

Govt to push MSME-made goods through e-tailers

Plans Fee-Based Tie-Up With Likes Of Amazon, Flipkart

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New Delhi:

The government plans fee-based arrangements with marketplaces such as Amazon and Flipkart for pushing goods produced by micro, small and medium enterprises (MSMEs), while eyeing a tie-up with a financial sector entity to boost business-to-business (B2B) sales by small enterprises.

The moves signal that the MSME ministry may have given up plans to set up its own platform, which is seen to be unviable. Soon after Nitin Gadkari took charge, the ministry had approached government e-marketplace (GeM), the public procurement platform to set it up. GeM advised against the move and suggested private players be roped in to make the system efficient, said sources familiar with the discussions.

Apart from helping them fetch more orders from both consumers and other businesses, this will help these enterprises make a smooth transition into India's booming e-commerce space.

Sources said internal discussions have been held and one suggestion is to pay Amazon and Flipkart to on-board MSME units, which often find it difficult to push their products to consumers. If a seller exits the platform after six months, a part of the fee may have to be refunded, but the money will not be paid back to the government in case the seller sticks to selling via the marketplace for, say, two years, explained an official.

On the B2B side, the proposed platform will also provide funds and have access to cash flows, helping buffer businesses against shocks. Funding and payments have been a major area of concern for MSMEs and the government is looking at models that can help MSMEs. In recent years, there have been attempts to get artisans and weavers online for which the textiles ministry had launched an initiative in 2015.

TO BOOST SMALL PLAYERS

➤ India Handloom Brand (IHB) has only managed to notch up sales of ₹722 crore, with e-commerce accounting for ₹66 crore, despite the government roping in around 23 e-commerce companies, including Amazon, Flipkart and Myntra to promote sales



➤ Since launch of IHB, 1,232 registrations have been issued under 122 product categories, according to data from ministry of textiles

➤ Government officials said a fee-based arrangement will yield better results