

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:144

ANSWERED ON:25.04.2016

FDI in e-Commerce Retailing

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

- (a) whether the Government has recently formulated the Foreign Direct Investment (FDI) guidelines on e-commerce and if so, the salient features of the guidelines;
- (b) whether the Government has decided to allow 100% FDI through automatic route in e-commerce retailing and if so, the details thereof and the reasons therefor;
- (c) whether this move is likely to impact small traders/retailers who are already facing the brunt of economic slowdown and if so, the details thereof;
- (d) whether the small traders/retailers have protested against this decision of the Government; and
- (e) if so, the details thereof along with the steps taken/proposed to be taken by the Government to protect the interests of domestic retailers?

Answer

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THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) & (b): The Government vide Press Note 3 (2016) (Annexure) issued on 29.03.2016 introduced Guidelines for Foreign Direct Investment (FDI) on e-commerce, in order to bring clarity to extant FDI policy on the sector.

100% FDI under automatic route is permitted in marketplace model of e-commerce and FDI is not permitted in inventory based model of e-commerce.

(c) to (e): FDI in retail sector including e-commerce has been opened in a calibrated manner to maintain level playing field between brick and mortar stores and e-commerce entities. Further, review of FDI policy is an ongoing process and significant changes are made in the FDI policy on different sectors, from time to time, to ensure that India remains increasingly attractive and investor-friendly investment destination. Changes are made in the policy after having intensive consultation with stakeholders including concerned Ministries/Departments, Apex Industries Chambers and other organizations.
