

Revised norms for e-commerce aim to promote fair and non-discriminatory trade, says official

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The revised guidelines pertaining to FDI in e-commerce are aimed at promoting fair and non-discriminatory trade and prevent online retailers having foreign investment from influencing prices of products in any way, an official said. Tightening norms for e-commerce firms having foreign investment, the government Wednesday barred online marketplaces like [Flipkart](#) and [Amazon](#) from selling products of companies where they hold stakes and banned exclusive marketing arrangements that could influence product prices.

The revised policy also stated that these firms have to offer equal services or facilities to all its vendors without discrimination. "Whatever we have done is to ensure that e-marketplace should not directly or indirectly influence prices of goods. The trade practice should be fair and non-discriminatory," the official said.

Asked about the motive behind implementing the changes from February 1 next year, the official said, "We wanted to give time to companies to adjust their businesses as per the modified norms." Further talking about the proposed new e-commerce policy, the official said a draft would be released in the next few weeks. "We need to have a policy on e-commerce," the official said, adding that it would help promote exports and overall growth of the sector.

The norms were modified following large number of complaints received by government agencies regarding violation of FDI guidelines in e-commerce companies. Experts said the new norms will provide a level-playing field to players — domestic as well as international. "It's going to impact the Indian e-commerce industry in terms of capital and job growth. With such tight norms, it will be more favourable for foreign players to operate from outside India and hence will lead to loss of millions of job and capital investment," Nishith Desai Associates Partner Pratibha Jain said. She also said Indian consumers are going to feel the pain of reduction in discounts and ease of online shopping, "which may in turn be bad for this government as they may lose vote banks over a policy that is anti-consumer". L Badri Narayanan, partner at law firm Lakshmikumaran & Sridharan, too said the new norms could be contested by foreign players.

"The modified norms would provide level playing field to various players in this segment," he said, adding the e-commerce companies will now have to rejig their business models to adhere to the new clarifications issued by the government. The online retail companies, he added, would now have to focus more on consumers than vendors to promote sales.