

DGFT for allowing FDI in inventory based e-comm

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New Delhi, November 17

THE GOVERNMENT IS examining the industry's demand to allow foreign direct investment (FDI) in inventory-based e-commerce for exports, a senior official said on Friday.

The industry is asking for a change in rules because currently e-commerce platforms with foreign direct investment can only function as a marketplace and not hold their own inventories.

"For export purposes, if these (rules) could be revisited is something that we are requesting the DPIIT (department for promotion of industry and internal trade) to examine and explore... and this could be one step forward for creating the e-commerce export zones that we have been working on," Director General for Foreign Trade Santosh Sarangi said at a conference here on promoting exports through e-commerce.

He said that the e-commerce stakeholders also have asked the department for the promotion of industry and internal trade (DPIIT) to have a re-look at the FDI policy on this issue.

In 2025, global cross-border e-commerce exports will touch \$2 trillion, as per an estimate. According to Foreign Trade Policy, India's e-commerce export potential is in the range of \$200-300 billion annually by 2030.

To aid exports through e-commerce, FTP has outlined the intent and roadmap for establishing e-commerce hubs and related elements like payment reconciliation, book-keeping, returns policy and export entitlements.

It also raised the consignment-wise cap on e-commerce exports through courier to ₹10 lakh from ₹5 lakh. This cap can be raised or removed altogether based on the feedback of exporters. The government is also working on a mechanism that will allow exporters using e-commerce to claim export incentives.

"Exports through e-commerce many a time are not getting benefits like duty drawback or DGFT schemes like Remission of Duties and Taxes on Exported Products (RoDTEP) or Rebate of State and Central Taxes and Levies (RoCTL). Some are even working with



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ensure that the shipping bills flow directly so that these kinds of exports also get covered under these kinds of schemes," Sarangi said.

He added that the directorate is working with the Department of Revenue to see if there could be relief for smaller players in e-commerce exports like the concessional 'composition levy scheme' for GST till they attain a certain threshold of export value.

The DGFT is also working with the Department of Post to ensure that Dak Niryat Kendras and foreign post offices (FPOs) get strengthened and expanded, Sarangi said.

The Department of Post aims to open 1,000 such Kendras which will work on a hub and spoke model with the FPOs and they are trying to ensure that the export consignments processed faster.

The department is working with the US Postal services as well as postal services of other countries to provide a full online tracking mechanism for the e-commerce export consignments, he added.

Further, Sarangi said that providing warehousing facilities as well as quick packaging clearance facili-