

# India proposes tighter ecommerce rules targeting Amazon and Flipkart

Article

**The news:** India's Ministry of Consumer Affairs released stricter rules for both domestic and international ecommerce players, which will be open for consultation until **July 6**, [per](#) Reuters.

Brick-and-mortar retailers in the country have complained that players like **Amazon** and **Walmart's Flipkart** use their complex business structures to bypass Indian laws and compete unfairly.

#### Here's a breakdown of the proposed rules:

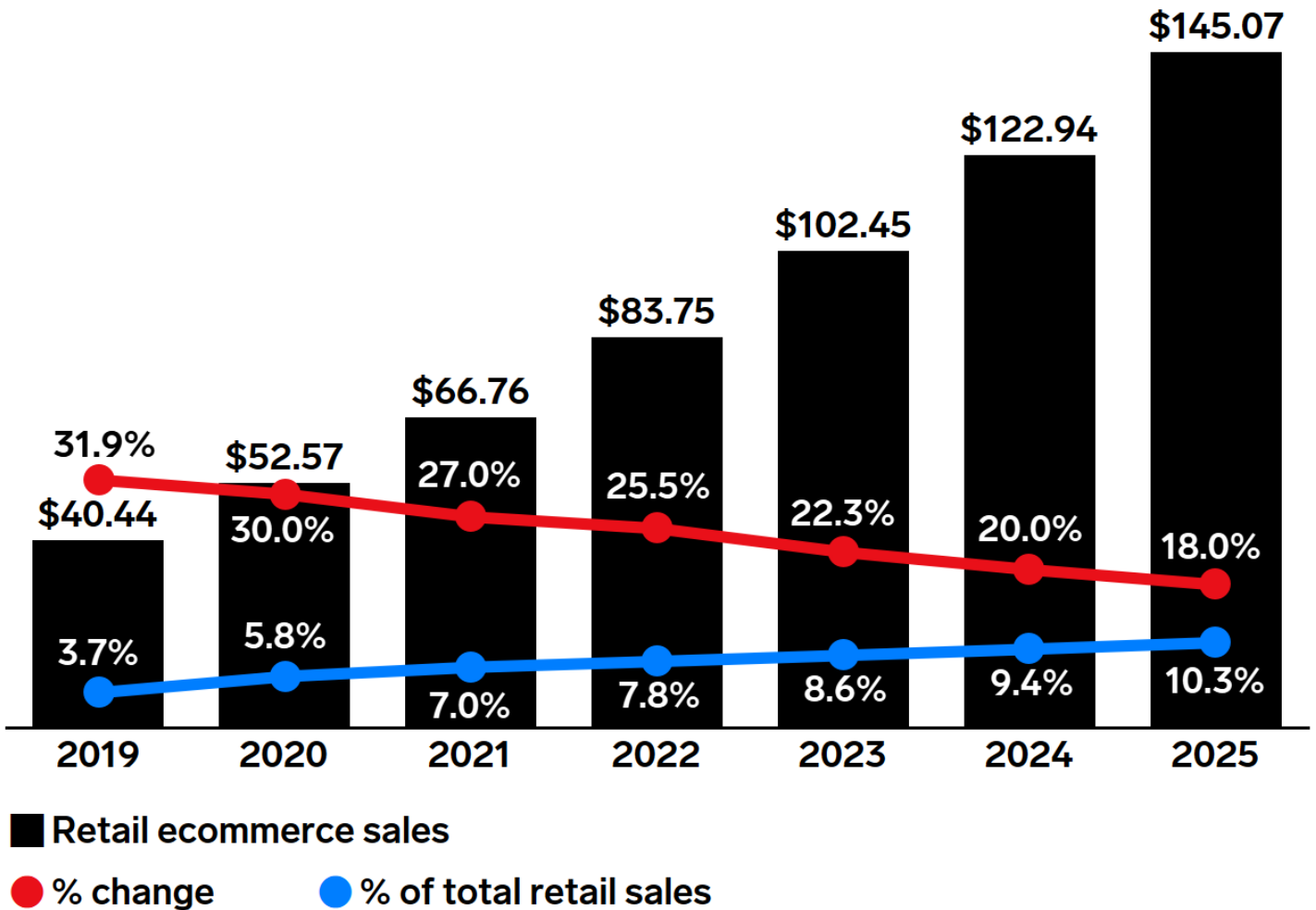
- **Ecommerce websites cannot host flash sales.** These sales are especially popular around holidays but have caused a stir among offline players that claim it's impossible to compete with such steep discounts.
- **Affiliate entities cannot be listed as sellers on ecommerce platforms.** Only foreign ecommerce players would be allowed to operate as marketplaces for sellers, and they or firms they own a portion of would not be able to make direct sales to consumers. This could sting for Amazon—the company holds an indirect stake in two of its top sellers.

**How we got here:** India has been taking aim at Amazon and Walmart for **years** but recently ramped up efforts. In March, India **introduced** a policy that would ban online marketplaces from giving sellers preferential treatment in response to claims that Amazon and Flipkart promote select sellers they have indirect stakes in. And earlier this month, Indian court officials **dismissed** Amazon and Flipkart's appeals to stop an antitrust investigation into them that began in February.

**The big takeaway:** India is a huge market for these players: Retail ecommerce sales are expected to hit **\$66.76 billion** in 2021, surging to **\$145.07 billion** by 2025, **according to** our forecasts. Both Amazon and Walmart have been trying to capture some of this digitization as the market takes off—Amazon, for example, **announced** a **\$1 billion** investment in early 2021 to build out its Indian operations. These regulations could give local retailers a better chance to prosper, and they would make it even harder for Amazon and Walmart to compete and would take away potential sales volume for the companies. And the rules likely won't be the end of India restricting retail giants' operations—the country could cap volume market share in the future, like it did in the **payments** market—which would force Amazon and Walmart to rethink their long-term strategies in the country.

# Retail Ecommerce Sales in India, 2019-2025

billions, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales

Source: eMarketer, May 2021

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