

Industry meeting with the Commerce Minister on FDI in E-commerce

New Delhi, 14 May 2015: FICCI appreciates the move by the government to initiate the discussion on FDI in E commerce. It is critical to understand that within E commerce there are two models of operations- Inventory based or market place. By broadening the scope of foreign investments in E-commerce to include inventory apart from marketplace, the government would be placing the Indian industry at par with other emerging markets where both marketplace and inventory models are able to operate freely. As the policy is reviewed, it is important to focus on development and encouragement of MSME sector which is the certainly the driving force behind the vision of Make in India. This should ensure domestic manufacturing gets impetus.

FICCI feels that FDI should be allowed in B2C e-commerce, with a focus on sourcing from manufacturers and in a phased manner. The idea is to emphasize that there has to be a parity between online and offline retail policy with respect to FDI levels.

FDI in ecommerce is expected to bring in following benefits to the stakeholders:

- Would create new global markets for small businesses/entrepreneurs and help them scale at almost no cost
- An open and de-regulated E-commerce sector would mean greater access to wider and diverse base of consumers and retailers
- Generate employment as well as spur investment/innovation in supply chain management, warehousing, logistics services and other ancillary sectors

Further, FICCI feels that to encourage domestic manufacturing, there could be a prescribed percentage of sourcing from domestic enterprises and the limit could be based depending on the level of FDI. It is crucial for the government to address this issue in a more detailed approach of consultations with groups of stakeholders.

Hon'ble Minister of Commerce and Industry Smt. Nirmala Sitharaman has asked FICCI to submit its study on the same in a months' time which will analyze the situation on the ground and derive on global best practices.

FICCI MEDIA DIVISION