



Draft e-Commerce Policy

The [Department For Promotion of Industry and Internal Trade \(DPIIT\)](#) has released the **draft National e-Commerce Policy** for public comments.

- The National e-Commerce Policy lays down strategies to address issues pertinent to the sector-**Consumer protection, data privacy, and maintenance of a level playing field.**

Need for policy

- In 2014, the **average monthly data consumption** in India was only 0.26 GB per person, which **increased to over 4GB at the end of 2017.**
- Greater internet usage means the generation of more data and therefore, the greater requirement to prioritize privacy, consumer protection and regulate the flow of data for leveraging it to benefit the domestic economy.
- A regulatory environment is necessary to ensure that there is genuine competition in the market, which encourages entrepreneurship and innovation.
- To address a few challenges arising out of e-Commerce of law and order, revenue-base erosion, privacy, anti-competitive behavior, consumer protection, etc without harming the of growth in the e-Commerce sector.

Key Issues Addressed

- **Data**
 - **Individual Right:** An Individual owns the right to his data. Therefore, data of an individual is must be used with his/ her express consent.
 - **Indian Control Over Data:** There should be a restriction on cross-border data flow. The policy bats for [data localization](#) and states that the data generated within India must be stored within India.
 - If a business entity that collects or processes any sensitive data in India and stores it abroad, should not share data with business entities outside India, for any purpose, even with customer consent.
 - A request from Indian authorities to have access to all such data stored abroad shall be complied with immediately
 - All e-Commerce websites, apps available for download in India should have a registered business entity here. Non-compliant e-Commerce app/website to be denied access here.
- **Infrastructure development**
 - It stressed on **developing physical infrastructure for a robust digital economy** and suggested steps for developing the capacity for data storage in India.
 - Incentives will be provided to companies for establishing data localization location facilities like data centers, server farms within India.
 - **Firms to get 3 years to comply with local data storage requirements** and data storage facilities should be given 'infrastructure status'.
 - Domestic alternatives to foreign-based clouds and email facilities should be promoted through budgetary support.
- **e-Commerce marketplaces**
 - The policy mentions that foreign direct investment (FDI) is allowed only in the marketplace model, not in inventory based model.

- This is in line with the [e-Commerce guidelines given by the government in December](#).
- The policy also takes into account the **interests of domestic manufacturers and Micro, Small and medium enterprises** and seeks to create a level playing field for them in online retail.
- To **curb on Chinese e-commerce exports** the Gifting route (where goods are shipped as gifts), often used by Chinese apps, websites should be banned for all parcels except life-saving drugs.
- To **prevent fake products**, Seller details should be made available on the website for all products and sellers must provide an undertaking to the platform about the genuineness of products.
- **Stimulating the domestic digital economy**
 - There is a need to **formulate domestic industrial standards for smart devices and IoT devices to meet the goals of the country** like consumer protection.
 - **Online custom clearance** will eliminate the need for manual processes and will help in ease of doing business.
 - Continued focus on **Digital India initiatives by the Government** will help in the development of the e-Commerce sector.
- **Export promotion**
 - **e-Commerce startups may get 'infant industry'** status raising the limit for courier shipments from Rs 25,000 to boost e-Commerce export.
 - To promote export it is necessary to lower the cost of transport, reducing paperwork, reducing delays at ports and airports etc.
 - **Integrating Customs, RBI and India Post to improve tracking of imports through e-Commerce.**

PDF Reference URL: <https://www.drishtias.com/printpdf/draft-e-commerce-policy>