

EFFECTIVENESS OF RATING IN ASSISTING E-COMMERCE COMPANIES WHILE SELECTING MSMEs IN INDIA

The E-commerce industry in India has witnessed a phenomenal growth of 100%, increasing from ₹47349 crore in 2012 to ₹96,000 crore in 2013. E-tailing, which constitutes 16 percent of the E-commerce market today is estimated to grow to 30-35 percent by 2020 and is estimated to generate employment for around 1.5 million people by 2020. This growth can be due to rising standard of living and increasing disposable income, presence of wider product range along with international brands, lower prices compared to brick and mortar retail, etc. It has a huge potential for generating livelihood within the industry as well as in the auxiliary industries such as logistics, media etc.

Micro, small and medium enterprises (MSMEs) are pivotal to the manufacturing sector in India. There are nearly 48 million MSMEs in the country that provide a variety of services or are engaged in the manufacturing of intermediate and finished goods, collectively accounting for a sizeable share of India's industrial output. However, in order to achieve global competitiveness, they need incentives and modern technology. E-commerce is providing them these platforms in a cost effective way. Various entrepreneurial ventures have mushroomed by virtue of opportunities provided by E-commerce. It has provided MSMEs with an opportunity to reach out to millions of customers across geographies and help them jumpstart their business with minimal investment.

Online E-commerce big retailers like Amazon, Flipkart and Snapdeal have recently started turning towards MSMEs to host a unique assortment of products on their online stores. These MSMEs provide an assorted collection of products including clothing, handicrafts, accessories and jewellery among other things and in return get a platform for selling their products, apart from training, infrastructure, logistical support, and technology from online retailers. Such agreements benefit both sides. Online retailers looking for niches to drive customer interest get to push unique products and offer small brands via their marketplaces while in return MSMEs get to market their goods to worldwide customers without the need for intermediary sellers or wholesalers, resulting in increased sales and higher profits.



E-commerce can be aligned to the objectives of national development by providing impetus to manufacturing sector by facilitating and supporting MSMEs and thereby creating new job opportunities. The constraint faced by these E-commerce retailers while selecting small business is in terms of information accessibility and their ability to perform. **Rating helps in providing an in-depth evaluation of an MSME with detailed understanding of its financial, operational and technical capabilities. This would assist e-commerce companies to understand the capacity and capability of the MSMEs and hence would help them in making a more informed decision while finalizing the vendors.**

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