



Research Article

Assessing the Impact of International E-Commerce Business on the Growth, Competitiveness, and Sustainability of MSMEs in India

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DOI: <https://doi.org/10.5281/zenodo.20756616>

Abstract

The growth of international e-commerce has significantly influenced the development trajectory of Micro, Small, and Medium Enterprises (MSMEs) in India by enabling their participation in global markets. This study is based on secondary research data and examines the impact of international e-commerce business models on the growth, competitiveness, and sustainability of Indian MSMEs. Data has been collected from published reports, government publications, industry analysts, and academic literature to understand emerging trends and patterns. The findings indicate that international e-commerce platforms have enhanced market access for MSMEs, allowing them to reach a broader customer base beyond domestic boundaries, strengthening the competitive position of MSMEs. The study also revealed several challenges that limit the full potential of MSMEs in the global e-commerce ecosystem. These include issues related to digital literacy, inadequate infrastructure, compliance with international trade regulations, and intense competition from established global firms. Based on secondary data, smaller enterprises, particularly in rural and semi-urban areas, face greater barriers in adopting international e-commerce models. International e-commerce offered substantial opportunities for the growth and sustainability of MSMEs in India, its benefits are unevenly distributed. To address these disparities, the study emphasised that supportive policy measures, improved digital infrastructure, and capacity-building initiatives should be taken to ensure inclusive participation of MSMEs in the global digital economy.

Manuscript Information

- ISSN No: 2583-7397
- Received: 10-05-2026
- Accepted: 16-06-2026
- Published: 19-06-2026
- IJCRM:5(3); 2026: 979-983
- ©2026, All Rights Reserved
- Plagiarism Checked: Yes
- Peer Review Process: Yes

How to Cite this Article

Gayakwad N, Parihar S. Assessing the Impact of International E-Commerce Business on the Growth, Competitiveness, And Sustainability of MSMEs in India. Int J Contemp Res Multidiscip. 2026;5(3):979-983.

Access this Article Online



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KEYWORDS: International E-Commerce, MSMEs India, Cross-Border Trade, Market Expansion, Global Business Growth, Sustainability.

1. INTRODUCTION

1.1 Meaning of E-commerce and Cross-border trade:

Cross-border e-commerce refers to businesses involved in the e-trading of cargo and services or selling products and services online. As per the expensive nature of long-established international trade platforms, it allows SMEs to engage in markets they previously could not access. While Amazon and Alibaba are examples, two prominent online marketplaces have simplified the process for companies to bring their products to customers worldwide. The Indian market current various opportunities and challenges in e-commerce, while global trade examines how the rise of international e-commerce offers Indian MSMEs and SMEs new potential to build global brands and sell "Made in India" products

1.2 Growth of global digital trade:

Global digital trade has grown rapidly over the last decade, as consumers and firms very much rely on digital platforms for

trading, selling, purchasing and delivering goods and services anywhere in the world. The expansion of internet access, access use of Smartphone, safe digital payment processes, and advanced operations & logistics networks made international trade more reachable than ever before. Today, even small businesses can connect with customers in different countries without the need for an offline presence in foreign markets. This shift has minimised the trade barriers and created the same opportunities to every seller worldwide for entrepreneurship, innovation, growth and market expansion. The government has initiated many global selling programs, and DGFT signed an MOU with Amazon for the upliftment of MSME sellers. It is regarding training, facilitating the process, & provide the meaningful solutions to the sellers so that they will sustain and continue international selling.



This chart suggests that online marketplaces immensely facilitate international trade opportunities & embracing international market connections.

1.3 Competitiveness and Sustainability of MSMEs in India

MSMEs may reach global markets and overcome geographical barriers thanks to international e-commerce, enhancing their competitiveness and expansion potential. Through wider market reach, lower marketing expenses, faster customer access, and the ability to offer customised goods for customers across the globe, MSMEs may improve their competitiveness by using digital platforms. At the same time, the ability of businesses to generate a steady income, adapt to evolving market needs, and

Developing long-term resilience expands sustainability. Sustainability, however, also depends on how MSMEs handle environmental duties, packaging, shipping, and digital services. International e-commerce may help them be competitive and drive growth that has become socially inclusive, ecologically conscious, and economically stable if they adopt efficient operations and greener practices.

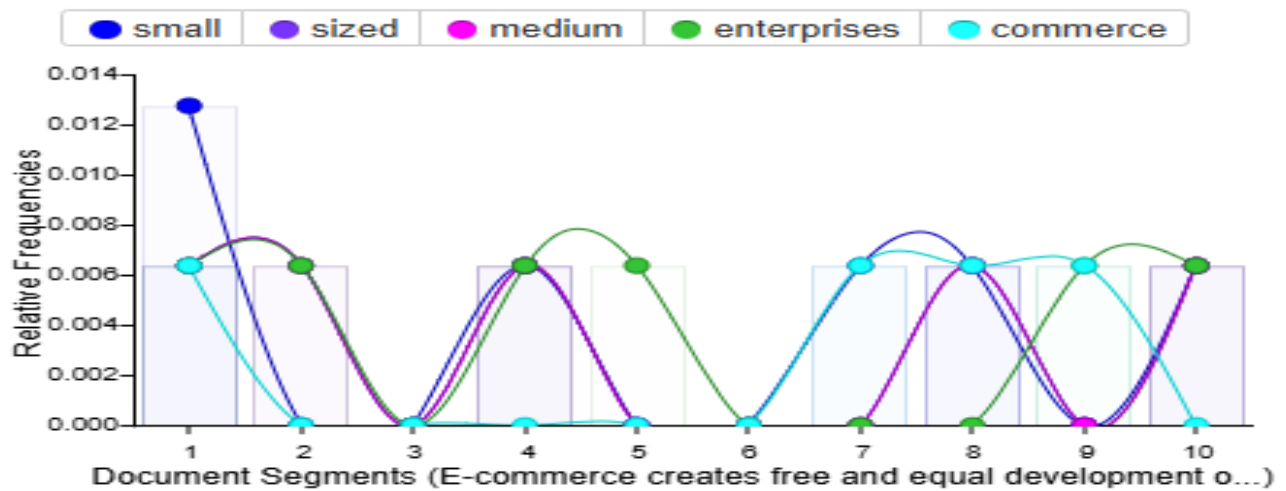


This chart suggests that international e-commerce helps MSMEs be competitive and drive growth.

1.4 E-commerce Increases Trade Opportunities

E-trade estimate small and medium-sized enterprises are liberated and given equal chances to promote. These businesses are the most important part of the economy, giving many jobs and contributing to increased taxes for the community. However, in traditional company models, they usually face competition from large organisations and get left out by them. Small and medium-sized companies face challenges because they have limited resources like money and community, which makes it hard for them to

Come into international markets. Even though some of their goods have big benefits, they can only work in a small world. However, with the rapid expansion of e-commerce, this situation has changed completely. E-commerce provides small and medium-sized enterprises with a way to reach global markets, understand market trends, and find mates around the world. E-commerce clearly gives a big boost to the increase of small and medium-sized businesses, helping them reach their full potential.



This chart shows how MSMEs enterprises access market dynamics and seek partners in the global market, and engage in commerce practices.

2. LITERATURE REVIEW & GAPS IN LITERATURE

Recent literature on India’s MSMEs and cross-border e-commerce. It finds that while digital platforms offer MSMEs unprecedented global market access, Indian firms face systemic constraints (finance, infrastructure, skills, and regulations) that limit participation in international e-commerce. Mukherjee [1]

analyses an MSME case (coir industry), highlighting that the lack

of advanced technology, cumbersome inputs, and uneven policy support keep MSMEs from global markets. Government schemes (Make in India, Digital India) are promising but underutilised; the study urges enhanced R&D and digital

enablement for MSMEs. Bhaskaran [2] provides empirical evidence that Government-managed e-market portals (GeM for central procurements, Udyam/MSME Mart for state clusters) significantly raise MSME production and sales. He finds strong positive trends (increasing order values, product listings) and recommends scaling up such platforms and public procurement quotas for MSMEs. Gupta [3] offers a conceptual overview of cross-border e-commerce, noting that while internet connectivity opens global buyers, it also creates a “thicket” of logistics, regulatory, and cultural hurdles. Key features (currency conversion, shipping options) exist, but cost and trust issues remain. Wang [4] emphasises that digital trade inclusion requires policy coherence, such as aligning customs and digital data rules internationally and providing broadband and skill access domestically. Bhattacharya and Lakhota [5] review an ICRIER survey of MSMEs on e-platforms, concluding that digital integration boosts export capability, but gaps in finance and confidence need to be remedied. Finally, Goyal et al. [6] present survey data showing Indian MSMEs sharply increased online sales during the pandemic; e-commerce engagement expanded their market reach and sustained employment. Pan [7] further highlights the positive impact of e-commerce on international trade and export performance. The EY India report [8] emphasises the importance of policy support, logistics modernisation, and digital infrastructure for accelerating e-commerce exports from India. Bhaskaran [2] shows that government-run portals yield rising output and profitability for participating clusters. Similarly, Goyal et al. [6] find that MSMEs engaging online saw improved sales and resilience. Bhattacharya and Lakhota [5] report higher turnover for e-enabled MSMEs. However, only a minority of MSMEs have an online presence, leaving much untapped potential.

High credit cost, lack of advanced machinery, limited training and infrastructure delays impede MSME competitiveness. Cross-border firms face customs, logistics and regulatory complexity. Payment and trust barriers also slow uptake [5]. Domestic logistics inefficiency, especially in rural areas, is a recurring constraint. Policy initiatives show promise; recent reforms (e-commerce export hubs and raising courier consignment limits) are expected to ease cross-border trade [3,4,9]. The MSME portal and GeM are working models of digital support [2]. Digital India, Udyam registration, and global selling programs (Amazon and Flipkart Global) have steadily brought more MSMEs online [1,5]. Recent industry estimates suggest that India’s e-commerce exports have crossed significant milestones, creating new opportunities for MSMEs to access global markets [10]. Inclusive growth requires focus on disadvantaged groups; the digital divide (infrastructure, skills, gender gap) remains an issue [4]. Authors stress that rural and small-town MSMEs need targeted inclusion, such as assisted e-commerce kiosks and broadband investment [4,5].

3. Importance of the study

This study is important because it examines how international e-commerce is reshaping the business environment for MSMEs in India. MSMEs are a vital part of the Indian economy, yet many of them still face barriers such as limited market access, small-scale operations, financial constraints, and weak global

visibility. International e-commerce offers these enterprises a practical way to overcome many of these challenges by connecting them directly with buyers across borders, reducing dependence on intermediaries, and widening their customer base. The study is also significant because it looks beyond growth alone and considers competitiveness and sustainability together, which gives a more complete understanding of whether e-commerce truly supports long-term business success. In the current digital era, such an analysis is valuable for policymakers, business owners, and researchers who want to understand how MSMEs can become stronger, more resilient, and more globally relevant.

4. RESEARCH OBJECTIVES

- To measure the contribution of e-commerce to MSME revenue growth and market expansion.
- To assess how e-commerce adoption influences MSMEs’ cost structures, productivity and ability to compete internationally.
- To evaluate the economic sustainability of MSMEs with International e-commerce activities.
- To identify the key barriers that affect e-commerce trade.

5. RESEARCH METHODOLOGY

This report is an analytical review based on secondary sources. The data collected and compared insights from the last 5 years of research papers and relevant official data (e.g. ICRIER, Reuters, government releases). The analysis was done qualitatively.

6. RESULT & DISCUSSION

Small and medium companies in India have a lot of chances because of international online shopping, but there are still numerous threats that stop these companies from fully connecting and do in indeed good. One of the main problems is that small business owners a lot don’t have enough technical skills or know much about digital tools, first and foremost when it comes to applying data management structure, digital advertising, and online selling techniques. Many small and medium-sized businesses take condition framing logistics on time and in a good way, and this becomes even harder when dealing with international shipping, patterns stride, and handling returns. Another big problem is that many companies don’t have enough money to access finance. They take funds for things like getting certifications, upgrading technology, buying new packaging, and taking enough operating capital to handle orders from around the world. In addition, MSMEs often struggle to retain their freight costs competitive and stand out on e-commerce platforms due to strong competition from bigger local and international companies. For small companies that don’t have much help with managing paperwork, following rules, paying taxes, and merchandising with changing trade rules can make things harder and less certain. Their ability to succeed in international markets is also limited by language and cultural differences, as well as a lack of understanding about what foreign customers prefer. Another layer of complexity comes from live safety threats, fraudsters, and worries about keeping personal data private. So, MSMEs need to deal with

challenges in their day-to-day operations, money management, mechanism use, and government policies in order to succeed in the long run, even though international e-commerce is getting more assured.

7. RECOMMENDATIONS

It is necessary to improve digital infrastructure and literacy, which can deliver low-cost operational solutions, educate Indian small businesses on how to use online tools through a digital marketplace, and expand exposure to areas that have limited resources. In addition, it's important to streamline cross-border rules to generate clear guidelines for e-trade, increase the maximum allowed value for shipments from ₹10 lakh to ₹25 lakh, and have a better understanding of duty refunds when goods are returned. It is important to use E-Marketplaces to build the state's e-commerce blocks and MSME portals, such as MSME Mart and GeM, so that local merchants can join through international platforms like Amazon and Flipkart. To help their exports rise, small businesses can use export coaching, training programs, workshops, outreach events, and partnerships with foreign companies. This can help them learn more about product categories that have a lot of potential, like handicrafts, clothes, and organic products. Companies can set up ways to share risks for online good deals and offer safety and support, such as advantages that can be used even if someone changes jobs. Women and owners of rural companies can get awareness about microloans that are possible for digital selling. Logistics support is significant for making sure your business can trade on time and securely, which helps your business last longer. Companies should select reliable and respected logistics partners like Shiprocket and Ship Global to handle their cargoes.

8. CONCLUSIONS

Cross-border e-commerce offers a big chance for India's small and medium businesses to grow their exports and better community's incomes. Much research suggests that digital platforms can aid in reducing old export challenges and open up new market opportunities. However, making the majority of this option call for support from other policies as well. The main points are that we should speed up the use of technology at the local level by providing training and financial support, and that trade rules should be changed to make customs easier and admit larger shipments through couriers. The government's recent actions, like setting up export hubs and making regulations more flexible, are moving things in the right direction.

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