

FDI in e-commerce

The Government of India vide Press Note No.3 dated March 29, 2016 has permitted 100% FDI in market place model of e-commerce, under the automatic approval route. However, no FDI is permitted under the inventory based model of e-commerce.

The Press Note also prescribes other conditions, inter alia, the market place e-commerce entity shall enter into sellers on B to B basis only; an e-commerce entity shall not permit sale of more than 25% through its marketplace to one vendor or one group companies; an e-commerce entity will provide support services to its sellers like warehousing, logistics etc.; e-commerce entity operating marketplace will not have the ownership of the inventory; guarantee/ warranty shall be provided by the sellers only and the e-commerce entity shall not be allowed to influence the prices in any manner and will provide a level playing field. Any payment of sale shall be as per RBI guidelines only.