

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

**UNSTARRED QUESTION NO. 2923.  
TO BE ANSWERED ON FRIDAY, THE 20<sup>TH</sup> DECEMBER, 2024.**

**IMPACT OF e-COMMERCE COMPANIES**

**2923. Shri Kartikeya Sharma:**

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

- (a) Government's assessment of the current market share and growth rate of traditional kirana stores, quick-commerce and e-commerce companies retail sector in the country, if so, the details thereof;
- (b) whether Government has conducted any comprehensive study on the impact of quick-commerce and e-commerce platforms on the sustainability of traditional kirana stores across the country, if so, the key findings thereof; and
- (c) whether Government has implemented any specific measures to ensure a level playing field between quick/e-commerce companies and the traditional kirana stores, if so, the details thereof?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI JITIN PRASADA)**

- (a) & (b):** Stakeholder Ministries/Departments of the Government make assessment of the market share and growth rate of any existing/emerging sector, inter-alia including traditional kirana stores, quick-commerce, e-commerce companies and retail sector in the country as and when required for effective implementation of various schemes for the growth of that Sector in the country.

A 'Market Study on E-commerce in India' was conducted by the Competition Commission of India (CCI) in 2019-20 which, inter alia, covered e-commerce in consumer goods. The study report presented insights and information on key features of e-commerce in India, the different business models of e-commerce players, and the various aspects of commercial arrangements between market participants involved in e-commerce. The study also included observations of the CCI to boost competitiveness in e-commerce with respect to aspects such as transparency measures, collection, use and sharing of data, user review and rating mechanism, revision in contract terms, and discount policy.

- (c):** The Government has been focusing on protecting the interests of small retailers and traditional kirana stores while safeguarding local business interests, thereby promoting fair competition. Various measures in the form of Acts, Rules, and Policies have been

put in place to ensure a level playing field and address anti-competitive practices by e-commerce platforms. For instance, the initiative of the Open Network for Digital Commerce (ONDC) makes e-commerce more inclusive, enabling small and medium-sized businesses to use any ONDC-compatible applications instead of being constrained by platform-centric policies. The e-commerce sector operates under a comprehensive legislative framework. Key Acts applicable to the sector include the Consumer Protection Act, 2019; the Consumer Protection (E-commerce) Rules, 2020; and the Competition Act, 2002, among others. In this context, the Competition Act, 2002 mandates the Competition Commission of India (CCI) to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India. The CCI looks into matters relating to anticompetitive agreements and abuse of dominance by enterprises in all the sectors of the economy.

Additionally, the Foreign Direct Investment (FDI) policy on e-commerce and retail sectors reflects the Government's intent to safeguard local business interests. Para 5.2.15.2 of the FDI Policy on e-commerce [as amended vide Press Note 2 (2018 Series) dated 26.12.2018 issued by the Department for Promotion of Industry and Internal Trade (DPIIT)], prohibits FDI in inventory based models of e-commerce, where the inventory of goods and services is owned by the e-commerce entity and sold directly to consumers. To safeguard and promote local business interests, the FDI Policy for Single Brand Retail Trade (SBRT) mandates that for foreign investment beyond 51%, 30% of the value of goods purchased should be sourced from India, preferably from Micro, Small, and Medium Enterprises (MSMEs), village and cottage industries, artisans, and craftsmen across all sectors. Similarly, the FDI Policy on Multi-Brand Retail Trading (MBRT) outlines several conditions to ensure that the benefits of FDI in the sector create commensurate forward and backward linkages. Furthermore, to curb opportunistic takeovers or acquisitions of Indian companies, amendments were made to the FDI policy via Press Note 3 (2020 Series). According to these amendments, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route.

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