

# **BUSINESS TRACK**

EXPANDING INTO THE NON GST SELLER BASE  
IN INDIA

## **TEAM CONTI FI FI**

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## Problem Statement

The central challenge is to develop a scalable strategy for integrating India's vast non-GST seller base onto the Meesho platform. This strategy must navigate complex legal and regulatory frameworks while simultaneously building customer trust and upholding Meesho's core value proposition of affordability and quality.

## About Meesho

Meesho is an Indian e-commerce company, started in 2015 by Vudit Aatrey and Sanjeev Barnwal, that operates as an online reselling platform. It allows sellers to create online stores and sell to customers via social media.

## Market Data

**7.94 Cr**

Current Unincorporated Non-Agricultural Sector

**7.15 Cr**

90% are Non GST Sellers(assumption)

**22.15%**

Growth in the last 2 financial years 

**6.83 Cr**

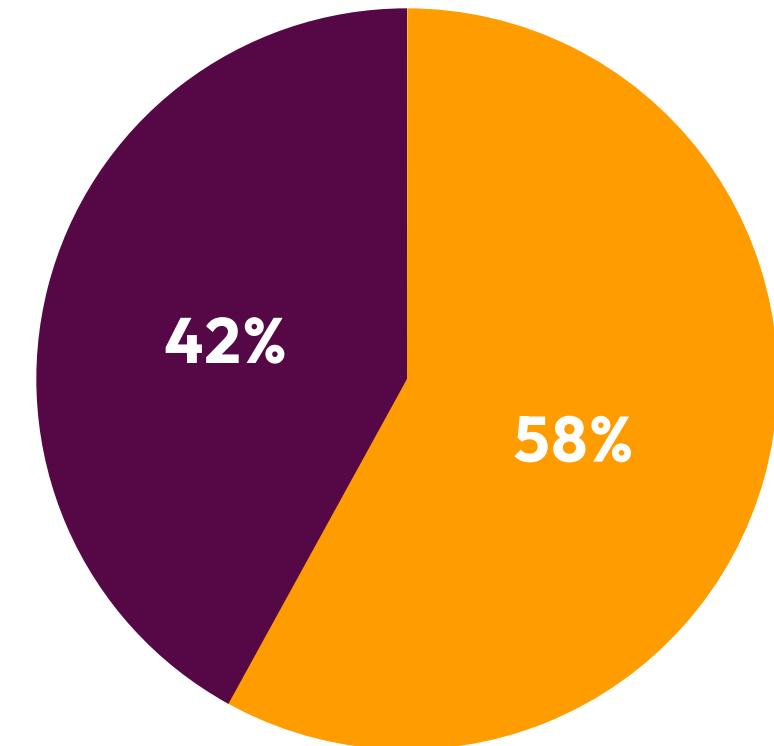
Total Enterprises Registered

**2.78 Cr**

Micro enterprises without GSTIN

\* Data from UDYAM Portal

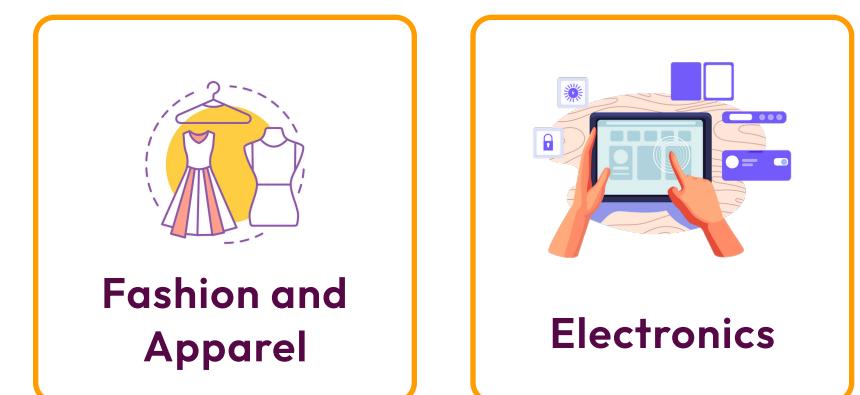
- Other Services
- Manufacturing And Trading
- **4.14 Cr** of potential Non GST sellers that Meesho can address



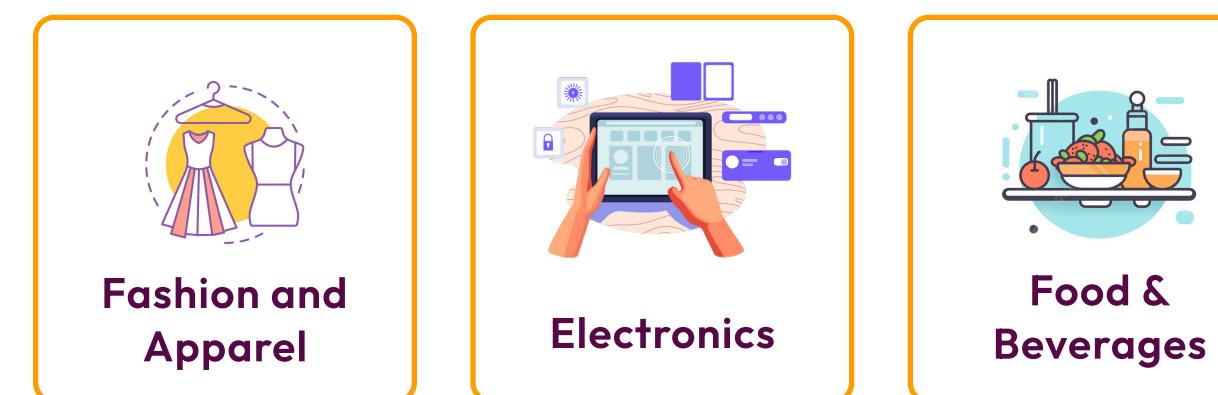
## Categories Of Non GST Sellers



Fashion and Apparel



Electronics



Food & Beverages



General merchandise



Handicrafts & Artisan

15-20 %

5-8%

20-25 %

30-35 %

5-7 %

\*Market Share

## Where Are They?

**Rural Dominance:** Over **53.8%** of the unincorporated non-agricultural enterprises, a direct proxy for non-GST sellers, are located in rural areas. This accounts for more than **4.27 crore** businesses that operate in villages, small towns, and surrounding regions.

**Urban Presence:** The remaining **46.2%**, or over **3.66 crore**, are found in urban areas. They form the core of the urban informal economy, operating as small neighborhood shops, street vendors, and service providers.

	Entry Barriers	Commission /Costs	Logistics Support	Unique Seller Support	Key Differentiator	Common Issues With Small Sellers	Why It Happens
<b>Meesho</b> (India)	<b>PAN + Bank Only, GST Not Mandatory</b>	0% Commission, Packaging/ Logistics Charged	Integrated (Pickup + Delivery)	App In 10+ Indian Languages, Simple Catalog Upload	Lowest Barrier C2C+B2C For India	<ul style="list-style-type: none"> <li>- <b>High Return Rates</b> (RTOs) Since Buyers Are Price-Sensitive And Sellers Lack Quality Control.</li> <li>- Many <b>Sellers Misrepresent Product Images</b> → Customer Trust Issues.</li> <li>- Sellers <b>Churn Fast</b> If They Don't See Quick Income.</li> <li>- <b>Lack Of Cataloging Discipline</b> (Duplicate Listings, Poor Images).</li> </ul>	Sellers Are <b>First-Time Digital Entrepreneurs</b> With No Formal Training, Operating On Thin Margins.
<b>GlowRoad</b> (Amazon-Owned) (India)	<b>PAN + Bank, No GST For Resellers</b>	Commission On Certain Categories	Amazon Logistics For Prime Items, Others Self-Ship	Social-Selling Focus, Referral Network	Reseller-First Model	<ul style="list-style-type: none"> <li>- Sellers Treat Platform Only <b>As A Side-Hustle</b>, Leading To Inconsistency.</li> <li>- <b>Low Product Differentiation</b> (Too Many Resellers Selling The Same SKUs).</li> <li>- <b>Dependence On Social Reselling</b> Makes Scaling Slow.</li> </ul>	Model <b>Depends Heavily On Reseller Networks</b> , Not Direct Sellers.
<b>Flipkart/ Amazon</b> (India)	<b>GST Mandatory (Except Books/ Handmade Goods &lt;₹40L Turnover)</b>	5-20% Commission 8-20% Commission	Company Has Their Own Logistics Support	Training + Workshops Via Flipkart Samarth (For Artisans) And Amazon Karigar	Bigger Brands + GST Sellers	<ul style="list-style-type: none"> <li>- <b>GST Barrier</b> Excludes Majority Of Informal Sellers.</li> <li>- Small Sellers Struggle With <b>Complex Compliance</b> And <b>High Commissions</b>.</li> <li>- <b>Logistics Penalties</b> (Late Dispatch, Cancellation) Push Small Sellers Out.</li> </ul>	<b>Platforms Were Designed For Formal SMEs</b> And Brands, Not Micro Sellers.
<b>Social Media Platforms</b> (Instagram, Facebook)	<b>No GST Required Or Any Sort Of Registration</b>	No Commission Required, Only Ad Costs	Seller Has To Bear The Logistics	No Training Programs As Such	Reach To Larger Audience	<ul style="list-style-type: none"> <li>- <b>Erratic Marketplace</b> Requires Ads Charges To Reach.</li> <li>- Small Sellers <b>Face Intial Logistics And Ad Cost Stress</b></li> <li>- <b>Overwhelming Competition</b> With Other Platforms And Similar Enterprises.</li> </ul>	<b>Platform Was Designed For Content</b> , Hence The Problem Is Not Solved In Here As Well For Non GST Sellers
<b>Taobao</b> (Alibaba) China	<b>Only ID + Bank Account Needed (No Business License)</b>	Free Listing, Low Ad Fees	Alibaba Logistics (Cainiao)	Built-In Chat, Escrow For Trust, Strong Buyer-Seller Comm.	Massive C2C Entry, Zero Barrier	<ul style="list-style-type: none"> <li>- Severe <b>Counterfeit/Fake Goods</b> Problem Due To Zero Barrier Entry.</li> <li>- Difficult <b>To Maintain Quality Assurance</b> At Scale.</li> <li>- Sellers Use <b>Aggressive Price Wars</b> → Margin Erosion.</li> </ul>	Hyper-Open Model = <b>Anyone Can Sell, But No Quality Filter</b> .
<b>Shopee</b> SE Asia	<b>ID + Bank Account, No Local Tax ID Initially</b>	0% Commission For New Sellers, Later 5-10%	Shopee Express + Partners	Free Ad Credits, Gamified Seller Ranking	Gamified + Social Commerce	<ul style="list-style-type: none"> <li>- High % Of Low-Value Orders → Tough To Cover Logistics Costs.</li> <li>- Many Sellers <b>Churn Once Free Commissions End</b>.</li> <li>- <b>Fake/Duplicate</b> Listings Flood The Marketplace.</li> </ul>	Sellers Onboarded Fast Via Zero Commission, But <b>Retention Is Weak</b> .
<b>MercadoLibre</b> Latin America	<b>ID + Bank Account (Individuals Allowed)</b>	8-15% Commission	MercadoEnvios Integrated Logistics	Seller Loans + Credit Scoring	Credit + Fintech Ecosystem	<ul style="list-style-type: none"> <li>- Informal Sellers Often <b>Don't Pay Taxes</b>, Leading To Govt Pressure.</li> <li>- Cash-On-Delivery Markets = <b>Payment Fraud Risk</b>.</li> <li>- Many Sellers <b>Default On Credit Loans</b> Provided By Platform.</li> </ul>	Informal Economies = <b>Trust &amp; Compliance Gap Between Sellers, Buyers, Govt</b> .

## MODEL 1:- THE "HYPERLOCAL ADVANTAGE" MODEL

### STRUCTURE

- AI-Powered Cataloging:** Sellers simply upload a photo, and AI generates the title, description, and category to ease the listing process.
- Professional Photography Network:** We offer subsidized photoshoots with local photographers to help sellers create trust-building, high-quality product images.
- Dynamic Pricing Guidance:** AI provides competitive price recommendations based on similar products sold in the same state.
- Open Box Delivery (OBD):** Prevents fraudulent returns by allowing customers to inspect products with the delivery agent before acceptance
- "Nearby" Storefront:** A dedicated section will feature local sellers and give their products "Express Delivery" tags for a competitive edge.
- Hyperlocal Expansion:** This local seller network enables future expansion into high-frequency categories like groceries to compete with quick commerce



### PAINPOINTS ADDRESSED

- Tackles the digital literacy barrier affecting 90% of this seller segment
- Builds customer trust and overcomes the "touch and feel" barrier with better product photography
- Helps sellers price competitively without market research to boost profitability.
- Protects sellers from fraudulent returns.
- Faster local delivery provides a competitive advantage.
- Enables entry into quick commerce via the existing seller base.

## MODEL 2:- THE "INCUBATOR & MENTORSHIP" MODEL

### STRUCTURE

#### "MEESHO CAPITAL" - COLLATERAL-FREE LENDING:

- Data-Driven Underwriting:**-In partnership with fintech lenders, we use a seller's performance data (sales history, ratings, returns) to create a "trust score" for underwriting collateral-free working capital loans.
- Growth-Aligned Loan Structure:** To maximize capital for growth, loans have an initial interest-only period and a grace period, delaying principal repayment to keep early EMIs low.

#### "BUSINESS ASSISTANCE" - STRUCTURED MENTORSHIP PROGRAM:

- Dedicated Meesho Expert:**-Get a personal coach assigned to a small group of sellers.
- Hybrid Coaching Model:** Receive guidance through a mix of group and private 1:1 meetings
- Performance Tracking & Action Plans:** Coaches use your performance data to create personalized action plans.
- Fostering a Peer Community:** Access a private chat group for peer-to-peer support and learning



### PAINPOINTS ADDRESSED

Lack of credit history and collateral prevents them from getting traditional bank loans.

High, immediate loan repayments (EMIs) can cripple a business before it generates revenue.

They often feel isolated because generic call-center support is unhelpful.

They need a mix of broad group advice and personalized 1:1 support.

They struggle to interpret their business data and turn it into actionable steps.

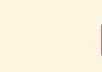
They lack a peer support network for sharing advice and best practices.

## MODEL 3:- THE "SUPPLY CHAIN AS A SERVICE MODEL"

### STRUCTURE

- Pay-As-You-Go Warehousing:** Sellers can use local Meesho Hubs for pay-as-you-go warehousing, which solves storage space issues and avoids the high fixed costs of professional inventory management.
- Professional Fulfillment by Valmo:** Trained staff at Meesho Hubs professionally pack and dispatch all orders, ensuring high-quality packaging and faster dispatch times for better customer satisfaction.
- Centralized and Verified Returns:** All returns are sent to a Meesho Hub where staff inspect them for damage or fraud. This impartial, third-party verification protects sellers from fraudulent claims and financial loss.
- Inventory and Analytics Dashboard:** A mobile dashboard provides real-time stock monitoring, automated low-stock alerts, and basic sales analytics to help sellers plan their inventory more effectively.

This model solves key operational issues for small sellers—logistics, packaging, and fraudulent returns. It competes with services like Amazon FBA but remains accessible to non-GST sellers who can't meet complex tax requirements.



### PAINPOINTS ADDRESSED

Home-based sellers struggle with limited inventory space and high warehousing costs.

Inconsistent packaging and slow dispatch by small sellers can hurt customer satisfaction and trust.

Sellers are vulnerable to financial loss from fraudulent returns due to a lack of impartial claim verification.

Without real-time inventory tools, sellers face stockouts and cannot make data-driven decisions on what to produce

<https://www.indiabudget.gov.in/doc/bh1.pdf>

<https://dashboard.msme.gov.in/>

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2163337>

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