**GOVERNMENT OF INDIA**

**MINISTRY OF COMMERCE & INDUSTRY**

**DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 2435.**

**TO BE ANSWERED ON WEDNESDAY, THE 8TH AUGUST, 2018.**

**VIOLATION OF FDI RULES**

**2435. SHRI SANJAY SINGH:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

(a) whether it is a fact that Indian FDI rules ban FDI in e-commerce companies that manage their own inventories and/or influence prices of products sold on their platforms;

(b) in light of recent acquisition of Flipkart by Walmart and infusion of FDI, whether Flipkart has indulged in managing its inventory and/or influencing prices of products sold on it;

(c) whether Government agencies have given a clean chit to Flipkart for violation of FDI rules; and

(d) if not, how Government can allow such large scale violation of FDI rules?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY**

**(SHRI C.R. CHAUDHARY)**

**(a):** As per extant Foreign Direct Investment (FDI) policy, FDI up to 100% is permitted under automatic route for Business to Business (B2B) marketplace model of e-commerce, but FDI is not permitted in inventory based model of e-commerce, except in following circumstances:

i)  A manufacturer is permitted to sell its products manufactured in India through e-commerce retail.

ii) A single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

iii) A food product retail trading entity is allowed to undertake retail trading, including through e-commerce, in respect of food products manufactured and/or produced in India.

**(b) to (d):** Representations received against Flipkart for alleged violation of FDI rules have been sent to the concerned bodies of the Government for necessary action.

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