

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

**UNSTARRED QUESTION NO. 4137.
TO BE ANSWERED ON TUESDAY, THE 25TH MARCH, 2025.**

E-COMMERCE PLATFORMS

4137. SHRI G KUMAR NAIK:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government is aware of the impact of the rapid growth of e-commerce quick delivery platforms on traditional kirana shops, particularly regarding pricing and competition, if so, the details thereof;
- (b) if so, the details of measures are being taken to ensure fair trade practices and prevent predatory pricing, creating a level playing field between e-commerce platforms and small retailers, if not, the reasons therefor;
- (c) whether the Government is considering regulatory frameworks to protect the interests of kirana shops and promote their integration with e-commerce platforms for mutual benefit and if so, the details thereof; and
- (d) the details of support mechanisms are being offered by the Government to help kirana shops modernize, improve their operations and remain competitive in the evolving digital economy?

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):** 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 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 fair trade practices and a 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.
