FDI Rules for E-Commerce

***Prelims:** Current events of national and international importance | Economy*

Why in News?

Recently, Government easesd FDI rules for e-commerce companies aimed at export,

- **Earlier Policy –** FDI permitted only in B2B e-commerce and marketplace models.
- The e-commerce company only serves as a marketplace but does not hold inventory of its own.
- **Reason –** To protect small traders and uphold the ban on FDI in multi-brand retail.
- **Issue –** Uncertainty existed on whether restrictions extended to export-focused marketplace models.

Relaxation in FDI rules for e-commerce companies

- To allow foreign-backed e-commerce platforms to maintain their own inventory, as long as those products are strictly exported out of India.
- First major policy shift in nearly a decade.

Key Features

- **Scope –** Inventory-based e-commerce allowed ***only for exports of domestically manufactured/produced goods**.*
- **Domestic Retail –** *Restrictions continue for inventory-based models serving the Indian market.*
- **Policy Objective –** ***Facilitate greater exports***, improve global market access for Indian sellers.

Reference

The Hindu | FDI