

US-India industry body calls FDI guidelines for e-tailers 'regressive'

SUBHAYAN CHAKRABORTY
New Delhi, 28 December

Policy advocacy body US-India Strategic Partnership Forum (USISPF), which represents major US companies with investments and trade with India, has hit out against the foreign direct investment (FDI) regulations introduced by the government in the e-commerce sector.

Fearing a major dent to its e-commerce dreams in India, top executives at Walmart are planning to meet Commerce and Industry Minister Suresh Prabhu on the sidelines of the World Economic Forum in Davos, it is learnt.

Executives from both Amazon India and Walmart-Flipkart are planning to meet senior officials at the department of industrial policy and promotion (DIPP) Secretary Ramesh Abhishek in January first week to understand the reasons behind the sudden crackdown and find a middle ground.

The USISPF on Friday called the latest regulations "regressive" and "against consumers".

"The amendment to the FDI in e-commerce policy harms the consumer, who is ultimately the king in any retail environment. It is not the government's business to micro-manage businesses. This amendment bars Indian manufacturers and sellers from effectively competing in the global



The USISPF says American investments into e-commerce platforms have created enormous value and jobs

online marketplace," said sentiment," he added. USISPF President Mukesh Aghi.

The body represents industry leaders such as plane manufacturer Boeing International and hotel conglomerate Marriott Group, apart from PepsiCo.

"In the end, amendment to the FDI in e-commerce policy will impact the price to the consumer, along with quality of service, in addition, to having a negative impact on growth of online retail in India and on the investor

The USISPF's statement also hinted at the intensifying fight between brick-and-mortar retailers and online sellers. "Globally, online retail is growing six times faster than brick-and-mortar retail, leading to greater investments in the infrastructure sector and job creation in the services sector," Aghi said.

Domestic players were, however, more diplomatic in their response to the latest developments.

"Government policy changes will have long-term implications for the evolution of the promising sector and whole ecosystem. It is important that a broad market-driven framework through right consultative process be put in place in order to drive the industry forward," Flipkart said.

"We have always operated in compliance with the laws of the land and are evaluating the new guidelines to engage as necessary with the Government to gain clarity so that we remain true to our commitment," rival Amazon India said in a statement.

Barely six months after the US retail giant Walmart bought 77 per cent stake in India's biggest e-commerce firm Flipkart for \$16 billion, the biggest stake sale till date in the sector, changes to the FDI in e-commerce norms have brought their plans to a standstill.

Executives from both Amazon and Walmart-Flipkart are planning to meet DIPP Secretary to understand the reasons behind the sudden crackdown and find a middle ground

Pointing towards the \$16-billion investment into Flipkart by US retail giant Walmart, the USISPF said American investments into e-commerce platforms have created enormous value and jobs.

"The latest amendments came out without any consultation and are akin to changing rules in the middle of the game. This amendment highlights the lack of transparency in policy-making and demonstrates unpredictability," Aghi said.