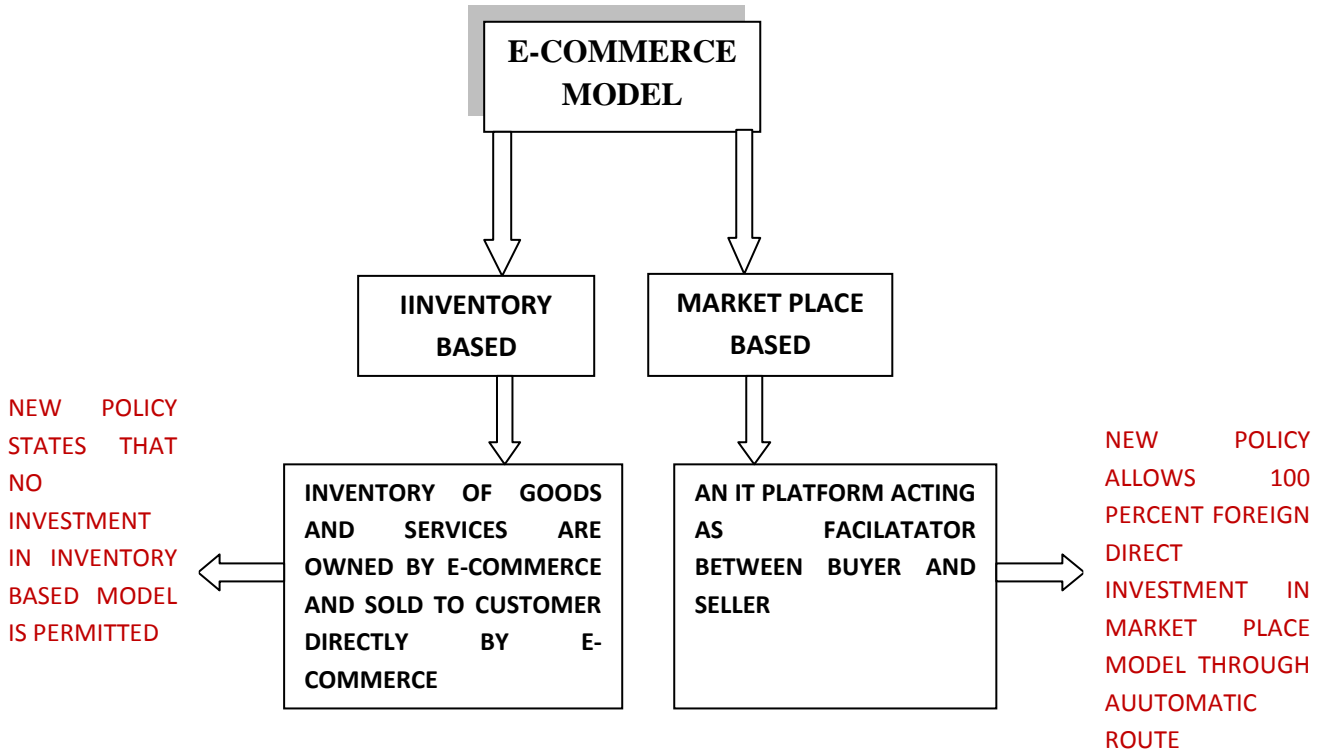


REVIEW OF THE AMENDMENT IN POLICY ON FDI IN E-COMMERCE



KEY TAKE AWAYS FROM THE POLICY:

1. E-Commerce definition scope has been extended to include the buying and selling of goods and services including *digital product on digital network which includes computers, webpage, television and internet*. Therefore, sale of products through television channels or selling a digital course of education through electronic portal is within the purview of this policy.
2. Market Place E-Commerce entity can enter into the transaction with sellers on B2B model only.
3. E-Commerce is allowed to provide the support of logistics, warehousing, fulfilment, payment collection and related services.
4. E-Commerce entity providing *marketplace are not allowed to control the inventory of goods and services*, if for any instance any market place



manages the inventory of e-commerce over and *above 25 percent purchases of any vendor, they shall be considered as inventory based model. As the policy allows e-commerce entities will only engage* in the B2b model not in B2C model. This guideline can be a major challenge for the giant ecommerce grocery players, who have obtained the funding in recent time. Precise interpretation of guideline is that an ecommerce managing more than 25 percent of purchase of any vendor cannot obtain the Foreign Direct Investment; though this doesn't bars any inventory based market place from raising investment through the local market. However, execution of inventory based model demands huge investment in inventory, warehousing, logistics and other activities.

5. The policy restricts a *business or entity from selling the product on e-commerce platform, wherein in there is equity participation or control by the same e-commerce market place in the entity*, the guideline has been framed to curtail the capacity of any related e-commerce and seller from offering huge discount.
6. The new policy states that customer satisfaction, warranty or guarantee, delivery of goods is *the responsibility of seller, this guideline ensure the role of e-commerce market platform is nothing more than the buying and selling platform.*
7. The policy restricts the *platform to offer an unfair discounts or offer, cash back by group companies at market place should be based on fair trade practice and without any discrimination among buyers.*
8. The policy states that no e-commerce *market place can enter into the transaction of exclusive business* with any vendor.

E-COMMERCE ENTITY WILL BE REQUIRED TO SUBMIT THE COMPLIANCE CERTIFICATE FROM STATUTORY AUDITOR BEFORE 30TH OF SEPTEMBER TO RBI. SAID POLICY SHALL CAME INTO EFFECT FROM 1ST OF FEBRUARY,2018.

