

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
RAJYA SABHA**

**STARRED QUESTION NO. 210.
TO BE ANSWERED ON FRIDAY, THE 13TH DECEMBER, 2024.**

**DEEP DISCOUNTING AND PREDATORY PRICING BY QUICK COMMERCE
PLATFORMS**

***210. Shri Derek O' Brien:**

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether it is a fact that quick commerce platforms are channelising a large portion of the funds raised by them towards deep discounting and predatory pricing;
- (b) if so, the details thereof;
- (c) whether Government has conducted any studies to understand the impact of such fund utilisation on small retailers and distributors; and
- (d) if so, the details thereof, if not, the reasons therefor?

**ANSWER
THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 210 FOR ANSWER ON 13th DECEMBER, 2024

(a) to (d): Pricing and discounting of products are business decisions driven by market forces. However, imposition of unfair or discriminatory prices (including predatory pricing) by a dominant enterprise or group is prohibited under provisions of Section 4 of the Competition Act, 2002. The Competition Commission of India (CCI) established under the said act decides matters of anti-competitive practices, including inter alia predatory pricing, on a reference by the aggrieved party. Allegations of violations of the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Competition Act, 2002 and the FDI policy by Amazon and Flipkart have been investigated by CCI. Action is taken as and when such allegations of anomalies and violations of existing laws are brought to the notice of the Government.

In addition to Competition Act, 2002, the e-commerce sector is governed by a comprehensive legislative framework consisting of the Acts, Rules and Policies such as Consumer Protection Act, 2019; Central Goods and Services Act (CGST) Act, 2017; Information Technology Act, 2000; Payment and Settlement Systems Act, 2007; Income Tax Act, 1961; Companies Act, 2013; Copyright Act, 1957 etc.

DPIIT Press Note 3 of 2016 having Guidelines for FDI on e-commerce was issued on 29 March, 2016. Press Note 2(2018) was issued by DPIIT on 26 December, 2018 to provide further clarification on FDI policy in relation to e-commerce. Clause (ix) of Press Note 2(2018) stipulates that e-commerce entities providing market place will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field. Services should be provided by e-commerce marketplace entity or other entities in which e-commerce marketplace entity has direct or indirect equity participation or common control, to vendors on the platform at arm's length and in a fair and non-discriminatory manner. Such services will include but not be limited to fulfilment, logistics, warehousing, advertisement/ marketing, payments, financing etc. Cash back provided by group companies of marketplace entity to buyers shall be fair and non-discriminatory. For the purposes of this clause, provision of services to any vendor on such terms which are not made available to other vendors in similar circumstances will be deemed unfair and discriminatory. Any violation of FDI regulations is covered by the penal provision of FEMA, 1999. RBI administers FEMA and Directorate of Enforcement (ED) is the authority for enforcement action under FEMA.

Government has been focusing on protection of the interest of small retailers and distributors. Various measures in the form of Acts, Rules and Policies have been put in place to ensure a level playing field and act against practicing of anti-competitive conduct by quick commerce platforms. In addition, the Department for Promotion of Industry and Internal Trade (DPIIT) has pioneered the initiative of Open Network for Digital Commerce (ONDC). The initiative aims at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC makes e-Commerce more inclusive wherein small and medium-sized businesses can use any ONDC compatible applications instead of being governed by specific platform centric policies. This provides multiple options to them to be discoverable over network and conduct business. It also encourages easy adoption of digital means by the small retailers and distributors, who may be currently not on digital commerce networks.
