

FIEO ties up with eBay, Paypal to promote retail exports



Mr M Rafeeqe Ahmed, President FIEO addressing Press and Media. Sitting on the dais from left, Mr Ajay Sahai, DG & CEO, FIEO; Mr Muralikrishnan B., Country Manager, eBay India and Mr Mayur Patel, India Country Manager, Paypal.

FIEO entered into a tie-up with eBay and Paypal on April 12, 2012 with the objective of helping explore and open additional export sales channel for exporters.

According Mr M. Rafeeqe Ahmed, President, FIEO, "Last fiscal we have nearly achieved our target of \$300 billion but may fall short of it and reach \$290 billion with expected average growth of 20%. While exports are going to grow difficult due to the depleting financial health of the developed economies of Europe, US and others, exporters need to make extra effort to market themselves aggressively in the highly competitive international market to help achieve the target of

\$500 billion by 2013-14. We have been focussing on diversification of product baskets and markets. We now need to identify and adopt additional export sales channel like eCommerce to reach out to the customer directly thereby reducing the cost of products to the end users."

Mr Ahmed advised the exporting community to recognise eCommerce as an important sales channel because internet penetration is growing day by day and going by the statistics (published by Internet World Stats), the internet has reached around 33% of the global population growing by over 528% during 2000-11. He added that region-wise internet penetration has

also been growing and in North America internet penetration is as high as 78.6% followed by Oceania/Australia at 67.5%, Europe 61.3%, Latin America around 39.5%, Middle East 35.6 %, Asia 26.2 % and Africa at 13.5%.

Mr Ahmed said that with the support of global eCommerce players like eBay and Paypal exporters can have access to their ready eCommerce based international market with over 100 million active eBay users worldwide, set up e-shops, list export items, get instant visibility in the global e-market place, ensure safe transaction of payments in around 25 currencies, hand hold exporters and guide them to take to e-Commerce.

The tie-up with eBay and Paypal will also bring the exporters with reliable, low cost, fast courier services with the facility of door step pickup to help ship merchandise to the US and UK. Services of other large courier companies like FEDEX and DHL are also expected to be brought to the table of the exporters by eBay and Paypal at competitive rates. "The arrangements are expected to bring in revolution in the logistics industry and will help the industry to grow manifold" said Mr Ahmed.

The tie-up will not only help the MSMEs and the clusters to take to exports easily which they would otherwise found difficult but will also help the large exporters to open up their additional export sales channel very easily.

Mr Ahmed added, "We have requested the DGFT to recognise retail exports and extend export benefits to these exporters to help encourage exports through this channel. We are quite hopeful that the DGFT will extend export benefits to this sector as well."

An exporters' meet was also organized on the occasion to let the exporters experience eCommerce and the eBay/Paypal tools first hand. Addressing the gathering, Mr Ajay Sahai, Director General & CEO, FIEO, said: "While India is not an export driven economy yet, exports are an important constituent since exports are the engine of growth and employment generation. The share of exports in GDP is about 17% and is constantly moving northwards. Historically, India has been able to clock 6% plus growth only when exports exhibited 20% or more increase. While the relationship between exports and employment varies from sector to sector and is difficult to co-relate, yet on a rough estimate every \$10 billion of exports generates 1 million jobs."

Expressing his optimism to achieve \$500 billion in exports in the



From left, Mr Ajay Sahai, DG & CEO, FIEO; Mr M Rafeeqe Ahmed, President, FIEO; Mr Muralikrishnan B., Country Manager, eBay India; and Mr Mayur Patel, India Country Manager, Paypal holding the spirit of tie-up.



Mr Ajay Sahai, DG & CEO, FIEO addressing the gathering.

next two years, requiring a CAGR over 30%, he said it was ambitious but achievable target. He added, "We are aiming to increase our share in exim trade to 4% by 2020. World trade is expected to reach \$62 trillion by 2020 and thus our long term goal is to take exim business to \$2480 billion with exports at about \$1100 billion."

In order to achieve the targets, Mr Sahai added: "This requires new entrepreneurs in exports and new technique of exports. eCommerce is not an add-on to business but sine qua non of survival and growth in competitive global market. This is

the best marketing tool for MSME exporters. Your business is not restricted to geographical boundaries and you are available 24x7 at the market place at the most competitive price. You save on marketing and mark up cost of various intermediaries, which at times pushes the cost by over 50%, is eliminated. The payment is ensured as soon as goods are delivered whereas in conventional exports 6-9 months time is usually taken by buyers before making payment, which has increased further in the post 2008-era."

Mr Sahai highlighted the support required from the Government to help eCommerce grow in the country. He said the Government has to play a very pro-active role in promoting it – both fiscal and non fiscal. He suggested the following measures:

- Service tax exemption should be provided on such sales, which are made during the course of exports. The refund mechanism



LEFT: Registration with e-Bay / Paypal. **RIGHT:** A view of the participants.

is cumbersome and beyond the comprehension of MSME exporters.

- Customs should allow faster clearance on all consignment valuing upto \$3000 without any checks or examination except in case of intelligence.
- Duty drawback should be provided on such shipment by removing minimum limit of Rs 500. Clarification of its availability through couriers should be clearly spelt.
- In case of returned shipment, exporters are asked to pay duty as if the goods are imported in such scenario, the benefit availed on exports should be taken back.
- The new Foreign Trade Policy should give 2% additional benefit on exports through eCommerce so as to promote it. The MSME Ministry should reimburse a certain percentage of registration fee to encourage exporters to get registration with reputed companies providing such a wonderful marketing platform.

Mr Muralikrishnan B., Country Manager, eBay India, addressing the exporters said that "As active evangelists of the potential of eCommerce to small and midsized

merchants, we have helped many thousands of Indian businesses turn successful retail exporters. We are delighted to enter into this tie-up with FIEO and share our knowledge of retail export trends, insights and best practices with FIEO's member base so they can benefit from the high-growth eCommerce market as well as gain from FIEO's considerable knowledge of export policies, incentives and benefits available to exporters under the foreign trade promotion policies as well as export procedures to enable our eBay sellers to scale their businesses. eBay India is committed to encouraging more Indian entrepreneurs benefit from the large export opportunity provided by eBay's 100 million strong global customer base."

Mr Mayur Patel, India Country Manager, Paypal, said: "There are 30 million micro and small and medium enterprises in India, and at Paypal, we are committed to helping small businesses grow through online exports – safely and conveniently. This tie-up is a significant first step in helping the smallest of Indian retail exporters increase sales and sell directly to global customers who want to buy Indian goods but prefer the convenience of shopping and paying safely online – anytime, anywhere with Paypal. "Paypal, eBay India and FIEO have a shared vision to help Indian retail exporters go

global and ultimately boost India's economic growth."

Through the tie-up, FIEO members can avail 6 months free store on eBay with options of unlimited product listing. eBay executives will hand-hold the members, guide them through the process of setting up account on eBay/Paypal and train them how to trade on eBay. FIEO members who are interested to avail the services may write to csom@fio.org, tcbharati@fio.org and nmistry@ebay.com. ■

**Attention
FIEO Members!!!**

Download the FIEO logo from the Members Area on the FIEO website www.fio.org and place it on your company website to further enhance image in the international market. The FIEO logo when clicked on your website will display your particulars and also a certificate of your registration as per the record available with FIEO. Write to csom@fio.org in case of any assistance.