

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

**UNSTARRED QUESTION NO. 491.
TO BE ANSWERED ON WEDNESDAY, THE 05TH FEBRUARY, 2020.**

REGULATION OF ONLINE RETAILERS

491. SHRI DAYANIDHI MARAN:

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

वाणिज्य एवं उद्योग मंत्री

- (a) the details of the efforts being made by the Government to control or ban online retailers like Amazon;
- (b) whether any enquiry is going to be conducted on Amazon on its huge losses in the course of its operations in India;
- (c) whether the Ministry is aware of the predatory pricing of Amazon and if so, the details of the steps being taken to control the same; and
- (d) whether the Ministry is aware of similar predatory pricing in the telecom sector and if so, the details of the steps being taken to control the same?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

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

- (a) & (b):** Considering the potential of e-Commerce, Government of India plans to encourage it to contribute towards India's proposed US \$ 1 trillion digital economy. However, e-Commerce companies having foreign investment can operate only a marketplace model and there are restrictions on the inventory based model of e-Commerce. In order to clarify the same, Department for Promotion of Industry and Internal Trade (DPIIT), vide Press Note 3 of 2016, issued guidelines for FDI in e-Commerce 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. With a view to clarify the already existing policy framework, Press Note 2 of 2018 was issued by DPIIT on 26 December 2018 to provide further clarification on FDI Policy in relation to e-Commerce companies. Through the latest Press Note 2 of 2018, Government has reiterated the policy provisions to ensure better implementation of the policy in letter and spirit. Further, Clause (ix) of Press Note 2 of 2018, stipulates that e-commerce entities providing marketplace will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field.

Services should be provided by e-commerce marketplace entity or other entities in which e-commerce marketplace entity has direct or indirect equity participation or common control, to vendors on the platform at arm's length and in a fair and non-discriminatory manner. Such services will include but not limited to fulfilment, logistics, warehousing, advertisement/ marketing, payments, financing etc. Cash back provided by group companies of marketplace entity to buyers shall be fair and non-discriminatory. For the purposes of this clause, provision of services to any vendor on such terms which are not made available to other vendors in similar circumstances will be deemed unfair and discriminatory. Further, if any violation is reported necessary action may be taken by the competent authority.

- (c):** Representations have been received in this Department alleging that some e-commerce platforms are engaged in predatory pricing and are providing excessive discounts. The extant Foreign Direct Investment (FDI) policy on e-commerce sector, inter-alia, specifies that e-commerce marketplaces will not directly or indirectly influence the sale price of goods or services and shall maintain a level playing field. These representations are under examination. However it is reported that the Competition Commission of India (CCI) has recently ordered investigation against FlipKart Internet Pvt. Ltd. and Amazon Seller Services Pvt. Ltd. in order to determine whether the alleged exclusive arrangements, deep-discounting and preferential listing are being used as an exclusionary tactic to foreclose competition under section 26(1) of Competition Act, 2002 vide Order 40 of 2019 dated 13.01.2020.
- (d):** This Department is not aware of any complaint received about predatory pricing in telecom sector.
