports, by enhancing UPI's interlinkages with payment systems in partner countries.

There has already been some progress in the internationalisation of the UPI, with India launching its first cross-border real-time payments system with Singapore viz. the UPI-PayNow, which has enabled convenient, real-time, secure, and cost-effective means for cross-border payments between India and Singapore. However, currently, there is a daily limit of SGD 1,000 or its equivalent in Indian rupees for funds transfers made between users in Singapore and India, respectively. There is a need to enhance the daily transaction limits under such mechanisms to enable high-value e-commerce transactions.

In addition, there is also a need to enhance the interlinkages in the payment systems with other key partner countries for enabling greater volume of cross border transactions. The National Payments Corporation of India (NPCI) has already established partnerships with Discover Financial Services (USA), Japan Credit Bureau (Japan), Union Pay International (China), Royal Monetary Authority (Bhutan), etc. The NPCI could leverage these existing partnerships to build interlinkages in payment systems for cross-border transactions, which would be beneficial for facilitating payments for e-commerce exports from India. Such systems could reduce the cost of international transactions for Indian digital payment providers as there would a reduction in the number of intermediaries.

## RENEGOTIATING RTAS/FTAS TO INCLUDE E-COMMERCE

Over the recent years, provisions pertaining to e-commerce/ digital trade in free trade agreements (FTAs)/regional trade agreements (RTAs) have been growing. Digital trade provisions in trade agreements capture a wide array of cross-cutting issues that are important for digital trade in goods and services, including digital trade facilitation (e.g. paperless trading, electronic authentication), privacy and data protection, consumer protection, source code, customs duties on electronic transmissions and cybersecurity, among others.

According to the Trade Agreements Provisions on Electronic-commerce and Data database, there were 214 agreements with digital trade or e-commerce provisions by November 2023, representing 49.7% of all existing agreements[68]. Of these, 122 agreements had a digital trade or e-commerce chapter, representing 28.4% of all existing agreements[69]. Data indicates that these provisions are predominantly in the RTAs involving high-income economies.

In case of India, there are only 7 agreements that have some provisions related to e-commerce trade, and only 2 trade agreements have a dedicated chapter

[68] Exim Bank's calculation based on data from the Trade Agreements Provisions on Electronic-commerce and Data (TAPED) database

[69] Ibid.

on e-commerce/digital trade. These include the Comprehensive Economic Cooperation Agreement with Singapore and the Comprehensive Economic Partnership Agreement with the UAE. There is a need for India to renegotiate its existing trade agreements to suitably include enabling provisions for e-commerce trade. The GOI could also consider including e-commerce in the ongoing negotiations for trade agreements, in order to have a comprehensive coverage of digital issues in the upcoming trade agreements.

Recent research indicates that the impact of e-commerce chapters in trade agreements on trade is positive for both high-income and emerging economies. In fact, signing an RTA with an e-commerce provision is found to increase exports by 10.3% in high-income economies and by 16.9% in emerging economies[70]. The study also highlights that the relationship between e-commerce provisions and trade depends strongly on the depth of the e-commerce provisions signed[71].

Some of the major trade agreements signed recently including the Comprehensive and Progressive Agreement for TransPacific Partnership (CPTPP) and the US-Mexico-Canada Agreement (USMCA), have also given significant attention to facilitating exports through e-commerce. For instance, the CPTPP has a strong focus on customs simplification and the use of procedures such as pre-clearance, which is in contrast to the stricter rules of origin requirements found in conventional trade agreements. The CPTPP allows self-certification of the origin of products and allows a waiver of certification for products valued below US$ 1,000 (or equivalent in local currency) or in case the importer has agreed to waive the requirement. This is particularly suitable for e-commerce exports that are characterised by low value, high frequency shipments. The CPTPP also contains specific provisions for facilitating the flow of data across borders. Similarly, the USMCA also placed considerable emphasis on facilitating e-commerce trade. One widely noted SME trade focused measure in the USMCA is the increase in the *de minimis* thresholds for duty free shipments of goods to 10%, up from 7% in the former North American Free Trade Agreement (NAFTA), to encourage

[70] López-Gonzalez, J., S. Sorescu and P. Kaynak (2023), "Of bytes and trade: quantifying the impact of digitalisation on trade", OECD Trade Policy Papers
[71] Ibid.

more trade in low-value goods. This is an important measure for e-commerce traders and SMEs, as *de minimis* allowances can be helpful mechanisms for lowering the burden of customs barriers that hinder access to export markets.

Thus, there is a strong case for India to renegotiate its existing trade agreements with e-commerce considerations, as also to include e-commerce in its ongoing negotiations for trade agreements. India could also consider customs simplification, self-certification of origin of products for low value items, and *de minimis* threshold in its FTA/RTA negotiations, with a view to encourage greater trade flows.

India could also enter into digital economy agreements with its FTA/RTA partner countries. Over the recent year, several countries have started negotiating broader digital economy agreements such as the Digital Economy Partnership Agreement (DEPA) between New Zealand, Singapore and Chile, which is the first of its kind agreement signed in 2020, for addressing digital trade-related challenges. The agreement aims to build cooperation between the parties for facilitating end-to-end digital trade and enabling trusted data flow, among other digitalisation relation issues[72]. Similar agreements have also been signed by Singapore with countries such as the UK, Australia, and South Korea. These agreements extend across a number of areas including cooperation on artificial intelligence, digital identity, open government data, among other areas[73]. India could consider negotiating similar agreements with FTA/RTA partner countries.

## ESTABLISHING DEDICATED CUSTOMS CLEARANCE LANES FOR E-COMMERCE EXPORTS

As per a recent Rajya Sabha Secretariat report, the dwell time for customs clearance for exports through cargo mode is in the range of 2 to 4 days, which is much higher than the average dwell time of 3-4 hours for exports through courier mode[74]. This lengthens delivery timelines, which is a crucial

[72] Ministry of Trade and Industry, Government of Singapore

[73] López-Gonzalez, J., S. Sorescu and P. Kaynak (2023), "Of bytes and trade: quantifying the impact of digitalisation on trade", OECD Trade Policy Papers

[74] Rajya Sabha Secretariat (2022), Promotion and Regulation of E-Commerce in India

competitiveness factor for e-commerce exports. The report also highlights that the higher dwell time is primarily due to congestion at cargo complexes, complex documentary procedures, and manual processes, among others.

Over the recent years, the Central Board of Indirect Taxes and Customs (CBIC) has brought in several improvements to reduce the dwell time, including amending law and regulations, and simplifying and automating the procedures to facilitate and promote exports. The CBIC has also fully digitised the clearances through cargo and courier modes. Further, the CBIC and the Department of Post are also in the process of developing a system to fully digitise e-commerce exports through the postal mode[75].

In light of the time sensitive nature of e-commerce exports, the GOI could consider establishing dedicated customs clearance lanes for e-commerce exporters in order to reduce the delays caused through congestions at the cargo complex. This would enable expeditious clearance for e-commerce exports.

## CREATING AWARENESS

An important reason for the low share of e-commerce exports in total exports from the country is the lack of awareness about e-commerce potential and export procedures. Creating awareness and handholding the MSMEs to navigate through the export processes would be crucial to boost e-commerce exports from the country.

To create awareness, the Government of India has recently published the e-Commerce Exports Handbook for MSMEs as a one-stop repository for information on e-commerce exports. Additionally, the Directorate General of Foreign Trade, Government of India has also recently signed a memorandum of understanding (MoU) with Amazon India to collaborate for the Districts as Export Hubs initiative, and promote e-commerce exports through capacity building sessions, training and workshops for MSMEs. These activities will focus on educating MSMEs on e-commerce exports and enabling them to

[75] Rajya Sabha Secretariat (2023), Action Taken by the Government on the 172nd Report on "Promotion and Regulation of E-Commerce in India"

sell to customers across the world. In addition, the capacity building session will allow MSMEs to learn about images, digital cataloguing of products, tax advisory, among other aspects of selling online. Under the MoU with Amazon India, 20 districts have been identified for such capacity building and handholding sessions[76]. More such collaborations with e-commerce platforms could be forged by the GOI.

Additionally, the Trade Connect portal announced recently by the GOI could also focus on providing all the required information pertaining to e-commerce exports. The portal could provide information related to procedures for e-commerce exports, documentation processes, market intelligence and insights to e-commerce sellers, including standards, labelling, packaging requirements in different markets, among others. Apart from this, the government could also encourage exporters to leverage trade and trade finance related information from other dedicated portals, including 'Exim Mitra' portal developed by Exim Bank. Exim Mitra offers diverse range of information, advisory and support services, which could be useful for e-commerce exporters. The portal has a trade finance section wherein product details and location of select banks have been provided along with broad terms and conditions for availing the facilities from these banks. Exporters can also submit preliminary information for availing trade finance on the website, which is shared with partner banks and financial institutions.

There is also a lack of awareness about the distinct nature of e-commerce exports transactions and processes across banks, which leads to issues related to timely realisation and reconciliation of e-commerce export payments. Processes such as issuance of AD code letter and submission of documents to banks are still done on offline mode in several banks and the lack of awareness about the process variations in the fund flow of e-commerce export transaction tend to cause substantial delays in AD code letter generation, even up to 2 weeks in some cases. Therefore, there is a need to organise sensitisation workshops for banking professionals as well to effectively address these issues.

[76] PIB (2023), Commerce Ministry to Collaborate with E-Commerce Companies to Promote Exports from Districts

## CONCLUSION

The Study emphasises the need to boost India's e-commerce exports to help achieve the target of US$ 2 trillion in exports by 2030. India's e-Commerce exports, which are currently at a low level of 2% of total exports, face challenges such as regulatory complexities, limited access to export credit, payment reconciliation issues, and prolonged customs clearance times. To address these challenges, the Study proposes strategies such as formulation of a comprehensive national e-commerce policy, tailored financing solutions for e-commerce exporters, establishment of dedicated e-Commerce Export Zones, increase in RoDTEP benefits, promotion of UPI as a payment gateway, renegotiation of trade agreements, and the creation of dedicated customs clearance lanes. Additionally, initiatives for awareness creation, including collaborations with industry players could also help enhance the participation of Indian exporters in e-commerce.

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