



MSME TRADE ENABLEMENT AND MARKETING (TEAM) INITIATIVE - ECONOMY

NEWS: The Ministry of Micro, Small & Medium Enterprises (MSME), in collaboration with the Open Network for Digital Commerce (ONDC), has launched the MSME Trade Enablement and Marketing (TEAM) Initiative to help Micro and Small Enterprises (MSEs) integrate with digital commerce platforms. The initiative is designed to enhance their market presence, increase visibility, and support them in transitioning to a formal digital economy.

WHAT'S IN THE NEWS?

Key Highlights of the TEAM Initiative

1. Budget Allocation

- The government has allocated a budget of **₹277.35 crore** for this initiative, which will be utilized over a period of **three years** from **FY 2024-25 to FY 2026-27**.
- This funding will be used for **onboarding MSEs** onto ONDC, providing them with **financial assistance**, and conducting **training workshops** to educate them on digital commerce.

2. Target Beneficiaries

- The initiative aims to support **5 lakh Micro and Small Enterprises (MSEs)** across India.
- At least **50% of the targeted beneficiaries will be women-led enterprises**, ensuring **gender inclusivity** and promoting **women entrepreneurship**.

3. Implementation Partner

- The **National Small Industries Corporation (NSIC)**, a government agency under the MSME Ministry, has been selected as the **implementation partner**.
- NSIC will be responsible for executing the initiative, facilitating onboarding, conducting training programs, and supporting small businesses in their transition to digital commerce.

4. Focus Areas

The initiative has several key areas of focus to ensure the seamless integration of MSEs into the digital economy:

- **Onboarding MSEs onto ONDC** – Helping small businesses join the ONDC network to access new customers and markets.
- **Digital Storefronts & Integrated Payment Systems** – Providing MSEs with **user-friendly digital storefronts** that allow them to list their products and accept payments easily.
- **Logistics Support** – Helping businesses manage **inventory, shipping, and delivery** services to ensure a smooth customer experience.



- **Financial Assistance** – Offering **financial support** for onboarding, **catalog creation**, and **account management** so that MSEs can easily transition to digital commerce.
- **Conducting Training Workshops** – Organizing **150+ workshops** across **Tier 2 & Tier 3 cities** to educate MSMEs, particularly **SC/ST and women entrepreneurs**, about digital commerce and how to leverage ONDC.
- **Linkages with Existing Government Schemes** – Strengthening the integration of ONDC with schemes like **PM Vishwakarma Yojana** and **Digital MSME Scheme** to provide additional benefits to small businesses.

Why the TEAM Initiative is Important

1. Bridging MSMEs with Digital Commerce

- Many MSMEs face challenges in adopting **e-commerce platforms** due to **high costs, technical difficulties, and lack of awareness**.
- By integrating MSMEs with **ONDC**, this initiative provides them with a **cost-effective and simplified** way to enter the digital marketplace.
- This helps **small businesses expand their reach**, attract new customers, and **reduce operational barriers**.

2. Formalizing MSMEs

- Many small businesses operate **informally**, limiting their access to **loans, credit, and government benefits**.
- The TEAM initiative helps MSMEs **establish digital transaction histories**, which **enhances their credibility and trust** among customers, banks, and financial institutions.

3. Empowering Startups & Tech Enablers

- The initiative provides an opportunity for **startups and technology service providers** to develop **new digital solutions** on the **ONDC network**.
- These solutions could include **better payment gateways, logistics management tools, and customer engagement platforms**, helping MSMEs grow.

4. Enhanced Visibility for MSMEs

- A **strong digital presence** allows small businesses to **reach new customers** and **expand their brand visibility** beyond their local markets.
- This is crucial in a competitive e-commerce space dominated by **large online retailers**.

5. Improved Credibility

- Digital transactions create a **formal business record**, making MSMEs more **trustworthy** in the eyes of **customers, investors, and government agencies**.



- A stronger business profile can also help MSMEs secure better financial support and partnerships.

What is ONDC?

Definition

- ONDC (Open Network for Digital Commerce) is an initiative by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce, Government of India.
- It is designed to democratize digital commerce by reducing the dominance of large e-commerce platforms like Amazon and Flipkart.
- ONDC creates an open and decentralized network where buyers and sellers can interact across multiple platforms seamlessly.

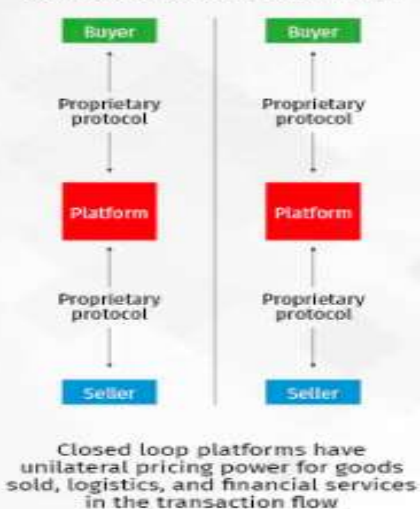
Key Features of ONDC

1. Interoperability

- Unlike traditional e-commerce platforms where sellers need to list products separately on Amazon, Flipkart, or other marketplaces, ONDC allows buyers and sellers to interact across different apps without restrictions.
- This means a seller on one platform can sell to a buyer using a different platform, increasing flexibility and market reach.

HOW INDIA'S OPEN E-COMMERCE NETWORK MODEL PLANS TO DISRUPT PLATFORM POWER

Closed loop model of e-commerce



Open network model of e-commerce





2. Decentralized Network

- **ONDC is not a single platform** like Amazon or Flipkart but rather **a network** that connects multiple e-commerce applications.
- Businesses and individuals can **buy and sell across multiple platforms**, improving market efficiency.

3. Inclusivity for MSMEs & Startups

- Small businesses **do not need to create their own websites or mobile apps** to sell online.
- They can **easily onboard ONDC** through existing platforms, reducing **costs and technical difficulties**.

4. Competitive Pricing

- Traditional e-commerce platforms **charge high commission fees** to sellers, reducing their profit margins.
- ONDC eliminates middlemen and **reduces restrictive commission structures**, allowing sellers to offer **better prices** to consumers.

5. Support for Multiple Sectors

- While initially focused on **retail and food delivery**, ONDC is expanding into **logistics, mobility, wholesale trade, and more**.
- This expansion will further help small businesses grow across different sectors.

What are the Potential Advantages of ONDC?

- **Empowering Consumers:** ONDC fosters a **more transparent environment** by potentially increasing access to information.
 - This **empowers consumers** to make informed choices and benefit from a wider array of sellers, potentially leading to lower prices.
- **Boosting Competition:** By breaking down the dominance of existing platforms, ONDC creates a level playing field. This **incentivizes competition among sellers**, ultimately translating into a wider variety of products and potentially lower prices for consumers.
- **Innovation:** The open-source architecture of ONDC **fosters innovation**.
- **Cost Efficiency:** ONDC's decentralised structure has the potential to **streamline operations and reduce redundancies** and lead to significant cost savings.
- **Boosting Small Businesses:** ONDC removes entry barriers for **small and medium-sized enterprises (MSMEs) and local vendors**. This paves the way for greater participation in the digital marketplace, fostering a more inclusive e-commerce ecosystem.



What are the Challenges to ONDC?

- **Complexity Factor:** Compared to user-friendly systems like UPI, **ONDC's underlying mechanisms are intricate.** The ease of adoption witnessed with UPI might not be easily replicated with ONDC.
- **Breaking Established Habits:** Consumers are accustomed to the existing e-commerce platforms' user interfaces and functionalities. ONDC will **need to provide a seamless and user-friendly experience** to compete effectively.
- **Dispute Resolution Concerns:** Unlike traditional platforms that manage the entire transaction lifecycle, **ONDC focuses solely on online buying and selling.**
 - This separation might lead to an **increase in disputes related to deliveries, product quality, or after-sales service, as ONDC doesn't function as a direct intermediary.**
- **Lack of a Robust Grievance Redressal Mechanism:** The lack of clarity on **responsibility for customer service and handling complaints** may deter people from joining the platform.
- **Challenges from Existing E-commerce Platforms:** Existing e-commerce giants have fostered **strong relationships with consumers through loyalty programs, bundled services, and other incentives.**
 - ONDC will need to develop compelling strategies to attract and retain customers in this competitive landscape.
- **Price Advantage Uncertainty:** As a facilitator, **ONDC might not be able to directly influence product pricing or offer discounts on the scale** of established players who leverage bulk deals and partnerships.

Conclusion

The **TEAM Initiative** is a **major step** in helping **Indian MSMEs transition to digital commerce.** By **leveraging the ONDC network**, MSMEs can expand their **market presence, increase visibility, improve credibility, and reduce operational costs.** The initiative also supports **financial inclusion, gender inclusivity, and digital transformation,** making it a **crucial development** for India's growing economy.

Source: <https://www.businessworld.in/article/govt-introduces-team-initiative-to-boost-digital-commerce-for-msmes-546293>