FAQs

Sectoral

E-commerce

1. What is a marketplace and inventory based model of e-commerce?

"1) Marketplace based model of e-commerce means providing an information technology platform by an e-commerce entity on a digital & electronic network to act as a facilitator between the buyer and seller. 2) Inventory based model of e-commerce means an e-commerce activity where inventory of goods and services is owned by e-commerce entity and is sold to the consumers directly. For any further queries, please write to us at retail@investindia.org.in"

2. Is FDI allowed for inventory based model of e-commerce?

"No, FDI is not permitted for inventory based model of e-commerce. For any further queries, please write to us at retail@investindia.org.in"

3. Does India have an e-commerce policy?

"A draft e-commerce policy was prepared and put up in the public domain on February 23, 2019 for comments/suggestions. Comments from over 120 stakeholders (companies, Industry associations, think tanks, foreign governments) have since been received. The Govt. is currently working on finalising the policy. Click here for the draft policy. For any further queries, please write to us at retail@investindia.org.in"

4. What is deemed inventory ownership by a marketplace under the FDI Policy on E-Commerce?

As per the FDI Policy, E-Commerce marketplace is not supposed to exercise control or ownership of the inventory. Inventory is deemed to be controlled by the marketplace if more than 25% of purchases of a vendor on the marketplace are purchased from the marketplace entity or its group companies. For any further queries, please write to us at retail@investindia.org.in

Copyright © 2026 Invest India. All Rights Reserved.

5. Can sellers on e-commerce marketplaces have equity participation from the marketplace or its group companies?

No, as per the FDI Policy, no entity having equity participation from the e-commerce marketplace entity or its group companies will be permitted to sell its products on the platform run by such a marketplace entity. For any further queries, please write to us at retail@investindia.org.in

6. Can e-commerce marketplaces offer services to sellers hosted on its webite?

As per the FDI Policy, e-commerce marketplace may provide support services to sellers in respect of warehousing, logistics, order fulfilment, call centre, payment collection and other services For any further queries, please write to us at retail@investindia.org.in

7. Is E-Commerce allowed for Food Retail?

For food product retail trading: 100% FDI is allowed under approval route, including through ecommerce, in respect of food products manufactured and/or produced in India. For any further queries, please write to us at retail@investindia.org.in

8. Can an SBRT entity commence e-commerce operations?

Subject to the conditions of SBRT under the FDI policy (link:), a single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce. Further, as per policy, retail trading through e-commerce can also be undertaken prior to opening of brick & mortar stores, subject to the condition that the entity open brick and mortar stores within 2 years from date of start of online retail For any further queries, please write to us at retail@investindia.org.in

Copyright © 2026 Invest India. All Rights Reserved.