

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

**UNSTARRED QUESTION NO. 3894.
TO BE ANSWERED ON FRIDAY, THE 04TH APRIL, 2025.**

IMPACT OF QUICK COMMERCE ON TRADITIONAL RETAILERS

3894. SHRI K.R. SURESH REDDY:

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

- (a) whether Government is aware of the fast growth of quick commerce platforms and their effect on small retailers/distributors;
- (b) whether any complaints about unfair pricing and heavy discounts have been received against these platforms and the action taken thereon;
- (c) the steps taken to protect traditional retailers from unfair competition; and
- (d) whether Government plans to introduce rules to address issues like data misuse, unfair pricing, and market control by quick commerce platforms, if so, the details thereof?

ANSWER

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

- (a) & (b):** Quick commerce, which facilitates fast delivery of goods, is part of the broader e-commerce ecosystem regulated under existing legal and policy frameworks. Pricing and discounting of products are business decisions driven by market forces. However, imposition of unfair or discriminatory prices (including predatory pricing) by a dominant enterprise or group is prohibited under provisions of Section 4 of the Competition Act, 2002. The Competition Commission of India (CCI) established under the said act decides matters of anti-competitive practices, including inter alia predatory pricing, on a reference by the aggrieved party. Action is taken as and when such allegations of anomalies and violations of existing laws are brought to the notice of the Government.

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.

- (c) & (d):** The Government has been focusing on protecting the interests of small retailers and traditional kirana stores, safeguarding local business interests and promoting fair competition. Various measures in the form of Acts, Rules, and Policies have been put in place to ensure level playing field and act against anti-competitive practices by e-commerce platforms.

Some of the Acts applicable to e-Commerce Sector are Consumer Protection Act, 2019; Consumer Protection (E-commerce) Rules, 2020; Competition, Act, 2002; Central Goods and Services (CGST) Act, 2017; Information Technology Act, 2000; Payment and Settlement Systems Act, 2007; Income Tax Act, 1961; Companies Act, 2013; Copyright Act, 1957 etc. FDI policy and Foreign Exchange Management Act, 1999 contain provisions related to Foreign Direct Investment (FDI) in e-Commerce Sector.

The Competition Act, 2002 mandates the Competition Commission of India 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 the matter relating to anti-competitive agreements and abuse of dominance by enterprises in all the sectors of the economy.

In addition to the already existing comprehensive legislative framework mentioned above, the Department for Promotion of Industry and Internal Trade (DPIIT) has also pioneered the initiative of Open Network for Digital Commerce (ONDC). The initiative aims at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC protocols standardize operations like cataloguing, inventory management, order management and order fulfilment. Thus, small and medium sized businesses can use any ONDC compatible applications instead of being governed by specific platform centric policies. This provides multiple options to them to be discoverable over network and conduct business. It also encourages easy adoption of digital means by those currently not on digital commerce networks.
