

6. Regulation of Online Retailers

Prelims Level: E-Commerce

Mains Level: GS-III Science and Technology - developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Why in News?

- With allegations against e-commerce companies that they were violating the norms laid down by the government, it issued a press note in 2018 to clarify the FDI policy in relation to e-commerce companies.

Highlights:

- E-Commerce companies having foreign investment can operate only a marketplace model and there are restrictions on the inventory based model of e-commerce.
- E-commerce entities providing marketplace 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 limited to fulfilment, logistics, warehousing, advertisement/marketing, payments and financing.
- 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 that are not made available to other vendors in similar circumstances will be deemed unfair and discriminatory.
- Representations have been received in the Department for Promotion of Industry and Internal Trade (DPIIT) alleging that some e-commerce platforms are engaged in predatory pricing and are providing excessive discounts. These representations are under examination.
- The Competition Commission of India has ordered investigation against FlipKart and Amazon in order to determine whether the alleged exclusive arrangements, deep-discounting and preferential listing are being used as an exclusionary tactic to foreclose competition under a section of the Competition Act, 2002.