

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

**UNSTARRED QUESTION NO. 3554.
TO BE ANSWERED ON TUESDAY, THE 17TH DECEMBER, 2024.**

COMPETITION FROM E-COMMERCE TO RETAILERS

3554. SHRI SELVAGANAPATHI T.M.:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether it is a fact that the Government has decided to protect the interests of over 100 million small retailers in the country who are facing competition from major e-commerce players, etc.;
- (b) if so the details thereof;
- (c) whether it is also a fact that the business models of the e-commerce companies have been affecting the small retailers; and
- (d) if so, the details thereof and the steps taken by the Government to rectify the business models being followed by e-commerce companies?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

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

(a) & (b): Government has been focusing on the protection of the interest of small retailers. Various measures in the form of Acts, Rules and Policies have been put in place to ensure a level playing field and act against practicing of anti-competitive conduct by e-commerce players.

With a view to encourage small retailers, Government has taken various steps which are as follows:

- i. No GST registration is required for inter-state and intra-state supply of services upto Rs.20 lakhs in a year (Rs. 10 lakhs for the states of Manipur, Mizoram, Nagaland and Tripura).
- ii. No GST registration is required for intra-state supply of goods upto Rs. 40 lakh in a year (Rs. 20 lakh in the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand).
- iii. Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services. Under the scheme, person with turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal

Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay GST equal to 1% (in case of supplier of goods) or 5% (in case of supplier of restaurant services) on his turnover and needs to file his returns annually with quarterly payment of GST. Such taxpayers do not have to maintain elaborate accounts and records and instead of monthly statements and returns, they are required to file quarterly challan and only one return on annual basis.

- iv. Composition scheme has also been formulated for supplier of services. Under the scheme, person with turnover up to Rs. 50 lakhs needs to pay GST equal to 6% on his turnover and needs to file his returns annually with quarterly payment of GST.
- v. A scheme of quarterly return filing and monthly payment (QRMP) has been introduced where small taxpayers with turnover up to Rs. 5 crores have an option to file returns on quarterly basis, instead of monthly return. This has considerably reduced compliance under GST for such taxpayers. Taxpayers may choose to upload selected B2B (Business to Business) invoices in first two months of a quarter through Invoice Filing Facility (IFF) that enables the recipient to avail credit on such supplies. No late fee is applicable for delay in payment of GST in the first two months of the quarter for such QRMP taxpayers.
- vi. Filing of NIL GST monthly return in FORM GSTR-3B through SMS has been enabled. Similar facility has been enabled for FORM GSTR-1 and FORM GST CMP-08.
- vii. To reduce compliance burden on small GST payers, exemption has been provided from filing annual return in FORM GSTR-9/9A for FY 2023-24 to taxpayers having Annual Aggregate Turnover upto Rs. 2 crores.
- viii. To facilitate small GST payers in making supply of goods through e-commerce operators (ECOs), and to provide parity in intra-state offline and online supply of goods, the requirement of mandatory registration for intra-state supply of goods through ECOs has been conditionally waived off with effect from 01.10.2023. Composition taxpayers have been allowed to make intra-State supply through ECOs subject to certain conditions with effect from 01.10.2023. This has opened the huge e-commerce market for the small taxpayers to sell their goods without getting mandatory registration which will boost small businesses.
- ix. Imposition of unfair or discriminatory prices 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.
- x. Department for Promotion of Industry and Internal Trade (DPIIT) has 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 makes e-Commerce more inclusive wherein 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 the small retailers and distributors, who may be currently not on digital commerce networks.

(c) & (d): The business of the e-commerce companies are required to be operated in compliance with the laws of the country. The e-Commerce sector is governed by a comprehensive legislative framework such as Consumer Protection Act, 2019; Consumer Protection (E-commerce) Rules, 2020; Competition, Act, 2002; Central Goods and Services Act (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 (FEMA), 1999 contain provisions related to Foreign Direct Investment (FDI) in e-Commerce Sector.

DPIIT Press Note 3 of 2016 contains Guidelines for FDI on e-commerce was issued on 29 March, 2016. Press Note 2(2018) was issued by DPIIT on 26 December, 2018 to provide further clarification on FDI policy in relation to e-commerce. Clause (ix) of Press Note 2(2018) stipulates that e-commerce entities providing market place 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 be 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. Any violation of FDI regulations is covered by the penal provision of FEMA, 1999. RBI administers FEMA and Directorate of Enforcement (ED) is the authority for enforcement action under FEMA.
