

Internationalisation of Micro and Small Enterprises Assessment of De-Minimis

Background

Digital Economy has unleashed opportunities for almost everyone and has made the life all the way easier. A connected world, especially through the growing relevance of e-commerce platform, has provided Micro, Small and Medium Enterprises (MSMEs), with an opportunity to unlock their untapped potential. However, the inherent nature of MSMEs (smaller scale of operations, smaller asset base & fewer resources) and policy impediments have posed challenges for them to grow independently and internationally.

Objective

Micro and small enterprises (MSEs) are usually clustered under the umbrella of MSMEs and often policy makers fail to isolate the issues specific to MSEs. Therefore, the study will examine the role of e-commerce in internationalization of MSEs while focusing on the effect of *de-minimis* levels and other fiscal incentives. Thus, it is essential to promote MSEs as they contribute significantly to global gross domestic product (GDP) and employment.

Key Objectives

- Highlighting the importance of the MSEs in the developing countries including those remotely located and marginalized.
- Showcasing the role of E-Commerce in internationalization of MSEs.
- Identify bottlenecks and barriers MSEs face in integrating into the global trade landscape.
- Observe the effect of *de-minimis* and other fiscal incentives with regard to internationalization of MSEs.

Methodology and Timeline

In order to achieve the objectives, the study will take into account both primary and secondary data analyses. Extensive literature review would be undertaken along with SWOT analysis and field survey in the selected regions of India, Vietnam and Kenya. The four states in India (Kerala, Gujarat, West Bengal, and Rajasthan) are selected considering the position of MSEs in terms of number of units, Gross Value Added (GVA) and Value of Exports. Stakeholder interactions via key informant interviews (KII) are expected to give us the primary information about the challenges MSEs face in growing independently as well as internationally.

The project is envisaged for duration of 5 months (November, 2017 – March, 2018)

Expected Outcomes

- Based on the observations from primary and secondary research, the study will recommend evidence based measures to strengthen MSEs competitiveness so as to enable them to become independent as well as international through E-Commerce.
- The study will also provide better understanding of the issues specific to micro and small firms so as to facilitate the growth of MSEs.

Project Partner

The project is funded by eBay Inc and CUTS International is the principle implementer.