

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

RAJYA SABHA

**UNSTARRED QUESTION NO. 226.
TO BE ANSWERED ON FRIDAY, THE 3RD FEBRUARY, 2023.**

CONTROL OF E-MARKET BY E-COMMERCE GIANTS

226. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether it is a fact that small sellers and business, particularly after COVID, are increasingly relying on e-market place giants like Amazon, Flipkart, etc., to reach e-commerce consumers;
- (b) whether e-market places are controlling the entry point and e-market giants have become gatekeepers;
- (c) whether it is a fact that e-market places are playing dual role of being both infrastructure providers and a competing seller; and
- (d) in what manner the above facts have affected small sellers and businesses since there is asymmetry in bargaining power between e-commerce giants and small sellers?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

(a) to (d): This Department has not conducted any market assessment in this regard. E-market places can play the dual role of being both infrastructure providers and a competing seller. However, certain restrictions have been laid down for such inventory based e-commerce entities in the FDI policy. As per para 5.2.15.2.3 of the Consolidated FDI Policy, 2020 (“FDI Policy”), 100% FDI under automatic route is permitted in marketplace model of e-Commerce and FDI is not permitted in inventory based model of e-Commerce.

Further, as per para 5.2.15.2.4 (iv) of the Other Conditions of the Consolidated FDI Policy, 2020 (“FDI Policy”), ‘E-Commerce entity providing a marketplace will not exercise ownership or control over the inventory i.e. goods purported to be sold. Such an ownership or control over the inventory will render the business into inventory based model. Inventory of a vendor will be deemed to be controlled by e-commerce marketplace entity if more than 25% of purchases of such vendor are from the marketplace entity or its group companies’.
