

# AMAZON, TATA SAY INDIAN GOVT E-COMMERCE RULES WILL HIT BUSINESSES

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

People move past a hoarding of Amazon India outside a metro rail station in New Delhi, India, October 23, 2019 | Photo Credit: [Reuters](#)

*(Subscribe to our Today's Cache newsletter for a quick snapshot of top 5 tech stories. Click [here](#) to subscribe for free.)*

Amazon.com Inc and India's Tata Group warned government officials on Saturday that plans for tougher rules for online retailers would have a major impact on their business models, four sources familiar with the discussions told Reuters.

At a meeting organised by the consumer affairs ministry and the government's investment promotion arm, Invest India, many executives expressed concerns and confusion over the proposed rules and asked that the July 6 deadline for submitting comments be extended, said the sources.

The government's tough new e-commerce rules announced on June 21 aimed at strengthening protection for consumers, caused concern among the country's online retailers, notably market leaders Amazon and Walmart Inc's Flipkart.

New rules limiting flash sales, barring misleading advertisements and mandating a complaints system, among other proposals, could force the likes of Amazon and Flipkart to review their business structures, and may increase costs for domestic rivals including Reliance Industries' JioMart, BigBasket and Snapdeal.

Amazon argued that COVID-19 had already hit small businesses and the proposed rules will have a huge impact on its sellers, arguing that some clauses were already covered by existing law, two of the sources said.

The sources asked not to be named as the discussions were private.

The proposed policy states e-commerce firms must ensure none of their related enterprises are listed as sellers on their websites. That could impact Amazon in particular as it holds an indirect stake in at least two of its sellers, Cloudtail and Appario.

On that proposed clause, a representative of Tata Sons, the holding company of India's \$100 billion Tata Group, argued that it was problematic, citing an example to say it would stop Starbucks - which has a joint-venture with Tata in India - from offering its products on Tata's marketplace website.

The Tata executive said the rules will have wider ramifications for the conglomerate, and could restrict sales of its private brands, according to two of the sources.

Tata declined to comment.

The sources said that a consumer ministry official argued that the rules were meant to protect

consumers and were not as strict as those of other countries. The ministry did not respond to a request for comment.

A Reliance executive agreed that the proposed rules would boost consumer confidence, but added that some clauses needed clarification.

Reliance did not respond to request for comment.

The rules were announced last month amid growing complaints from India's brick-and-mortar retailers that Amazon and Flipkart bypass foreign investment law using complex business structures. The companies deny any wrongdoing.

A Reuters investigation in February cited Amazon documents that showed it gave preferential treatment to a small number of its sellers and bypassed foreign investment rules. Amazon has said it does not give favourable treatment to any seller.

The government will soon issue certain clarifications on the foreign investment rules, Indian commerce minister Piyush Goyal told reporters on Friday.

### [Our code of editorial values](#)

At the heart of the dispute between Twitter and the Union government is who gets to decide what goes on the platform, and both parties are claiming to be defenders of free speech.

Will they become law? How will the move impact India?

**END**

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by [crackIAS.com](http://crackIAS.com)

Crack