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# New e-biz rules: Flipkart for broad market-driven framework via consultative process

BY PTI | UPDATED: DEC 28, 2018, 07.15 AM IST

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Bengaluru: India's largest online marketplace [Flipkart](#) has requested New Delhi that a broad, market-driven framework for the ecommerce industry be put in place after consultations with the relevant stakeholders.

The request came a day after the federal government announced changes in the foreign direct investment (FDI) policy for the sector. On Wednesday, New Delhi took a series of measures to tighten the norms for e-commerce companies, such as Flipkart and Amazon, barring them from selling products of the entities in which they have a stake. The altered norms also restrict them from mandating any seller to sell products exclusively on their respective platforms.

Flipkart said that the e-commerce ecosystem has created thousands of jobs apart from fostering innovations in MSME manufacturing, supply chain, warehousing, packaging, and digital payments.

"Government policy changes will have long-term implications for the evolution of the promising sector and the whole ecosystem. It is important that a broad, market-driven framework through the right consultative process be put in place in order to drive the industry forward," the Bengaluru-based online retail giant said in a statement.

Flipkart was acquired by the US retail giant Walmart for \$16 billion earlier this year in what was the country's largest acquisition and the world's biggest purchase of an ecommerce company.

Amazon's India unit said that the company was still evaluating the policy changes. The new policy aims to restrict any kind of control on inventory by an e-commerce marketplace entity, thus impacting Flipkart and Amazon as they have structured their group companies in a way that would help retain control on pricing and inventory.

"For Amazon and Flipkart, this policy change brings massive challenges. They have to not only make changes into the business model and structure of how they are selling goods, but this will also affect the profitability due to limitations on private label products," said Satish Meena, senior forecast analyst at Forrester Research.

"Apart from this, the planned investment in the offline channel is going to be recalibrated after this change. All these will have an impact on how they scale up the business in India," Meena added.



Flipkart and US-based Amazon -- the two largest players in the burgeoning Indian e-commerce sector -- are expected to be hit the hardest once the new norms come into effect from February 2019.

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