

## Centre to clarify on FDI in e-commerce sector shortly: Goyal



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**Asit Ranjan Mishra**

The rules propose to limit so-called 'flash sales' of goods and services by e-commerce companies, by proposing to ban back-to-back sales that limit customer choice, increase prices and prevents a level playing field. The government will come out with the long-pending e-commerce policy and clarify the existing foreign direct investment regulations for the sector after the consumer protection rules for online retailing are finalized, trade minister Piyush Goyal said on Friday.

Last month, the consumer affairs ministry, which also comes under Goyal, released the draft consumer protection rules for public consultation. The proposed regulations seek to bring changes to how e-commerce marketplaces, including Amazon and Flipkart, operate after small businesses complained that they misuse market dominance and deep-discounting to gain an unfair advantage.

The rules propose to limit so-called 'flash sales' of goods and services by e-commerce companies by proposing to ban back-to-back sales that limit customer choice, increase prices and do not provide a level playing field.

Goyal expressed hope that all stakeholders will come with their suggestions on the draft rules by 6 July. "We wanted to come out with the consumer protection rules of e-commerce first because we believe our most important stakeholder is the consumer. This has also sent a strong message to the world. Sometimes, there used to be criticism that our e-commerce policy is skewed against foreign investors. By announcing the e-commerce policy for consumer protection, we have demonstrated that our first and foremost concern is the consumer," Goyal said.

In July last year, the Centre notified new rules for e-commerce firms, forcing e-tailers to display details on return, refund, exchange, warranty and guarantee, modes of payment, and grievance redressal mechanism, as well as the country of origin.

Goyal said that once the draft rules are finalized, the government will issue any clarification necessary in its existing FDI policy for e-commerce. "We are not changing any policy on e-commerce for FDI. The policy is crystal clear ever since it was first opened up. But certain instances have come to our notice that the policy is not being followed in letter and spirit. We will obviously be clarifying that very shortly," he added.

The current FDI norms prohibit e-commerce marketplaces from ownership or control of sellers' inventory under Press Note 2, 2018. The government also made stricter guidelines that govern FDI in e-commerce firms, barring exclusive tie-ups between e-commerce firms and their vendors. In a marketplace model, e-commerce firms cannot directly or indirectly influence the selling price of goods or services and are required to offer a level-playing field to all vendors.

While foreign online retailers have requested the government to avoid making further changes to the existing FDI policy, domestic online retailers have called for clarifications on loopholes that allegedly violate the spirit of the FDI policy and sought tighter implementation of existing laws.