

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

**UNSTARRED QUESTION NO. 3862.
TO BE ANSWERED ON WEDNESDAY, THE 11TH DECEMBER, 2019.**

LOSSES INCURRED BY E-COMMERCE COMPANIES

3862. SHRI ANIL FIROJIYA:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state

वाणिज्य एवं उद्योग मंत्री

- (a) whether numerous e-Commerce companies that have been incurring losses for the past several years are still doing business which is just opposite of the basic structure of business;
- (b) whether the Government has taken any concrete step in this regard;
- (c) whether the Government has taken any step regarding the violation of Foreign Direct Investment (FDI) policy by the e-Commerce companies; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

- (a): This data is not centrally maintained.
- (b): Does not arise.
- (c) & (d): Press Note 3 of 2016 containing Guidelines for Foreign Direct Investment (FDI) on e-Commerce was issued by Department for Promotion of Industry and Internal Trade (DPIIT) on 29 March, 2016. However, allegations were made against e-Commerce companies that the marketplaces were violating the norms laid down in Press Note 3 of 2016. So in order to provide further clarity on FDI policy in e-commerce, Press Note 2(2018) was issued by DPIIT on 26th December, 2018. Through the Press Note 2(2018), Government has reiterated the policy provisions with more clarity to ensure better implementation of the policy in letter and spirit.

Further, as regards violations of FDI policy, FDI is a capital account transaction and thus any violation of FDI regulations are covered by the penal provisions of the Foreign Exchange Management Act(FEMA). Reserve Bank of India administers the FEMA and Directorate of Enforcement under the Ministry of Finance is the authority for the enforcement of FEMA. The Directorate takes up investigation in any contravention of FEMA
