

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

**STARRED QUESTION NO. 307.
TO BE ANSWERED ON TUESDAY, THE 17TH DECEMBER, 2024.**

RE-ENTRY OF CHINESE FASHION BRAND SHEIN

***307. SHRI SASIKANTH SENTHIL:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has considered the re-entry of the Chinese fashion brand Shein into the Indian market, following its previous ban in June 2020 due to geopolitical tensions with China;
- (b) if so, the details of the steps taken by the Government to ensure that the re-entry complies with India's national security, foreign investment, and data privacy regulations and if not, the reasons therefor; and
- (c) the details of measures taken by the Government to safeguard local business interests and ensure fair competition in the retail and e-commerce sector?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

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

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 307 FOR ANSWER ON 17TH DECEMBER, 2024 REGARDING RE-ENTRY OF CHINESE FASHION BRAND SHEIN.

(a) & (b): The Ministry of Electronics & Information Technology (MeITy), Government of India, on 29.06.2020 blocked Shein application, used in both mobile and non-mobile Internet enabled devices, under section 69A of the Information Technology Act 2000 due to concerns related to data security and privacy. Sale of Shein branded products in India was not banned. Reliance Retail Ventures Limited (“RRVL”), India through its subsidiary RRL (Reliance Retail Ltd), has entered into a technology agreement with Roadget Business Pte. Limited (“Shein”) based in Singapore to develop an indigenous e-commerce retail platform (“Platform”). The platform is intended to create a network of local manufacturers and suppliers who will manufacture products under the brand of Shein and sell them domestically and globally. It is expected that this will help in growth of Indian textiles manufacturing sector including local handicrafts and create significant employment.

Accordingly, Ministry of Textiles after consultation with Ministry of Electronics and Information Technology (MeitY) (which in turn consulted Ministry of Home Affairs) conveyed no objection on the proposal of RRVL. The license agreement covered the protection that ownership and control of the Platform will always remain with RRVL through its wholly owned subsidiary. As per the agreement, at all the times, the Platform will be hosted on infrastructure in India and all platform data (personal and non-personal data generated from the operation of the Platform including all data collected from Indian customers) will remain in India with Shein having no access to, or rights over, such data. The agreement requires consenting parties to follow Indian laws and ensure localization of infrastructure and Platform data. RRVL is also advised to ensure compliance with all existing laws of India and security audit of complete infrastructure can be undertaken by any government empaneled cyber security auditor.

(c): The Government has been focusing on protecting the interests of small retailers and traditional kirana stores while safeguarding local business interests, thereby promoting fair competition. Various measures in the form of Acts, Rules, and Policies have been put in place to ensure a level playing field and address anti-competitive practices by e-commerce platforms. For instance, the initiative of the Open Network for Digital Commerce (ONDC) makes e-commerce more inclusive, enabling small and medium-sized businesses to use any ONDC-compatible applications instead of being constrained by platform-centric policies. The e-commerce sector operates under a comprehensive legislative framework. Key Acts applicable to the sector include the Consumer Protection Act, 2019; the Consumer Protection

(E-commerce) Rules, 2020; and the Competition Act, 2002, among others. In this context, the Competition Act, 2002 mandates the Competition Commission of India (CCI) 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 matters relating to anti-competitive agreements and abuse of dominance by enterprises in all the sectors of the economy.

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.
