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New norms to ensure balanced growth of e-commerce: Snapdeal

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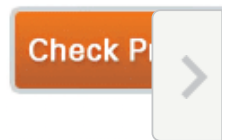
'Revised norms for e-commerce aim to promote

The revised [Foreign Direct Investment](#) (FDI) policy on [e-commerce](#) would ensure balanced growth of the [online industry](#) with gains for both sellers and buyers, said leading [e-tailer Snapdeal](#) on Thursday.

"The update to the FDI policy on [e-commerce](#) will ensure balanced




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growth of India's [e-commerce](#) industry, creating lasting gains for both sellers and buyers," [Snapdeal Chief Executive Kunal Bahl](#) told IANS in a statement.

The FDI in marketplaces is meant to enable growth of India's micro, small and medium enterprises (MSMEs) and the changes in policy will help create a level playing field for all sellers, Bahl said.

The [Ministry of Commerce and Industry](#) on Wednesday issued revised policy guidelines on FDI in e-commerce.

The revisions barred [e-tail](#) firms from selling products of companies in which they have stakes, prohibited the firms from mandating any company to sell its products exclusively on their [e-commerce platforms](#) alone.

The revised policy, which will be in force from February 1, 2019, also prevents the [digital retail portals](#) from directly and indirectly influencing the price of goods and services, so as to maintain a level-playing field for online and offline sellers.

The policy also dictates that [e-commerce platforms](#) providing a marketplace will not exercise control or ownership over the inventory.


The Indian arm of global [e-tail major Amazon](#) in a statement said it was evaluating the new norms.

"We are evaluating the circular," an [Amazon India spokesperson](#) said.

The new norms present additional restrictions for stakeholders of the e-commerce industry, said [partner](#) at advisory firm, [Deloitte India](#), [Anil Talreja](#).

"Purchases of goods by inventory owned entities have been restricted to the extent of 25% from the marketplace entity. It casts an onus on the companies to report compliance with these conditions by submitting an annual report by their statutory auditor," Talreja said in a statement.

The norms will force the impacted [e-tail](#) firms to relook at their [business](#) model. shareholding structure

 transactions, he added.

The renewed policy will ensure all micro-merchants can participate without the fear of being left out, said the [Chief Executive](#) of digital payments provider and [e-commerce platform](#) Instamojo Sampad Swain.

"With this regulation, we hope the micro-merchants will be able to use all the industries' best practices that are globally renowned in a much more organised manner, that will help them grow their businesses," Swain said in a statement.

According to Darshan Upadhyay, [partner](#) at full-service law firm Economic Laws Practice, the revised norms need clarity on few points.

"There are specific points that need greater clarity, especially the fact that an entity having 'equity participation' by [e-commerce market place entity](#) or its group company, is not permitted to sell its products on the platform run by the marketplace," Upadhyay said in a statement.

The guideline could mean that all vendors, suppliers where the market place entity have insignificant holding render such vendors and suppliers "ineligible" for selling, he added.

--IANS

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(This story has not been edited by Business Standard staff and is auto-generated from a syndicated feed.)

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