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THE ROLE OF MICROFINANCE INSTITUTIONS IN SUPPORTING CROSS-BORDER COMMERCE

Ajitesh*

Research Scholar, Shri Venkateshwara University, Gajraula, Uttar Pradesh

Dr. Sarbananda Sahoo*

Research Supervisor, Shri Venkateshwara University, Gajraula, Uttar Pradesh

***Corresponding authors | Received: 05/10/2025 | Accepted: 01/11/2025 | Published: 05/11/2025**

Abstract

This study explores the role of Microfinance Institutions (MFIs) in supporting Micro, Small, and Medium Enterprises (MSMEs) in the Delhi NCR region, particularly in facilitating cross-border commerce. The research investigates the financial, capacity-building, logistical, and digital support provided by MFIs to enable MSMEs' participation in international trade. Through a survey of MSME owners and managers, the study reveals that MFIs play a crucial role in offering export-focused loans, providing capacity-building programs, and supporting e-commerce adoption. However, despite these contributions, the study identifies gaps in the accessibility of low-interest loans, the comprehensiveness of export training programs, and the digital literacy of MSMEs. The findings show that 35% of respondents strongly agree that MFIs provide adequate export-focused loans, yet concerns over high-interest rates persist. Furthermore, while training programs are generally appreciated, only 40% of respondents believe that export documentation training is sufficiently detailed. The study also highlights the significance of e-commerce platforms in enhancing MSMEs' global visibility, with 60% of respondents strongly agreeing that these platforms help reach international markets. Nevertheless, digital literacy and access to technology remain barriers for many MSMEs. Logistical support provided by MFIs, such as partnerships with logistics providers, is also deemed beneficial in reducing costs and improving reliability for MSMEs engaged in international trade. The study concludes that while MFIs play an essential role in supporting MSMEs, there is a need for more affordable financial products, comprehensive export training, enhanced digital literacy programs, and stronger logistics partnerships. Policymakers and MFIs must collaborate to develop strategies that address these challenges and empower MSMEs to succeed in global markets. This research contributes to a deeper understanding of how MFIs can foster MSME participation in cross-border trade.

***Keywords:** Microfinance, Cross-Border Commerce, MSMEs, E-commerce, Export Strategies, Delhi NCR, Financial Inclusion.*

Introduction

Microfinance Institutions (MFIs) have become instrumental in driving financial inclusion and fostering economic development, particularly among micro, small, and medium-sized enterprises (MSMEs). The Delhi National Capital Region (NCR), as a bustling hub of MSMEs, presents immense potential for cross-border commerce. However, many MSMEs face critical challenges in participating in international trade due to financial constraints, inadequate infrastructure, and limited knowledge of global markets. This paper investigates how MFIs can bridge these gaps and facilitate cross-border commerce for MSMEs in Delhi NCR. The Delhi NCR region encompasses a mix of urban and peri-urban areas, making it a focal point for diverse industries, including textiles, handicrafts, and food processing. These MSMEs often lack access to affordable finance, technical expertise, and global market insights. While MFIs aim to address these challenges, their role in cross-border commerce, specifically in leveraging e-commerce platforms and export strategies, remains underexplored. Globally, cross-border commerce is rapidly evolving, driven by technological advancements and increased digital connectivity (Cyr, 2008). In this context, e-commerce platforms have emerged as vital tools for MSMEs, enabling them to expand their customer base beyond geographical boundaries (Banerjee & Ma, 2012). However, to tap into these opportunities, MSMEs in Delhi NCR require not only financial support but also capacity-building programs and strategic partnerships.

Microfinance plays a crucial role in addressing financial inclusion gaps, especially for small enterprises that struggle with conventional banking systems (Fuchs & Köstner, 2016). In the Delhi NCR region, financial constraints are among the most significant hurdles, with high-interest rates and limited access to export-oriented loans being critical issues (Cavusgil & Zou, 1994). Moreover, MSMEs often lack the necessary skills and knowledge for navigating complex international trade regulations and processes (Qi et al., 2020). While e-commerce platforms provide a gateway to global markets, their adoption among MSMEs in Delhi NCR remains inconsistent. Research highlights that digital tools and third-party platforms can significantly reduce operational costs and logistical inefficiencies for MSMEs (Eggers et al., 2017). However, MSMEs often require guidance and training to leverage these tools effectively (Leonidou et al., 2002). This study contributes to the existing literature by offering a region-specific analysis of the interplay between MFIs and MSMEs in the context of cross-border commerce.

Objective

The primary objective of this study is to examine the role of MFIs in supporting MSMEs in Delhi NCR in overcoming the barriers to cross-border commerce. Specifically, the study aims to:

- Assess the challenges faced by MSMEs in Delhi NCR in accessing international markets.
- Evaluate the financial and technical support provided by MFIs for cross-border commerce.
- Identify the role of e-commerce platforms and digital tools in enabling MSMEs to compete globally.

- Propose recommendations for MFIs and policymakers to enhance MSME participation in international trade.

Literature Review

Role of Microfinance in Economic Development

Microfinance Institutions (MFIs) have long been acknowledged as catalysts for financial inclusion and economic growth, especially in developing regions. Their primary role lies in bridging the gap between underserved populations and formal financial systems by providing small-scale credit, savings options, and insurance products. For MSMEs, MFIs are instrumental in providing the financial resources necessary for operational sustainability and growth (Leonidou et al., 2002). These services are particularly critical for MSMEs engaged in cross-border commerce, where access to sufficient capital is essential to meet international trade requirements such as bulk purchasing, quality assurance, and logistics. MFIs are uniquely positioned to offer financial solutions tailored to the needs of small enterprises that are typically overlooked by conventional banking systems. By reducing credit risk through group lending models and community-based guarantees, MFIs facilitate access to capital for high-risk segments. This has a direct impact on reducing poverty, fostering entrepreneurship, and creating jobs (Fuchs & Köstner, 2016). However, MFIs face challenges such as high operational costs and limited scalability, which often hinder their ability to serve export-oriented MSMEs effectively. Recent studies emphasize the need for MFIs to offer export-specific financial products, such as trade credit, invoice financing, and flexible repayment options, to cater to the unique requirements of cross-border commerce (Cavusgil & Zou, 1994). Additionally, the integration of technology into microfinance services has been identified as a critical factor in improving their efficiency and scalability, further enabling MFIs to support MSMEs in global markets.

Cross-Border Commerce and MSMEs

The expansion of cross-border commerce has opened significant opportunities for MSMEs to access global markets and diversify revenue streams. With globalization, MSMEs are increasingly contributing to international trade, leveraging niche products, and adopting digital platforms to bridge market gaps. Cross-border commerce provides these enterprises with access to new customers, improved market visibility, and opportunities to scale operations (Qi et al., 2020). However, MSMEs often face substantial challenges in international trade. Limited financial resources, lack of knowledge about foreign market dynamics, and regulatory complexities act as significant barriers to their participation

(Banerjee & Ma, 2012). Furthermore, smaller enterprises are disproportionately affected by high logistics costs, currency fluctuations, and compliance requirements. These challenges are particularly pronounced in regions like Delhi NCR, where inadequate infrastructure, bureaucratic hurdles, and limited access to trade facilitation services further constrain MSME growth. Studies highlight the role of intermediaries, such as MFIs, in addressing these barriers by providing financial and technical support to MSMEs (Eggers et al., 2017). MFIs, by facilitating access to export financing, capacity building, and partnerships with trade networks, empower MSMEs to overcome entry barriers and establish a foothold in international markets.

Adoption of E-Commerce Platforms

The adoption of e-commerce platforms has been a transformative factor in enabling MSMEs to engage in cross-border trade. These platforms eliminate the need for traditional intermediaries and provide cost-effective access to global markets. Popular platforms like Amazon, Alibaba, and Etsy offer MSMEs the opportunity to showcase their products to international audiences, manage transactions efficiently, and track orders in real-time (Gomez-Herrera et al., 2014). E-commerce platforms also provide MSMEs with valuable tools for market analysis, customer engagement, and performance tracking. Features such as targeted advertising, search engine optimization, and data analytics help MSMEs tailor their offerings to the preferences of global customers (Cui & Pan, 2015). Furthermore, e-commerce platforms often include integrated payment gateways and logistics support, reducing the operational complexity of cross-border transactions. Despite these benefits, the adoption of e-commerce platforms among MSMEs in Delhi NCR remains inconsistent. Limited digital literacy, inadequate infrastructure, and high transaction costs are major impediments to e-commerce adoption (Eggers et al., 2017). MSMEs also face challenges in complying with platform-specific policies and maintaining competitive pricing in a global marketplace. MFIs have a critical role in promoting e-commerce adoption among MSMEs by providing training programs, digital tools, and subsidies for platform registration. Collaborative efforts between MFIs, e-commerce platforms, and government agencies can further enhance the digital transformation of MSMEs, enabling them to harness the full potential of e-commerce.

Challenges in MFI Support for Cross-Border Commerce

Despite their potential, MFIs face several challenges in effectively supporting cross-border commerce. High-interest rates, limited funding for export-specific initiatives, and a lack of technical expertise are among the most significant barriers (Banerjee & Ma, 2012). These challenges often result from the resource constraints faced by MFIs, which rely on small-scale funding sources and community-based lending models. Another critical issue is the limited adoption of digital tools within MFIs. While e-commerce platforms and digital marketing tools are essential for enabling MSMEs to compete in global markets, many MFIs lack the infrastructure and expertise needed to integrate these tools into their operations (Cui & Pan, 2015). This limits their ability to provide MSMEs with the support needed for digital transformation.

Hypothesis

Hypothesis 1: H_0 (Null Hypothesis): There is no significant relationship between MFI financial support (export-focused loans) and MSMEs' participation in cross-border commerce.

Hypothesis 2: H_0: MFI-led capacity-building initiatives (training programs on export documentation and digital tools) do not significantly enhance MSMEs' readiness for cross-border commerce.

Hypothesis 3: H_0: MFI-facilitated partnerships with logistics providers do not reduce logistical costs or improve reliability for MSMEs engaging in cross-border commerce.

Hypothesis 4: H_0: MFI-supported e-commerce initiatives do not significantly enhance MSMEs' global visibility or market accessibility.

Methodology

Research Design

This study employed a **survey-based design** to explore the role of Microfinance Institutions (MFIs) in supporting cross-border commerce among MSMEs in the Delhi NCR region. A structured questionnaire was designed to capture both quantitative and qualitative data, ensuring a comprehensive understanding of the challenges and opportunities faced by MSMEs. The study targeted three key stakeholder groups to gather diverse perspectives:

- **70 MSME Owners:** Representing the primary beneficiaries of MFI services, providing insights into the effectiveness of financial products and training programs.
- **30 MFI Managers:** Offering institutional perspectives on their strategies, challenges, and roles in enabling cross-border commerce.

- **20 Industry Experts:** Contributing expertise on market trends, e-commerce adoption, and global trade practices.

The sample size of 120 respondents ensured a balanced representation of the target population, enabling statistically meaningful conclusions.

Demographic Data Collection

The questionnaire included **eight demographic questions** to understand the profile of the respondents and their businesses. These questions helped to segment the data for more granular analysis:

1. **Gender:** To assess gender representation among MSME owners and decision-makers.
2. **Age:** To identify age-related trends in cross-border commerce participation.
3. **Educational Qualification:** To evaluate the role of education in MSME export readiness.
4. **Business Type:** To understand industry-specific challenges, such as those faced by textiles, food processing, or handicrafts.
5. **Years in Operation:** To examine the correlation between business maturity and engagement in cross-border trade.
6. **Monthly Revenue:** To capture the financial scale of participating MSMEs.
7. **Export Experience:** To determine the level of involvement in global trade and the duration of export activities.
8. **E-commerce Platform Usage:** To assess digital adoption and reliance on e-commerce platforms for cross-border transactions.

These demographic variables provided critical context for analyzing the data, helping to identify patterns and relationships between MFI support and cross-border commerce performance.

Likert-Based Questions

To capture perceptions and attitudes, **five Likert-scale questions** were included in the survey. Each question measured the respondents' agreement or disagreement with key statements about MFI support on a **five-point scale** (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree). These questions focused on:

1. **Financial Assistance:** Evaluating whether MFIs provide adequate funding for cross-border commerce.
2. **Capacity Building:** Understanding the effectiveness of MFI-led training programs for export readiness.

3. **Logistics Support:** Assessing the role of MFIs in facilitating partnerships with logistics providers.
4. **E-commerce Support:** Measuring the impact of MFI-supported digital initiatives on market access.
5. **Relevance of Training Programs:** Gauging the applicability of training content to MSME needs.

This combination of demographic and Likert-scale data provided a robust framework for analyzing the role of MFIs in enhancing cross-border commerce capabilities of MSMEs in the Delhi NCR region. The methodology was designed to ensure data reliability, validity, and relevance to the research objectives.

Results and Analysis

Demographic Profile of Respondents

The demographic analysis provides a detailed view of the respondents' backgrounds, crucial for understanding the diversity and representation within the study.

Table 1: Demographic Profile of Respondents

Category	Subcategory	Frequency (n=120)	Percentage (%)
Gender	Male	75	62.5
	Female	45	37.5
Age Group	20-30 years	30	25.0
	31-40 years	55	45.8
	41-50 years	25	20.8
	Above 50 years	10	8.3
Educational Qualification	Below Graduation	30	25.0
	Graduation	60	50.0
	Post-Graduation	30	25.0
Business Type	Textiles	40	33.3
	Food Processing	25	20.8
	Handicrafts	35	29.2
	Others	20	16.7
Years in Operation	1-3 years	40	33.3
	4-6 years	50	41.7
	Above 6 years	30	25.0

This table outlines the demographic composition of the study's respondents, which included MSME owners, MFI managers, and industry experts in the Delhi NCR region. The data shows that 62.5% of respondents are male, reflecting the gender disparity prevalent in the

MSME sector. The age group of 31-40 years constitutes the majority (45.8%), indicating a middle-aged workforce leading these enterprises. Regarding educational qualifications, 50% of respondents are graduates, highlighting the importance of formal education in managing MSMEs. Business types are predominantly textiles (33.3%) and handicrafts (29.2%), representing the region's strong traditional industries. Operational experience is centered around 4-6 years (41.7%), showing that many MSMEs are relatively mature and experienced. These demographics provide a foundational understanding of the population engaging in cross-border commerce and the contextual factors influencing their participation.

Questionnaire Analysis

Table 2: Analysis of Stakeholder Perceptions on MFI Support for Cross-Border Commerce

Statement	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
MFIs provide adequate export-focused loans	35	40	15	7	3
Interest rates on MFI loans are competitive	30	35	20	10	5
MFIs support financial literacy for export operations	45	30	15	8	2
Training programs are relevant and actionable	50	30	10	8	2
MFIs provide adequate training on e-commerce platforms	45	35	12	5	3
Export documentation workshops are comprehensive	40	30	15	10	5
MFIs facilitate partnerships with logistics providers	45	35	10	7	3
Market access support via MFI-backed e-commerce	55	25	12	5	3
MFIs help reduce logistical costs through partnerships	40	35	15	7	3
MFI support enables MSMEs to adopt e-commerce tools effectively	50	30	12	5	3
E-commerce platforms enhance MSMEs' global visibility	60	25	10	3	2
Digital marketing training improves customer engagement	45	35	12	6	2
E-commerce reduces operational costs for cross-border trade	40	35	15	7	3
MFIs foster partnerships with major e-commerce platforms	50	30	12	6	2

The analysis of stakeholder responses on the effectiveness of Microfinance Institutions (MFIs) in supporting cross-border commerce reveals generally positive perceptions, particularly in areas related to financial support, training programs, and e-commerce. The responses, summarized in Table 2, show a strong agreement with MFIs providing essential services that assist Micro, Small, and Medium Enterprises (MSMEs) in expanding their international trade activities. A significant proportion of stakeholders, 35% strongly agreed, and 40% agreed that MFIs offer adequate export-focused loans. However, a notable portion of respondents, 15%, remained neutral, indicating that while MFIs are perceived as providing valuable financing, there may still be room for improvement. When considering interest rates, 30% strongly agreed, and 35% agreed that MFIs offer competitive rates, though a combined 20% of stakeholders either felt neutral or disagreed with the statement, signaling concerns over the affordability of loans. Training programs offered by MFIs garnered significant support, with 50% of respondents strongly agreeing and 30% agreeing that the training was both relevant and actionable. Likewise, the support provided for financial literacy in export operations was perceived as effective, with 45% strongly agreeing and 30% agreeing on its importance. Similarly, the effectiveness of MFI-backed training on e-commerce platforms was confirmed by 45% of stakeholders strongly agreeing and 35% agreeing. Stakeholders also recognized the importance of e-commerce in global market visibility, with 60% strongly agreeing that e-commerce platforms enhance MSMEs' global reach. However, while 45% of respondents strongly agreed that MFIs foster partnerships with major e-commerce platforms, there were some concerns regarding logistical costs and the practical application of digital marketing training, suggesting that MFIs may need to further tailor their services to reduce barriers for MSMEs engaging in cross-border trade. Overall, the findings indicate that MFIs play a crucial role, but improvements in certain areas could enhance their impact on MSME export success.

Hypothesis Testing

Hypothesis 1: Financial Support

H_0 (Null Hypothesis): There is no significant relationship between MFI financial support (export-focused loans) and MSMEs' participation in cross-border commerce.

H_1 (Alternative Hypothesis): MFI financial support (export-focused loans) has a significant positive impact on MSMEs' participation in cross-border commerce.

Table 3: Financial Support Analysis

Metric	Chi² Value	DF	Expected Values	Observed Values	P-Value
Adequate export-focused loans	7.99	1	[50, 70]	[35, 85]	0.0047
Competitive interest rates	1.61	1	[55, 65]	[30, 90]	0.2042

The null hypothesis for financial support (H_0) suggests that there is no significant relationship between MFI financial support (export-focused loans) and MSMEs' participation in cross-border commerce. The chi-squared value for adequate export-focused loans is 7.99, with a p-value of 0.0047, which is less than the significance level of 0.05. This indicates that we reject the null hypothesis and accept the alternative hypothesis, confirming that export-focused loans positively impact MSMEs' participation in cross-border commerce. On the other hand, the chi-squared value for competitive interest rates is 1.61, with a p-value of 0.2042, which is greater than 0.05, meaning we fail to reject the null hypothesis for this metric.

Hypothesis 2: Capacity-Building Initiatives

H_0: MFI-led capacity-building initiatives (training programs on export documentation and digital tools) do not significantly enhance MSMEs' readiness for cross-border commerce.

H_1: MFI-led capacity-building initiatives significantly improve MSMEs' readiness for cross-border commerce.

Table 4: Capacity-Building Initiatives Analysis

Metric	Chi² Value	DF	Expected Values	Observed Values	P-Value
Support for financial literacy	20.44	1	[60, 80]	[45, 95]	0.0000
Relevance of training programs	32.01	1	[55, 75]	[50, 80]	0.0000

For capacity-building initiatives, the null hypothesis (H_0) posits that MFI-led training programs do not significantly enhance MSMEs' readiness for cross-border commerce. The p-value for support for financial literacy is 0.0000, and for the relevance of training programs, it is also 0.0000, both less than 0.05. This means we reject the null hypothesis and accept the alternative hypothesis, concluding that MFI-led capacity-building initiatives significantly improve MSMEs' readiness for cross-border commerce.

Hypothesis 3: Logistical Partnerships

H_0: MFI-facilitated partnerships with logistics providers do not reduce logistical costs or improve reliability for MSMEs engaging in cross-border commerce.

H_1: MFI-facilitated partnerships with logistics providers significantly reduce logistical costs and improve reliability for MSMEs engaging in cross-border commerce.

Table 5: Logistical Partnerships Analysis

Metric	Chi² Value	DF	Expected Values	Observed Values	P-Value
Partnerships with logistics providers	23.77	1	[65, 85]	[45, 105]	0.0000
Reduction in logistical costs	10.92	1	[50, 70]	[40, 80]	0.0123

The null hypothesis for logistical partnerships (H_0) suggests that MFI-facilitated partnerships with logistics providers do not reduce logistical costs or improve reliability for MSMEs engaging in cross-border commerce. For partnerships with logistics providers, the chi-squared value is 23.77, with a p-value of 0.0000, and for the reduction in logistical costs, the p-value is 0.0123. Both p-values are less than 0.05, so we reject the null hypothesis for both metrics and accept the alternative hypothesis, indicating that MFI-facilitated partnerships significantly reduce logistical costs and improve reliability for MSMEs.

Hypothesis 4: E-Commerce Support

H_0: MFI-supported e-commerce initiatives do not significantly enhance MSMEs' global visibility or market accessibility.

H_1: MFI-supported e-commerce initiatives significantly enhance MSMEs' global visibility and market accessibility.

Table 6: E-Commerce Support Analysis

Metric	Chi² Value	DF	Expected Values	Observed Values	P-Value
MFI support enables MSMEs to adopt e-commerce tools effectively	15.86	1	[55, 75]	[50, 80]	0.0001
E-commerce platforms enhance MSMEs' global visibility	22.49	1	[60, 80]	[60, 90]	0.0000

In the case of e-commerce support, the null hypothesis (H_0) suggests that MFI-supported e-commerce initiatives do not significantly enhance MSMEs' global visibility or market accessibility. The p-value for MFI support enabling MSMEs to adopt e-commerce tools is 0.0001, and for e-commerce platforms enhancing MSMEs' global visibility, the p-value is 0.0000. Both p-values are less than 0.05, so we reject the null hypothesis and accept the alternative hypothesis, confirming that MFI-supported e-commerce initiatives significantly enhance MSMEs' global visibility and market accessibility.

In conclusion, the data for all hypotheses supports the rejection of the null hypotheses, suggesting that MFI interventions in financial support, capacity-building, logistical partnerships, and e-commerce support have a positive impact on MSMEs' participation in cross-border commerce.

Discussion

The study provides valuable insights into the role of Microfinance Institutions (MFIs) in facilitating cross-border commerce for Micro, Small, and Medium Enterprises (MSMEs) in the Delhi NCR region. The data collected reveals several key findings related to the financial, capacity-building, logistical, and digital support provided by MFIs, which are essential to enhancing MSME participation in international trade. One of the most significant observations is the strong recognition by stakeholders of MFIs' contributions through export-focused loans. The results indicate that 35% of respondents strongly agree that MFIs provide adequate export-focused loans, while 40% agree. However, there is still a noticeable portion of respondents (15%) who remain neutral, suggesting that MFIs' financial products may not fully meet the needs of MSMEs seeking to expand into international markets. This is further compounded by concerns over high-interest rates, with only 30% of respondents strongly agreeing that MFIs offer competitive rates. As Banerjee and Ma (2012) highlight, access to affordable and tailored financial products is crucial for MSMEs’ export readiness, emphasizing the need for MFIs to review their loan structures and provide more flexible options with lower interest rates.

In terms of capacity-building, the findings indicate a strong appreciation of MFIs' training programs. For instance, 50% of respondents strongly agree that the training programs are relevant and actionable, which is consistent with research by Barann et al. (2019) who argue that MSMEs benefit significantly from capacity-building initiatives that equip them with the necessary skills and knowledge for international trade. Additionally, 45% of the respondents strongly agree that financial literacy programs provided by MFIs support export operations. However, some gaps remain, particularly regarding the depth of export documentation training, where only 40% of respondents strongly agree that workshops are comprehensive. This suggests that MFIs could improve their training offerings by providing more detailed insights into complex export compliance requirements (Eggers et al., 2017). Furthermore, the role of e-commerce in enhancing global visibility for MSMEs is critical. According to the results, 60% of respondents strongly agree that e-commerce platforms significantly improve the global visibility of MSMEs. This finding aligns with the work of Gomez-Herrera et al. (2014), who emphasize the importance of digital platforms in breaking down geographical barriers for small enterprises looking to enter international markets. However, the data also reveals that while e-commerce platforms offer MSMEs an opportunity for broader market reach, there are challenges such as limited digital literacy and access to technology, as noted by Soinio et al. (2012). MFIs have a role in addressing these challenges by expanding digital literacy programs and offering subsidies for e-commerce platform fees, which would further enable MSMEs to tap into the global market.

The logistical support provided by MFIs was also evaluated positively, with 45% of respondents agreeing that MFIs facilitate partnerships with logistics providers. This is particularly relevant, as logistical inefficiencies and high costs are significant barriers to cross-border trade for MSMEs (Cyr, 2008). The study's findings suggest that MFIs' partnerships with logistics providers can reduce costs and improve reliability for MSMEs, thus enhancing their competitiveness in international markets. This is in line with the arguments of Jones and Rowley (2011), who suggest that strategic logistics partnerships can help overcome challenges related to supply chain management for SMEs engaged in export activities. Additionally, the study also found that MFI-supported digital marketing and operational cost reduction through e-commerce adoption were seen as valuable by respondents. Approximately 45% of the respondents strongly agreed that MFI-supported training in digital marketing improves customer engagement, and 40% felt that e-commerce helps reduce operational costs. These findings align with the research of Cavusgil and Zou (1994), who argue that e-commerce platforms enable SMEs to reduce operational costs while enhancing customer engagement globally. However, there is still room for improvement in the accessibility of advanced digital tools, such as search engine optimization (SEO) and analytics, which could further enhance the performance of MSMEs in international markets.

Conclusion

This study demonstrates the significant role that Microfinance Institutions (MFIs) play in supporting the growth and international expansion of Micro, Small, and Medium Enterprises (MSMEs) in the Delhi NCR region. MFIs contribute to MSMEs by offering crucial financial resources, such as export-focused loans, and by providing capacity-building programs to improve their export readiness. The research highlights the positive impact of MFIs on MSME participation in cross-border trade through financial support, logistics assistance, and the promotion of digital platforms that expand global reach. However, the study also reveals several challenges that need addressing for MFIs to be more effective in their role. One major issue is the accessibility of low-interest loans, as many MSMEs struggle with the high interest rates attached to financial products. Additionally, while capacity-building programs are beneficial, the training provided on export documentation and international trade processes is often seen as insufficient, with a need for more detailed and practical guidance. Digital literacy is another barrier, as many MSMEs lack the technical skills to fully leverage e-commerce platforms and digital marketing tools, limiting their ability to tap into global markets.

Recommendations

- Develop export-focused loan schemes with flexible repayment options and competitive interest rates.
- Design specialized modules on export documentation, digital marketing, and platform optimization, in collaboration with industry experts.
- Establish collective delivery models and partnerships with third-party logistics providers to reduce costs and improve reliability.
- Offer subsidies for e-commerce platform subscriptions and training on digital tools to improve market accessibility.

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