

Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai

Notification No.FEMA.20(R) (6)/2019-RB

January 31, 2019

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2019

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ([Notification No.FEMA.20\(R\)/2017-RB dated November 07, 2017](#)) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifth Amendment) Regulations, 2019.
- (ii) They shall come into force from February 01, 2019.

2. Amendment to Regulation 16.B

In Regulation 16.B,

(i) In the existing SL.No.15.2.3(b) the words 'E-commerce entity' means a company incorporated under Companies Act, 2013 shall be substituted by 'E-commerce entity' means a company incorporated under the Companies Act 1956 or the Companies Act, 2013.

(ii) The existing SL. No 15.2.3(h) shall be substituted by the following, namely:

E-commerce entity providing a marketplace will not exercise ownership or control over the inventory i.e. goods purported to be sold.

Explanation: Inventory of a vendor will be deemed to be controlled by e-commerce marketplace entity if more than 25% of purchases of such vendor are from the marketplace entity or its group companies which will render the business into inventory based model.

(iii) The existing SL.No 15.2.3(i) shall be substituted by the following, namely:

'An entity having equity participation by e-commerce marketplace entity or its group companies or having control on its inventory by e-commerce marketplace entity or its group companies, will not be permitted to sell its products on the platform run by such marketplace entity.'

(iv) The existing SL. No 15.2.3(m) shall be substituted by the following, namely:

E commerce entities providing marketplace will not, directly or indirectly, influence the sale price of any goods or services and shall maintain level playing field. Services should be provided

by e-commerce marketplace entity or other entities in which e-commerce marketplace entity has direct or indirect equity participation or common control, to vendors on the platform at arm's length and in a fair and non discriminatory manner.

Explanation: Such services will include but not limited to fulfilment, logistics, warehousing, advertisement/marketing, payments, financing etc. Cash back provided by group companies of marketplace entity to buyers shall be fair and non-discriminatory. For the purposes of this clause, provision of services to any vendor on such terms which are not made available to other vendors in similar circumstances will be deemed unfair and discriminatory.

(v) In existing SL.No 15.2.3, after the existing clause (n), a new clause (o) shall be inserted, namely:

No e-commerce marketplace entity shall mandate any seller to sell any of their product exclusively on its platform.

(vi) In existing SL.No 15.2.3, after the clause (o), a new clause (p) shall be inserted, namely:

All existing investments shall have to be in compliance with the above conditions from the date of issue of this Notification.

(Eugene E. Karthak)
Regional Director

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No. 1374(E) dated November 07, 2017 in Part II, Section 3, sub-Section (i) and subsequently amended as under.

[G.S.R.No.279\(E\) dated 26.03.2018](#)

[G.S.R.No.520\(E\) dated 01.06.2018](#)

[G.S.R. No.823\(E\) dated 30.8.2018](#)

[G.S.R. No.78 \(E\) dated 31.01.2019](#)