POLITECNICO DI TORINO

Master's degree in Engineering and Management

Department of Management and Production Engineering

Master's degree Thesis

Emergence of New Regulation in Foreign Direct Investment: Indian E-commerce

Supervisor

Prof.ssa Anna D'Ambrosio

Author

Kanaka Jaripiti Rajappa

S275523

Abstract

Over the past three decades, India has increased its participation in global business in order to facilitate its continued economic growth and engagement with the world's economy. India has encouraged Foreign Direct Investment (FDI) in a variety of industries, including manufacturing, infrastructure, information technology, automobile industry, pharmaceuticals, and other business services. India has also introduced FDI policies and regulations to ensure that business transactions are conducted in a fair manner. As India was reinventing information technology in the year 2000, it began accepting foreign direct investment in e-commerce. This industry is anticipated to be one of the rising industries for the economy in the future. Over the last decades, the number of individuals using the internet and the number of investors and companies participating in e-commerce have grown significantly. The current market value of the industry is around $120 billion, and it is predicted to grow to $200 billion by the end of 2025. Policies and procedures had to be followed from the beginning of FDI in the e-commerce industry till today. Improving access for foreign investors to participate in the e-commerce industry by automating the screening process was implemented in 2016 and has allowed them to do so at a greater level inside the marketplace model. Because of this, there have been few unfavourable repercussions seen in the local retailers in India. But recently, The Indian Government has made strict regulations on the FDI e-commerce sector to avoid the exploitation of local retailers by introducing the arm-length price regulation to reduce the huge discounts. The government is in the process of launching an online marketplace called Open Network for Digital Commerce (ONDC) in which consumers and merchants alike will be able to purchase and sell goods and in which merchants will have full control. Because of this change, E-commerce companies who were giving competitive discounts while still maintaining complete control of the online retail sector may find themselves in a position where they must compete with other companies. According to the dissertation, if this new online marketplace called ONDC is implemented by the Indian government there would be long-term advantages for small businesses in India and implications for established market leaders.

Acknowledgements

I would like to express my most sincere gratitude towards my academic supervisor, Prof.ssa Anna D'Ambrosio of the Department of Management and Production Engineering (DIGEP) of the Politecnico di Torino, whose guidance and instant support have been invaluable throughout this study.

Table of Contents

Chapter 1: Introduction 6

Chapter 2: Literature Review 8

2.1 Introduction 8

2.2 Theories of FDI 11

2.3 FDI in Major Developed Countries 14

2.4 FDI in Developing Countries 17

2.5 Positive and Negative Implications on Home and Host Countries 19

Chapter 3: FDI India 25

3.1 Introduction 25

3.2 Reasons for FDI in India 25

3.3 FDI in different sectors 26

3.4 FDI in E-commerce India 29

Chapter 4: Electronic Commerce India 31

4.1 E-commerce 31

4.1.1 Market Place Model 33

4.1.2 Merits and Demerits of E-commerce 34

4.1.3 Competition b/w Online Retailers and Traditional Retailers 36

4.1.4 Expansion of E-commerce Post COVID-19 38

4.2 Major Investors Involved in India 39

4.3 Discounts in E-commerce 41

Chapter 5: Discussion 43

5.1 Introduction to New Regulation 43

5.2 Role of FDI in mitigating competition between e-commerce and local retailers 44

5.3 Reductions of Huge Discounts 46

5.4 Continues Violation of Rules 48

5.5 Benefits for Small Retailers by The Open Network for Digital Commerce (ONDC) 52

5.6 Conclusion 54

5.7 Future Research 55

References 56

List of Abbreviations

BPM- Business Process Management

CICs - Core Investment Companies

DPIIT -Department for promotion of Industry and Internal Trade

E-Commerce - Electronic Commerce

FDI- Foreign Direct Investment

FIPB - Foreign Investment Promotion Board

IBEF- India Brand Equity Foundation

IT- Information Technology

ITC- International Trade Centre

LDCs- Least Developed Countries

M&As- Mergers and Acquisitions

MNCs- Multinational Corporations

NBFC -Non-Banking Financial Companies

NSO - National Statistical office

OECD- Organization for Economic Cooperation and Development

ODA- Overseas Development Assistance

OFDI- Outward Foreign Direct Investment

ONDC- Open network for digital commerce

RBI - Reserve Bank of India

UNCTAD- United Nations Conference on Trade and Development

Chapter 1: Introduction

Exchanging company operations with the global market in order to develop economically and technologically and to extend the country's market may have both positive and negative effects on the economy. If the firm does not adhere to the correct rules and regulations it will face the consequences, similarly if the government don't adopt the proper policies and guarantees that the requirements are adhered to by both parties (home and host nations), and if it fails to fulfil its goals efficiently towards the foregin direct investments, the repercussions will be devastating. Over the course of the last several decades, Foreign Direct Investments (also known as FDI) have developed into an essential component of the worldwide investment landscape. It has evolved to become an essential component in the development plans of nations still in the process of economic growth (OECD,2002).Foreign direct investment has been a major contributor to the economic expansion of emerging nations (Iqbal,Hassan,Rawat, 2012).Foreign direct investment helps home nations' economies grow in a variety of ways, including the dissemination of technological know-how, the production of new employment, the development of products that may serve as import alternatives, and the increase in the number of goods exported (Chen, Melachronis, & Chag, 2010)

E-commerce is seeing phenomenal expansion in the world's developed nations. FDI in developing markets, particularly in the BRICs, has been seeing phenomenal growth over the last few years (Brazil, Russia, India, and China). Over the course of the last ten years, India has shown remarkable progress. Now, India is one of the economies that is growing at the quickest rate in the globe. As a result, there are an increasing number of chances for international investors to invest in India and reap the benefits in their home countries.

Despite the many changes and advantages that FDI brings to the nation, local businesses in the home countries have faced few obstacles in recent decades. India is one of the fastest-growing economies in the world, particularly in the e-commerce industry. The e-commerce business in India continues to face several problems, including a lack of a complete set of laws and regulations governing its operation (Huang & Tang, 2011). In April 2022, the government announced the launch of their own system called open network for digital commerce (ONDC) to help the small merchants. This rule was created to address the majority of the challenges that retailers face, to strike a balance between international

investors and home countries in terms of inventory ownership and management, and to assist small shops in the country. This strict restriction will benefit both brick-and-mortar and small shops. This research attempts to determine how policy is exploited before laws are tightened in the FDI e-commerce industry, who is most impacted, and how those affected parties would gain when the new restrictions are implemented.

Chapter 2: Literature Review

2.1 Introduction

This chapter will examine the previous literature on FDI and will set the theoretical framework for this research. It will also include information on Theories of FDI, FDI in developed and developing countries, as well as the positive and negative effects that FDI has on a home and host countries.

The term "Foreign Direct Investment" refers to the capital that is transferred from one nation to another for the purpose of expanding production. According to the OECD, FDI is an investment that involves a long-term relationship and shows a long-term interest and control by a resident entity in one economy in a business that is based in a different economy than the resident entity (FDI enterprise or affiliate enterprise or foreign affiliate). FDI means that the investor has a lot of control over how the business in the other economy is run. This type of investment includes both the first transaction between the two entities and all future transactions between them and among their foreign affiliates, both those that are incorporated and those that are not (UNCTAD,2007).

According to the Organization for Economic Cooperation and Development (OECD), FDI contributes to the expansion and improvement of economies all over the globe (OECD,2002).Not only for the expansion and development of the domestic industries but also for the provision of technology and operational efficiencies for those industries. In the country, there will be inflow and outflow of FDI. When one nation invests money in another nation, the transaction is referred to as an "outward flow," and when one nation receives investment from another nation, that transaction is referred to as an "inward flow." The recent spike in cross-border financial flows has offered unparalleled potential for developing nations to boost economic development. International financial institutions often urge developing governments to implement capital-inflow-friendly policies. The vast majority of developing nations have significantly lowered capital inflow restrictions, and some have gone on to give considerable incentives to overseas investors in the form of tax breaks or subsidies. The fact is, standard economic theory predicts that capital inflows will unequivocally enhance investment rates in emerging nations. The following is the argument. Savings are plentiful in industrialized nations, but return on investment is poor since capital per worker is already large. Return on investment is high in developing nations because capital per worker is inexpensive, while savings are limited. As a result, if money were to flow freely across

national borders, a portion of the developed world's savings would be invested in the developing world. As a result, the investment rate in wealthy nations would fall below the saving rate while rising beyond the saving rate in underdeveloped ones. International capital mobility is therefore projected to assist poorer countries in achieving quicker development and, as a result, to increase economic convergence across nations (Ghose, 2004)

Inflows are important for developing countries to expand economically and be competitive in the global market; hence, any government that wants to attract FDI must establish appropriate policy around it. The World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD), and the Organization for Economic Cooperation and Development (OECD) are some of the organizations or institutions that actively promote FDI on a worldwide scale. These organizations assist countries all over the globe in attaining collective economic and social growth and development by facilitating trade and attracting foreign direct investment.

The World Trade Organization (WTO) has emphasized the significance of FDI regulatory frameworks and investment facilitation policies, as well as taken steps to increase FDI and mobilize resources to improve FDI flows into developing countries and least-developed countries (LDCs). These are both goals of the WTO's initiatives. It is critical to have effective authorisation processes, particularly those that include the use of electronic methods. The International Trade Centre (ITC) provided an explanation of the manner in which the organization assists developing nations such as Mongolia, Mozambique, and Zambia in identifying and putting into action investment facilitation policies and procedures. The International Trade Commission made reference to the difficulties that small enterprises confront in terms of locating and vetting potential investment flows, as well as their limited access to financial resources (WTO, 2020). In addition to this, it highlighted the important role that FDI plays as a source of money for emerging nations and the least developed countries.

The United Nations Conference on Trade and Development (UNCTAD) has as its primary mission the encouragement of international investment in the achievement of sustainable development objectives. It provides support to developing countries in attracting investment in goal-related projects by doing investment promotion agencies and outward investment agencies in FDI to goal-related sectors and different steps for goal-focused investment promotion strategy. It suggests increasing support to governments in mobilizing foreign direct

investment by conducting the UNCTAD technical cooperation program, which follows the recommendations made by the world investment report (UNCTAD, 2017)

The organization for economic cooperation and development (OECD) will help the nations that have the FDI. Overseas development assistance (ODA) can influence public or private speculation projects; non-OECD countries can be inspired to participate further in rules-based global frameworks for assets; actively promote the OECD Guidelines for Multinational Enterprises.Members of the OECD think that it's not a good idea to encourage investment by lowering standards for health, safety, the environment, or core labor standards. The OECD Guidelines for Multinational Enterprises, which are a part of the Declaration, say that companies shouldn't ask for or accept exemptions that aren't part of the legal or regulatory framework for environmental, health, safety, labor, taxation, financial incentives, or other issues (OECD,2003).

2.2 Theories of FDI

FDI was started at the time of the end of the Second World War, during the nascent stages of globalisation. The 1960s saw the beginning of the foreign direct investment, which was accompanied by the expansion of multinational corporations. The following is a selection of FDI theories, each of which has the potential to contribute to the achievement of the primary aim of this study.

Many believe that Ricardo's theory of comparative advantage was the first way to explain FDI. This theory fails to explain FDI because it is based on two countries, two products, and perfect local factor mobility. A model that couldn't permit FDI to happen. As a result, new models, such as portfolio theory, were employed since Ricardo's theory of comparative advantage was unable to account for the rising share of FDI. This approach was intended to fall short since the theory only explains how foreign investments do well in a portfolio but not how direct investments perform. The idea is that money will move from countries with low interest rates to countries with high interest rates if there are no risks or other problems in the way. But these claims aren't specific, and the fact that the theory includes risk and barriers to capital mobility makes it less reliable and allows money to flow freely in any direction (Hosseini 2005). The intricacy of FDI and other types of foreign production cannot be fully explained by the current theories of international commerce, despite being more realistic. Foreign direct investment and other types of international investment are still eluded by the new ideas of international commerce (Hosseini 2005). According to Robert Mundell's model of international commerce, which includes two nations, two items, two production factors, and two identical production functions in each country, the manufacture of a good needs a larger percentage of one component than the other. Because foreign investments included were either portfolio investments or short-term investments, neither Mundell's model could explain how international production was explained by FDI .The theory of Exchange rates on Imperfect Capital Markets is another idea that attempted to explain FDI. The foreign exchange risk was first examined from the standpoint of global trade. Itagaki (1981) and Cushman (1985) examined how uncertainty affects FDI. Cushman's empirical research demonstrates that although a foreign currency appreciation has decreased American FDI, a real exchange rate gain promoted FDI made by the USD. According to Cushman, the dollar's

increase has resulted in a 25% decrease in U.S. FDI. The simultaneous foreign direct investment between nations using several currencies, however, cannot be explained by the currency risk rate hypothesis. There are numerous instances to refute the sustainers' assertions that these investments are made at separate periods (Denisia, 2010).

Casson and Buckley (1976) identified five different forms of market imperfections that contribute to the practice of internalization. These imperfections include the following: A long time lag is required for the coordination of resources; well-organized manipulation of market power requires discriminatory pricing; a bilateral monopoly results in unstable bargaining states; a buyer is unable to correctly estimate the price of the goods for sale; and government involvement in international markets creates an inducement for transfer pricing. Buckley and Casson were aware of the risk that the host government might step in, but they didn't think about how big this risk is in different industries. For example, industries like power generation and telecommunications may be more likely to have the government step in because of the need to balance private goals with social goals (Nayak & Choudhury, 2014)

According to internalization theory or the idea of market imperfections, licensing has three significant disadvantages as compared to FDI: 1.A company could hand significant technical know-how on to a future foreign rival 2. denies a company authority over production, marketing, and strategy in a foreign nation 3. The management, marketing, and production skills of the company may be the basis for its competitive edge (Hill, 2016)

Knickerbocker's theory of horizontal FDI, also known as Knickerbocker's theory of oligopolistic competition, is based on the idea that FDI flows reflect strategic rivalry between firms in the global marketplace (Hill, 2016). The action of one firm will lead to competitors immediately imitating the action. Knickerbocker insisted that this similar kind of imitative behavior characterizes FDI . This will clearly talk about the pricing strategy of the companies to stand out in the market or price competition and talks about eliminating the competitive advantage (Razaq)

According to the notion of host country impacts on FDI, for FDI to occur, the multinational company (MNE) must have certain firm-specific advantages over companies in the host economy (Caves 1996, Markusen 2002). Alternatively, according to Dunning's well-known OLI framework (also known as the eclectic paradigm), the enterprise's choice to invest overseas is influenced by ownership, location, and internalization benefits (Dunning 1988). It must be advantageous for a company with ownership advantages to utilize them internally

rather than via independent transactions, such as licensing or cooperation agreements with other companies. It must be profitable to use these advantages in a foreign nation rather than at home (Dunning 1988). Based on the OLI framework, we may infer that investing overseas may also increase the productivity of the MNE's headquarters or the total productivity of the MNE across all its sites, as these three distinct kinds of benefits are combined (Vahter & Masso, 2005).

2.3 FDI in Major Developed Countries

Global foreign direct investment flows fell by 35% from $1.5 trillion in 2019 to $ 1 trillion in 2020, a 20% drop compared to the 2009 global financial crisis; this caused almost a 59% drop in developed countries and 8 % decreased in developing countries (UNCTAD 2021).
Around 23% drop in 2017, to $1.43 trillion from $1.87 trillion in 2016. The decline is in stark contrast to other macroeconomic variables, such as GDP and trade, which saw substantial improvement in 2017. The fall was caused in part by a 22 per cent decrease in the value of net cross-border mergers and acquisitions. But even discounting the large one-off deals and corporate reconfigurations that inflated FDI in 2016, the 2017 decline remained significant. In 2017, 65 countries adopted 126 investment policy in which 84% are more favourable towards investors (UNCTAD, 2018)

Inflows:

Inflows rose by 5 % to $1 trillion. Developed economies' share in global FDI inflows grew to 59% the highest share since 2007. Modest growth of FDI in North America and a sizable increase in other developed economies more than compensated for a fall in FDI to Europe. The declining value of announced greenfield projects (-9 %to $247 billion) points to some potential weakness in ongoing and future capital expenditures of MNE affiliates in these markets. The increase of FDI in developed economies was mainly driven by equity investment flows, which continued to exhibit vigour, albeit with less dynamism than in the previous year. In 2016, the equity component accounted for 74 % of FDI flows to developed economies – the largest share since 2008 Equity flows were driven by cross-border M&As targeting developed countries, which rose to $794 billion – an increase of 24% in value (UNCTAD, 2018)
From $749 billion in 2019 to $312 billion in 2020, FDI flows to developed nations would have decreased by 58%, accounting for almost 80% of the worldwide fall. Lockdown measures, several rounds of COVID-19, supply chain disruptions, declining corporate earnings, and the deferral of MNEs' investment plans were the primary factors for the decline of FDI to levels not seen since 2003. As seen by the fall in cross-border mergers and acquisitions, among the elements of FDI flows, fresh equity investments were reduced. The amount of net cross-border M&A sales in developed nations, by far the biggest type of FDI inflows to the group, decreased by 11% to $379 billion in 2020. The decline in M&A investment happened mostly in the primary sector (from $34 billion in 2019 to $48 million in

2020), indicating a drop in commodity prices, a lack of significant agreements, and certain divestments.But the total value of deals in food, beverages, tobacco, utilities, and information and communication was a lot higher than in 2019, mostly because of big deals. In fact, the biggest deals in 2020 were in these industries, such as the $81 billion mergers between Unilever (UK) and Unilever (NL). On the other hand, the value of mergers and acquisitions in pharmaceuticals and finance and insurance fell by 54% and 52%, respectively. Even though the total value of cross-border mergers and acquisitions involving pharmaceuticals went down, there were a record 175 of them, which is a 13 percent increase from 2019. The Medicines (United States) was bought from Novartis (Switzerland) for $7.4 billion, which was one of the largest deals. There were 79 deals in medical equipment and supplies, which is a 14% drop from the previous year. For $850 million, Steris (United Kingdom) bought the entire share capital of Key Surgical (United States), a medical equipment and supplies retailer, from Key Surgical (United States). The pandemic also led to more projects in the area of Industry 4.0 (UNCTAD,2021).

Outflows:

In 2017, the amount of outward investments from developed countries fell by 3% to $1 trillion. Their percentage of FDI flows going abroad remained at 71%.Outward investments from the developing countries are increased by 59% to $40 billion while those from emerging economies saw a 6% decline to $381 billion (UNCTAD,2018)

There was an 80% drop in MNE investment in Europe to $74 billion in 2020. Some conduit economies affected the overall pattern of outside FDI in Europe, with outflows experiencing high volatility. Outflows from the Netherlands, Germany, Ireland, and the UK all decreased. Outflows from the Netherlands, usually one of Europe's top source nations, fell from $246 billion to -$161 billion in 2019 as a result of business reorganizations and holding company liquidations. From $139 billion in 2019, German MNEs will invest $35 billion in 2020, down from $139 billion in 2019. Outflows from Switzerland and Ireland were also impacted by large intra-company loan variations, which ranged from -$44 billion to $17 billion and -$50 billion, respectively. Since French MNEs loaned money to their overseas subsidiaries, the outflows from France have risen by 14%. A total of $93 billion was expelled from the United States in the third quarter. The outbound flow of U.S. multinational corporations surged dramatically in Europe to $50 billion, from $8 billion in 2019, but decreased significantly in Asia from $53 billion to $15 billion, largely owing to a decrease in investment in Singapore. FDI outflows in holding businesses grew, while MNEs from the United States reduced their

investment in manufacturing, mainly in chemicals. Due to a lack of significant M&A deals in 2020, Japanese MNE investments decreased by 49% to $116 billion from a record $227 billion in 2019. Returns to Europe and Asia decreased by half. Even so, Japan was still the third-largest investor in the world, behind China and Luxembourg. Asahi Group's $11 billion purchase of Carlton United Breweries (Australia) and Hitachi's $9.4 billion purchase of Power Systems Division from ABB (Switzerland) were two of the most significant acquisitions. For the first time since 1996, the level of investment by multinational corporations from developed countries has fallen to its lowest level. As a consequence, their percentage of global FDI going outside fell to a historic low of 47%. European and other developed countries' MNE FDI outflows decreased, while US FDI remained constant (UNCTAD,2021).

2.4 FDI in Developing Countries

Foreign direct investment has emerged as a significant component of the private capital that comes into emerging nations. It is distinct from the other major categories of external private capital flows in the sense that the primary impetus behind it is the long-term profitability of production activities that the investors directly control. This sets it apart from the other major types of private capital flows (Mallampally & Savant, 1999).

Economic considerations are the most significant factors that determine the location of FDI, and they become fully relevant after an appropriate FDI regulatory framework has been established. It is possible to categorize them into the following three categories: those that are associated with the accessibility of location-bound resources or assets; those that are associated with the magnitude of markets for goods and services; and those that are associated with cost advantages in production. Although many of the factors that attract investment to particular locations, such as abundant natural resources, large host country markets, or low-cost, flexible labor, continue to be important, the relative importance of these factors is shifting as transnational corporations, within the context of a globalizing and liberalizing world economy, increasingly pursue new strategies to enhance their competitiveness (Loungani &Razin, 2001). Feldstein (2000) and Razin and Sadka (1996) both say that FDI can help host countries in other ways: FDI makes it possible to transfer technology, especially in the form of new types of capital inputs, that can't be done through trade in goods and services or financial investments. FDI can also make the domestic input market a more competitive place. In the process of running the new businesses, FDI recipients often train their employees, which helps the host country's human capital grow. FDI profits help pay for corporate taxes in the country where they are made (Lougani & Razin, 2001)

FDI from developing countries has seen a twentyfold rise over the last two decades, and by 2015, it accounted for one-fifth of the overall FDI flows throughout the world. At the same time, so many investments originate from the so-called BRICS (which stands for Brazil, the Russian Federation, India, China, and South Africa), which is among around 90 percent of developing nations that were reported in 2017 (Global Investment Competitiveness Report, 2017/2018)

The amount of FDI that flowed into developing Asia increased by 4% in 2020, reaching a total of $535 billion. This brought Asia's proportion of total FDI to 54%. The volume of M&As was solid, while the value of planned greenfield projects in 2020 fell, and the number of foreign project financing transactions remained constant. FDI growth in the region was fundamentally driven by resilient inflows in the largest economies. Additionally, FDI growth in the region was inflated by a sharp rebound of inflows in Hong Kong, China after anomalously low inflows in 2019, as well as because of corporate reconfigurations and transactions by MNEs headquartered in the economy. Both China and India saw increases in foreign direct investment, with China seeing a 6% rise to $149 billion and India seeing a 27% increase to $64 billion. The total amount of foreign direct investment in the United Arab Emirates rose by 11% to $20 billion. Foreign direct investment fell throughout the rest of the area. Because of the significant interruptions to supply chains and industrial activity, it fell by 25 percent in South-East Asia, to a total of $136 billion. Investment in Singapore, a significant beneficiary of FDI, decreased by 21% to $91 billion. Outflow of FDI from Asia increased by 7% to $389 billion, with most of the growth being driven by increased outflows from Hong Kong, China, and Thailand. However, Outflow of FDI from China, which was the nation with the most investors in 2020, remained unchanged. Because of the region's durable intraregional value chains and its greater economic development prospects, the region's prospects for FDI are more favorable than those for other emerging areas. In the second half of the year 2020, there were already indications of improvement in the manufacturing industry, which is an important area for FDI in the region. However, the FDI could continue to be low in smaller economies in 2021 if those economies are focused on labor-intensive sectors and services, notably the hotel, tourist, and apparel industries the only area to show grow as well as, the in outflows of foreign direct investment was Asia, which had a 7% rise to $389 billion. In light of this, the area's position as a major investor in the growing region is further highlighted. Strong outflows from East and South-East Asia, in particular from Hong Kong (China) and from Thailand, were the primary contributors to growth in the region. The amount of overseas foreign direct investment coming from China remained unchanged, while the amount coming from Singapore decreased by 36% (UNCTAD,2021).

2.5 Positive and Negative Implications on Home and Host Countries

Until the middle of the 1970s, the prevalent opinion was that the capital held by multinational companies (MNCs) was their most valuable asset. However, this viewpoint began to shift at that time. It's possible that a multinational corporation's investments in other nations might serve as a sufficient substitute for those made in the country where the MNC was founded. This issue was deeply connected with the preceding discussion about the effects of FDI on exports, and both were interrelated in several ways. The general observation that exports and foreign direct investment tend to be complementary to one another rather than compete with one another indicated that the demand for domestic investment would not decrease as a result of an increase in outward investment.The analysis of the results of the investment, on the other hand, was made more challenging by two different factors. To begin, it is realistic to assume that the FDI will have some type of influence on the capital costs of the firm that is investing in it. This is something that can be reasonably anticipated.The hierarchy hypothesis states that the firms behave as if they face an upward sloping supply curve of capital, presumably because the preferred internally generated-retained profits-funds have a low opportunity cost (Kokko, 2006) . This suggests that FDI could be a stronger substitute for domestic investment because the decision to undertake a foreign investment project would raise the investment costs for subsequent domestic investment ventures. In other words, this suggests that FDI could be a stronger substitute for domestic investment. In a nutshell, this indicates that FDI could be a more effective alternative to local investment. On the other side, it is conceivable that FDI may have a positive impact on domestic investment if it raises the profitability of the MNC and increases the amount of cash that is created locally. This would fall under the category of beneficial influence (Kokko, 2006).

As long as there was significant fragmentation in the capital markets and a significant number of countries maintained fixed exchange rates, investment flows would have an impact on the macroeconomy. It was anticipated that this would have an effect on the country's trading agreements as well as the balance of payments (Hufbauer and Adler 1968). Even though the transfer process (i.e. the demand and spending consequences of a dollar transfer from a home nation to a foreign country) was investigated in great detail, it was also investigated in relation to how long it would take for earnings that were repatriated to be invested in the home nation. As a direct consequence of the financial crisis, a number of nations were forced to restrict their levels of capital flight. In addition, the risk associated with currency rate

fluctuations, in particular the impact of shifts in the level of fixed interest rates, was investigated in-depth (Kohlhagen 1977, Cushman 1985). Since the 1970s, when the global financial system began to become more interconnected and flexible exchange rates became more common, these anxieties have greatly decreased in frequency and intensity (Kokko, 2006)

In a variety of different contexts, the effects of one's home country might be confusing or counterproductive, depending on how you look at it. If the improvements in international sales that are expected from foreign direct investment do not materialize to a particularly significant degree, then the number of employment in the home country may very possibly decrease. On the other hand, exports often serve as increases in production in other countries, while employment at home typically serves as a substitute for that output. If the structural repercussions in one's own country could not necessarily be to the favor of the local people. In the event that the country of origin does not provide production conditions that are competitive, MNCs may choose to relocate employment opportunities that are more desired to countries outside of the country of origin. Due to the fact that multinational corporations have the ability to make credible threats that they will move production elsewhere if their desires regarding economic policy are not met, an increase in FDI may also result in a reduction in the national government's capacity for bargaining. This is because multinational corporations have the ability to bargain with national governments. In point of fact, the opportunities for multinational corporations to use transfer pricing to move profits out of the country in which they are headquartered may be compelling enough to convince the government to change its laws. This is because transfer pricing allows multinational corporations to avoid paying taxes on profits earned in other countries. As a consequence of outbound foreign direct investment, there is a chance that the level of policy autonomy may decrease in the future. A "race to the bottom" in terms of taxes and other kinds of limitations is the combined hazard offered by numerous issues connected to policy (Kokko, 2006). It is possible that competition between different nations will lead to a state of equilibrium in which industries will be subject to the barest minimum of requirements and where costs, such as those associated with financing the public sector, will be increasingly concentrated on tax bases that are less mobile, such as consumers and wage earners rather than businesses and owners of capital (Kokko, 2006)

Even if the location of production and exports in the home country were untouched by the direct investment, changes in the allocation of product types within the firm might potentially

have an influence on the factor demand and factor pricing in the home country. Multinational firms with headquarters in affluent countries may, for instance, transfer the production of goods that need a lot of labor to subsidiaries located in poor nations, while maintaining their operations that require a lot of money and skills inside their own country. When Lipsey, Kravis, and Roldan (1982) compared the capital intensity of home operations in the United States with affiliates in developing nations, they discovered large disparities in capital intensity. However, they only evaluated the relationship between capital intensity and labor costs within the context of the affiliates themselves. This indicates that if multinational companies chose to distribute their goods in this way, their labor input per unit of domestic production ought to be lower than that of non-multinational businesses because of the logic shown above. The lower labor intensity and the larger home production skill intensity should be associated with enhanced affiliate output when compared to parent output for multinational firms operating in the industry (Kokko, 2006) .

It has been demonstrated in a number of studies that the effects of foreign direct investment can vary significantly depending on the type of investment made, the sector in which it is made, the period of time considered, and a great deal of information pertaining to both the home nation and the nation that is receiving the investment. It is possible that the empirical study will turn out to be the factor that has the most significant positive impact on the development and competitiveness of a firm. Even if a portion of the MNC's revenues are generated in countries other than the one in which it is headquartered, the home country continues to reap significant advantages. There is a good chance that exports from the country of origin will rise (or at the very least, not decrease by a significant amount), and the multinational corporation will have more money to invest in marketing, research and development, and other fixed expenses that are typically limited to the country of origin. Outward foreign direct investment is also likely to result in an upgrading of the MNC's home country employment, with a focus on more complex activities jobs that typically pay higher incomes and require more capital and expertise than those that are already available. Aside from this, FDI can ensure the availability of raw material sources in addition to bringing in new knowledge and valuable new technologies. This is true regardless of whether the investment is of the "strategic asset seeking" type or not: the mere presence in a foreign market is likely to generate a large number of knowledge spillovers to the home country (Lipsey, 2002)

In addition to the potential good effects that an investment may have on the host nation, it is possible that an investment in a developing country may be considered exceptionally valuable due to the belief that it will drive growth and development inside that country. As a result of this, a number of countries have enacted certain policies in an effort to entice FDI and reduce the risks associated with it. EU commitments to support ACP outward investment, such as those made in the 2000 Cotonou Agreement, include funds set aside through the EIB's Investment Facility to provide loans and investment guarantees for such projects. Other examples of such commitments can be found in the Cotonou Agreement. At the national level, a number of other countries provide facilities that are on par with those in question. In addition to this, there is the possibility of using overseas development assistance as a means of providing indirect support for outbound foreign direct investment . There are a number of elements, such as support for a legislation reform, macroeconomic stability, and infrastructure development, that may assist in establishing an environment that is beneficial for incoming FDI (Lipsey,2002).

The influence of foreign direct investment on the economic growth of a host nation is much larger than that of domestic investment in that nation. It is difficult to assess the degree to which foreign direct investment flows into emerging countries since these inflows typically coincide with unusually high growth rates caused by factors that are unrelated to one another. Is it possible that the favourable effects of FDI are partially countered by the "crowding out" that occurs when domestic investment occurs? There is evidence of crowding out according to one set of academics, whereas another group of academics argues that foreign direct investment may actually be helpful to local investments. No matter what occurs, the overall effect will still be favourable, not the least of which is the fact that the replacement has a tendency to free up valuable domestic money that can then be used to achieve other investment objectives. Asia and Latin America get two-thirds of the total foreign direct investment that comes from OECD members to non-OECD states, while Africa and the Middle East receive the remaining one-third. There are several countries within areas that have substantial concentrations, such as China and Singapore in Asia. There is no question that foreign direct investment is a considerable source of money for many developing countries. In fact, some of these nations have reported FDI inflows that are bigger than those recorded by the largest economies in the OECD. The fact that foreign direct investment is already exceeding development assistance in a number of developing countries is evidence that the use of FDI as a tool of economic development needs to be investigated. In addition to

the downsides of incoming FDI that were discussed before, there is also the possibility of some micro-oriented problems occurring. FDI has a tendency to have a positive impact on the development and productivity of businesses, but it also has the potential to cause alterations in distributional patterns and the need for industrial reorganization in the nation in which it is based. Social groups who do not believe they will enjoy the advantages of a change will struggle against it since it will raise the costs of adjustment for those groups. These costs are made much worse when labor markets are too slow to supply new opportunities to those individuals whose lives have been disrupted by organizational reorganization. The most effective strategy for lowering total costs is one that combines macroeconomic stability with the construction of adequate legal and regulatory frameworks. This is by far the most cost-effective strategy. In addition to the authorities in the host country, home countries, multinational corporations, and international organizations also have a role to play in this matter (OECD, 2002)

Multinational corporations frequently experience spillover effects when, as a direct result of MNC affiliates' entry or presence in their host country, they are unable to fully enjoy the benefits of enhanced productivity or efficiency in their local operations. These effects prevent MNCs from fully capitalizing on the opportunities presented by increased productivity or efficiency (see Blomstroem M., Kokko A., 1997). This may mean, for instance, the situation of a local company that improves its efficiency by adopting technology developed by a business based in another country. A further kind of spill over takes place when the acceptance of a new affiliate results in an increase in the degree of competition experienced in the host country. The ever-increasing level of competition compels local businesses to make better use of the technology and resources available throughout the country. When confronted with severe levels of competition, locally held businesses may feel driven to search for technologies that are more efficient in order to survive. There have been a lot of case studies written on the part that MNCs play in the process of technology transfer and potential productivity improvements that may come from FDI. It has been established that there are favorable spillover effects on the labor productivity of local businesses in Mexico (Blomstroem M., Kokko A., 1994). The global economic slowdown has little impact on the Moroccan industrial sector (Haddad M., A. Harrison, 1993). The only local enterprises to profit from positive labor productivity spillovers were Poland's state-owned corporations, particularly those that had previously been the least competitive (Kukowska-Gagelmann K, 2000). It is not possible to draw any substantial inferences from the available studies at this

time. The existence of a multinational corporation (MNC) is likely to have an influence on market concentration as well as competition. This, in turn, will have an effect on the pace at which a response will be formed as well as the magnitude of the spillover effects. The majority of the research that has been conducted on multinational corporations reveals that FDI has a tendency to boost competition and minimize concentration in the industry of the host country. The findings were quite different for wealthy countries compared to those of developing nations with poor living conditions. The arrival of multinational corporations into this market will have a variety of repercussions and will ultimately lead to a larger concentration of power. In developed nations with large markets, the effects on market concentration may be negligible; but, in developing countries with smaller markets and less competition, the impact may be significant. As a consequence of this, foreign businesses could be able to eliminate regional rivals by providing better technology to emerging nations, which would lead to an increase in market concentration. As a general rule, there will be a greater transfer of technology and expertise when the workforce in the host country has a higher education level, when local and foreign enterprises are more competitive, and when there is a reduction in the presence of legal and institutional barriers to the operations of international businesses (Golejewska, 2001)

Chapter 3: FDI in India

3.1 Introduction

This chapter will discuss why foreign investors should invest in the Indian market, the government bodies involved in the approval of FDI and the growth of FDI in different sectors in India, the Inward and outward FDI of the country, as well as the extension of information about FDI on e-commerce and the introduction of Policy reforms in 2016 on the e-commerce sector.

3.2 Reasons for FDI in India

The Indian economy is the world's fastest-growing, and it is currently listed among the world's top five. By 2024-2025, India's GDP is predicted to be worth an estimated US$ 5 trillion. With vast natural resources and highly-skilled personnel, the country is an excellent location to conduct business. With the automatic clearance process, FDI in many Indian sectors has increased to 100 percent, making it easier for foreign investors to invest and making India a top destination for them. By 2025, private consumption in India is predicted to treble, enticing foreign investors owing to the country's vast volume and buying power. Another key element is India's booming start-up environment, notably in the technology sector. Diamonds, refined petroleum, rice, aluminium, and raw sugar are among India's top five commodity exports, as are IT, medicines, and engineering products. It is the world's 18th-largest exporter. India ranks 8th in the World Bank's "Protecting Minority Investors" category. India's low inflation and historically considerable foreign currency reserves make it an appealing investment location for overseas investors (FDI India,2022)

3.3 FDI in different sectors

With the implementation of a new economic strategy in 1991 that prioritized economic growth and globalization, India began to be more open to receiving investments from other countries. The primary motivation for the shift in strategy was to integrate the economy of the nation so that the domestic industries might be given the chance to learn, adapt, and innovate in order to develop a stable foundation in the long term. It was decided to give the new strategy a go at overcoming the structural stiffness, which would allow it to enhance efficiency and be more competitive in domestic industries.

The country's inward and outward FDI increased dramatically as a result of this policy. Hattari and Rajan (2010) claim that the government encourages domestic businesses to invest in the United States, Russia, and other emerging economies across the globe (Hattari & Rajan, 2010) . The major goal is to increase and enhance operational and technical efficiency in domestic industries. According to the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000 and September 2021, India received US$ 560.78 billion in FDI equity inflows, setting a new record. The highest FDI equity inflows were around US$ 8 billion from Singapore, US$ 4.63 billion from the US, US$ 4.33 billion from Mauritius, US$ 2.15 billion from the Cayman Islands, and US$ 2.14 billion from the Netherlands, US$ 1.15 billion. FDI stock inflows were US$ 13.58 billion from July to September 2021. (IBEF,2022). According to the Reserve Bank of India (RBI), India's direct investment would reach US$ 2 billion in December 2021. Outward Foreign Direct Investment was US$ 1,587.46 million in November 2021, and US$ 2,047.79 million in December 2021, according to the Department of Economic Affairs. Between July and September 2021, India received a total of US$ 19.77 billion in foreign direct investment. This will be seen as a result of the government's FDI policies and attempts to improve the country's business environment (IBEF FDI, 2022)

In 1999, The Indian government allowed the inward FDI through two routes, government approval and automatic approval routes to foreign investors. Reserve Bank of India and the Foreign Investment Promotion Board (FIPB) are the two bodies that give permission to foreign Investors. In the Automatic route for foreign investors, no prior approval is required from the government or screening process (Reserve Bank India,2017). The companies registered as Non-Banking Financial Companies (NBFC) with the RBI, can invest under a

100% automatic route. In a few of the sectors the automatic route is not available, it must go by prior government approval route by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance (Reserve Bank of India, 2017).The companies which do foreign investment in Core Investment Companies (CICs) and other investment companies, which invest in the capital of other Indian companies should go with the Government approval route with a regulatory framework set by the RBI (DIPP, 2020). In terms of volume, the Indian automotive market is expected to be the third biggest in the world by 2026. It is the second biggest tractor maker, the second bus manufacturer, and the third heavy vehicle manufacturer in the world. The automotive industry received over 25.5 percent more FDI from 2018 to 2019, accounting for 4.88 percent of total FDI flows. FDI inflows were US$ 11.57 billion from April 2014 to March 2019. From April 2000 to March 2021, US$ 25.84 billion was invested in the automobile sector (FDI India Automobile, 2022). This may be accomplished in a completely automated manner which reduces the cost of starting up the business for international investors.

According to the DPIIT, Between April 2000 and December 2020 US$ 10.24 billion in FDI equity inflow for the Indian food Processing Industry. It is predicted that the Indian organic food industry is going to increase at a CAGR of 10% from US$ 386.32 million in 2015 to US$ 10.73 billion by 2025. For the Agriculture sector, it is 100% FDI equity with an automatic route (FDI India Agriculture, 2022) .

India is the third biggest consumer of crude oil and petroleum products worldwide, and it is also one of the leading exporters and refiners of petroleum products in the region of Asia. Since April 2000, the total foreign direct investment in the petroleum industry has amounted to 1.7% as of March 2019. Foreign direct investment in the petroleum and natural gas industries provides for complete ownership via an automated method. By way of this automatic method, foreign direct investment of up to 49 percent is permitted in this sector for public sector firms without causing a dilution of local equity (IBEF Oil & gas, 2022)

India is one of the leading makers and exporters of generic medications, as well as one of the top manufacturers of vaccines. India provides 62 percent of the worldwide demand for different vaccines, 40 percent of the generic market to the United States, and 25 percent of all medications to the United Kingdom. In 2020-2021, India exported around US$ 24.44 billion worth of generic pharmaceuticals, one of its major competencies. Under the automated approach, India permits 100 % FDI in Pharmaceuticals for greenfield pharma and brownfield

pharma, however under the automatic route and with government permission, only 74 % FDI is permitted for the pharmaceuticals industry (IBEF Pharmaceutical India, 2022).

India's market share in the business of global service sourcing is the greatest, and its tech startup industry is the third-largest. It is one of the world's major Business Process Management (BPM) attractions with the Information Technology and Business Process Management industry, which has a total share of 45% in service export. The nation can maintain its cost competitiveness because of the information technology services, which are three to four times less expensive than those offered in the United States. India is home to more than 17,000 businesses, with a total of 50 distinct sites for its 1,000 major corporations. This industry is home to over 4.1 million working individuals. This industry contributes 8% to the overall gross domestic product of the nation. This is the primary reason why the government should try to attract more FDI to the information technology industry. Under the automatic route, foreign direct investment of up to one hundred percent is permitted in the following service categories: data processing, software development, and computer consultancy; software supply services; business and management consultancy services; market research services; technical testing and analysis services; and. E-commerce between businesses in India is open to one hundred percent foreign direct investment (IBEF IT & BPM, 2022).

All of these are some of the industries that are contributing more to the country's gross domestic product, and the government is actively promoting further investment in these industries as well as providing possibilities for international investors to do so.When looking at the trends of foreign investment in India over the past two decades, the country has received a total of US $456.91 billion in FDI, with over 72%t of it coming from just five countries: Mauritius, Singapore, Japan, the Netherlands, and the United States; China is not one of these countries. The total amount of FDI received in India over this time period is US $456.91 billion. The amount of FDI made by China in India during the year 2021 amounted to only $2.34 billion U.S. dollars, which is equivalent to 0.51% of the total inflows (Bhowmick, 2021).

3.4 FDI in E-commerce in India

In March 2016, the Department of Industrial Policy and Promotion (DIPP) released revised FDI regulations for the e-commerce industry through a press notice (DIPP, 2016). The Consolidated FDI Policy, 2016 incorporates the regulations (DIPP, 2016). They make an effort to shed light on the murky regions and patches of the e-commerce industry, particularly the marketplace models that have been accused of functioning in a manner that is somewhat inventory-based. States that support the marketplace model of retail commerce enable 100 % FDI via an automatic route into a firm that just serves as a facilitator in that sector. In other words, an existing business with Indian ownership and management that offers a virtual platform for the sale and purchase of goods is now free to accept foreign investment without restrictions or approval from the Reserve Bank of India. A foreign corporation may also establish a wholly owned subsidiary that operates under a marketplace model. In the pre-press note scenario, FDI in an organization that just served as a facilitator in the retail trading sector by providing a technological platform for the operation of the firm was not prohibited. The Previous Prohibition on FDI business to customers (B2C) e-commerce except in limited instances, has not been lifted (DIPP, 2015). The Press Note, on the other hand, makes clear that no FDI will be allowed in inventory-based retail e-commerce entities, meaning that a business that is supported by foreign investors is not allowed to purchase goods from various suppliers and then sell them to final customers through their website or mobile technology platform.

Press note specifically states that FDI is forbidden in inventory model e-commerce to prevent marketplace model firms from becoming to behave like retail trade. But more crucially, it imposes a number of restrictions on the market organization in an effort to stop this multilayer labyrinth structure, which may be considered as a structure that precisely complies with the rules. The first is that no marketplace organization will let more than 25% of its sales be impacted on its website by one vendor or its group firms. Second, market participants won't have a direct or indirect impact on how much products or services are sold for (Kamble, Walvekar, 2017)

Overall, the policy bans business-to-consumer (B2C) e-commerce and authorizes foreign investment up to 100 percent under automatic route for B2B e-commerce, thereby allowing 100 percent FDI under automatic route for marketplace models of e-commerce and

disallowing inventory-based e-commerce. Under the government approval route, 51 % FDI in e-commerce is allowed for multi brand product retail and 100% FDI is allowed for single brand product retail under the automatic route. Under the automatic approach, foreign direct investment may be made up to 100% in cash-and-carry wholesale trading. 100% FDI is permitted in duty-free shops under the automated approach. 0% FDI, in accordance with FDI policy on e-commerce, is permitted in Food Product Retail via the automated method (DIPP, 2017)

The retail industry in India contributed $800 billion to the country's gross domestic product (GDP) in Finalyear 2020 and employed 8% of the country's workforce (35 million people). It is estimated that by the year 2030, it would have generated 25 million additional work opportunities. Recent revisions to policy now permit foreign direct investment (FDI) of up to one hundred percent in online commerce via the automatic route for single-brand retail trade. During the period from November 2014 to November 2017, FDI in retail e-commerce in south India and north India totaled $3.3 billion US (FDI India Retail and E-commerce, 2022)

Chapter 4: Electronic Commerce in India

4.1 E-commerce

It is estimated that India has a population of close to 1.4 billion people; hence, such a vast number of people need a diverse array of products and services to support their day-to-day existence, ranging from the bare essentials to the highest levels of luxury. Shoppers in the late 1990s would only enter a retail establishment to make a purchase if the product they wanted was available at a price that was within a predetermined price range. The rise of the internet and other forms of information and communication technology (ICT) in the early 2000s coincided with an increase in FDI, which led to the growth of India's market for online shopping and other forms of electronic commerce (e-commerce). In June of the year 2000, the government passed a law called the Information Technology Act. An Act to Provide Legal Recognition for Transactions That Are Carried Out Through Electronic Data Interchange and Other Means of Electronic Communication Commonly Referred to as "Electronic Commerce" (ITC Act, 2000).

Companies and people may purchase and sell products and services through the internet, which is known as e-commerce. There are four key e-commerce market segments: B2B (business to business), B2C (business to consumer), C2C (consumer to consumer), and C2B (consumer to business). Ecommerce may be undertaken on computers, tablets, smartphones, and other smart devices (Investopedia). The e-commerce marketplace model and the inventory model are two types of business models. This model of e-commerce refers to an e-commerce activity in which the e-commerce companies control their own inventory of products and services and sell them directly to customers. Providing an information technology platform by an e-commerce firm on a digital and electronic network to operate as a facilitator between buyer and seller is a marketplace model of e-commerce.

E-commerce is helping India's micro, small, and medium-sized firms expand their presence in foreign markets, which is one of the country's primary economic drivers. It requires fewer resources and equipment, and there is less of a financial investment required to get started compared to traditional firms. However, since there are no longer any middlemen involved in the process, it is also much simpler to communicate directly with the clients. Customers have the ability to place orders for products at any time and from any location and have those products delivered to the location of their choice. If a product has received positive reviews, consumers may decide to acquire it based on the information provided and evaluate it in

relation to products offered by other vendors in terms of price, quality, and quantity. E-commerce platforms are becoming more important to the success of businesses as they compete for customers who prefer to shop online. Data on market trends, client demand, and inventory may be useful information for online merchants to collect when it comes to planning their pricing and marketing tactics. The rise in popularity of shopping online may be attributed to the fact that doing so is not only easy but also quite convenient. Because shopping online is so convenient, consumers are able to complete their purchases at their own leisure. The proliferation of internet shopping has fundamentally altered people's approaches to “Retail Therapy”. In recent years, it has become a great deal less cumbersome and more efficient to buy products on the internet (Das, Jadhav, 2021).

The rise of India's e-commerce business is linked to a number of factors, including the country's rapidly growing internet penetration rate as well as the sizable section of the population that has made the transition to conducting their buying activities online. When compared to the previous year, 2017, the nation's Internet use rate grew to 66.7 % from 64.7 percent in 2016. It is anticipated that the number of transactions conducted through e-commerce would increase by 15.2 percent in India in 2017, and by 18.7 percent in 2018. The adoption of mobile internet decreases the cost of internet access, and the simplification of the shopping experience are all factors that are contributing to the expansion of e-commerce in India, especially in the country's less populous towns and villages. Internet retailing has become more important in the fashion industry as a means of better meeting the requirements of modern consumers. E-commerce is anticipated to be the industry with the highest rate of expansion, and the Indian government has made significant financial investments in the Internet infrastructure of the nation. There are many different kinds of participants in e-commerce, such as online stores, payment processors and gateways, as well as online advertising. The most notable investors include online retail giants like Amazon and Flipkart and snapdeal, in addition to firms that specialize in private equity. As a result of using the internet, shoppers are now better equipped with the knowledge and information they need to find things at affordable prices and within their budgets. Because of this, the industry is constantly undergoing change and is expanding at a high rate in India as a direct result. In addition to this, this has made a broad variety of new work opportunities available, especially in more remote locations. In addition to this, the rise of e-commerce has had a significant effect on the state of the economy. Businesses now have access to a wider variety of income streams, allowing them to reduce their dependence on internally generated

resources. Furthermore, the government has taken advantage of this recently found wealth by providing tax incentives to its citizens. The growth of online business in India is astounding. In order to turn a profit from their online businesses, the vast majority of online merchants have made significant financial investments. The number of people buying online is exploding in India, making it one of the few countries in the world to experience this phenomenon. The State Bank of India, which is India's one and only official central bank, predicted that the number of people who use the internet will increase by 10% annually over the next several years. By the year 2020, it is anticipated that India will have 890 million people using the internet. India is home to the world's third-largest internet user population, behind only the populations of the United States and China. Taxes, legislation governing foreign direct investment, and a focus on the growth of mobile and online shopping are all components of this strategy (Choudhury, 2019).

4.1.1 Market Place Model

It is said that the rise of business-to-business (B2B) e-marketplaces on the Internet has created "serious potential for online transactions". E-marketplaces are becoming the new commercial venues for purchasing, selling, and supporting consumers, goods, and services" in industries such industrial metals, chemicals, energy supply, food, construction, and automotive. Bakos (1998) notes that these marketplaces match buyers and sellers, provide product information to buyers and marketing information to sellers, aggregate information goods, integrate consumer process components, manage physical deliveries and payments, foster trust relationships, and uphold the integrity of the markets (Engstrom, Sangari, 2007)

The marketplace business strategy is often focused on collecting commissions from purchases made via them. Some marketplaces charge a fee to list the products, example Allegro. Because marketplaces allow businesses to join the market with little expenditure of funds, sellers consent to such fees. As a result, these platforms are important places for many vendors to market their goods. Some marketplaces look for sources of additional income than sales commission. One such example may be fulfillment services, which include the market taking over warehouse logistical activities including receiving items, storing them, selecting, packaging, and delivering them, as well as processing returns example: Amazon (Sabat, 2021). The best marketplace vendors credit their success to their distinctive methods of approaching clients. They appeal to customers' emotions and provide them with a service- and product-related experience.

4.1.2 Merits and Demerits of E-commerce

The majority of physical store sellers need a lot of time to execute any price change, which limits their ability to influence price-demand elasticity. Online retailers, on the other hand, can do so nearly immediately and can dynamically adjust prices based on website visitor behavior, competition pricing, product availability, consumer preferences, and other criteria.

No geographical Restrictions: Traditional stores place geographical barriers on suppliers, which have always been too expensive and inconvenient. In order to sell their goods in another city, retailers will need to establish new facilities, which will cost more money and demand more labour. These kinds of restrictions are no longer relevant in the era of internet trade. Enterprises may expand their reach throughout the nation and across the globe while spending as little money as possible by implementing e-commerce. In other words, a business may easily locate new customers, leading distributors, and acceptable business partners all over the globe.

Convenience: For one thing, it's easier and more common than ever to conduct your shopping online because of how simple it is. Aonerank 2019 said that anywhere there is an Internet connection, products may be purchased with a few taps on a mobile device. Buyers may browse products from several vendors without taking any risk ((Al-Lami & Alnoor, 2021).In a 2017 poll by KPMG International, 58% of respondents said they favoured internet shopping because of the convenience of its 24/7 availability (Al Tamer, Majed, 2021) . One further way in which online shopping is more convenient is that it allows consumers to escape traffic jams, saving them time and energy. Forty percent of those surveyed in the same KPMG research cited above said they prefer to shop online because of the time savings it provides. Due to the increasing hecticness of our everyday lives, more and more individuals will choose to make their purchases online rather than making the trip to the shop. Another perk of doing one's shopping online is that it allows consumers to escape the hassle of crowds and lines. Online shopping has eliminated the need for consumers to wait in long lines, making the activity more convenient and pleasurable overall (Al Tamer, Majed, 2021).

Customer Information: The instantaneous access to a large number of client data and insights that e-commerce provided enterprises (Akter & Wamba, 2016). The customer's every move on the site is tracked, from the items added to his shopping basket to the sites he visited and everything in between. Now more than ever, businesses have access to analytics solutions

that allow them to gather data for optimization purposes (Akter & Wamba, 2016). Their findings aid them in product updates, pricing, growth, and many other elements of their company.Businesses may benefit greatly from collecting data on their customers' transactions and customers' personal information. They must choose where and when to allocate resources in order to maximize sales and growth, which markets to prioritize in the future, and which items to give customers (Akter & Wamba, 2016). Another angle is that businesses may improve customer retention by making adjustments to their platform based on the stage of the conversion funnel where the customer is churning. By doing so, these firms may cut their defection rates by 5% which will lead to them increasing their profitability by more than 20% (Al-Lami & Alnoor, 2021)

Another advantage is the ability to look around and find the lowest price for the item they want is another perk of purchasing online (Kaur & Gupta, 2019). When making a purchase, it is smart to first conduct some research into the range of costs offered by various retailers for the item in question. New websites, such as Trivago in the travel industry, are dedicated to making comparison shopping as easy as possible in the age of e-commerce. Customers may simply identify all the market variants and their pricing for a single chosen product via the use of comparison shopping (Wani & Malik, 2013). When a customer reaches "the examination of many alternatives" stage of the purchase process, he may quickly and easily compare prices across all of his options. Now that consumers are well-informed and can quickly research prices elsewhere, competitors are eager to win their business by offering lower rates. Wani & Malik (2013) found that consumers generally feel they are able to save money by shopping online rather than at brick-and-mortar stores. All of this led to price reductions and a happier consumer.

Benefits to the Public (Clarke, 1999). It's useful for consumers since they don't have to go from location to location to purchase as a result of this reducing the traffic on the roads as well as less pollutants. Because of the fewer fixed costs, the cost range of goods is narrowed, enabling those on lesser incomes to purchase them. Remote areas of the countryside may now communicate with objects and acquaintances that were previously inaccessible.

Data protection is a problem that affects the whole globe and must be addressed. Customers' online buying becomes more dangerous as a result of the absence of solid security measures. A number of well-known organizations and worldwide corporations have recently been targeted by fraudsters who collect customer information from the databases they maintain.

Legal and financial accusations may be made as a consequence of this. Similarly, it undermines the trust that buyers and producers have developed through time.Gaining access to a customer's computer is a quick and easy approach to steal their login credentials for an online store. Millions of new computers connect to the Internet every minute, yet many users are blissfully ignorant of the security risks and protections available to them. There is also a lack of guidance from software and hardware manufacturers on the security risks associated with their products. Network sniffing, or the careful monitoring of data passing between a shopper's computer and a hosting company's server, is a common practice in this setting, making it simple to eavesdrop on the computer of an online shopper. The hacker takes or compiles buyer information such as credit card numbers, interests, purchasing habits, and more (Munner, Razzaq & Farooq 2018)

Challenge of Logistics and Inventory Management: In order to offer excellent customer service, sellers need things to be delivered quickly, but this is mostly dependent on the quality of service supplied by delivery rider vendors. The business might suffer if you choose the incorrect shipping company because of the risk of things being destroyed in transit. Despite the efforts of courier businesses to reach remote areas and towns, e-commerce delivery remains a huge difficulty in India. Entailment companies have benefited greatly from India Post's efforts to remove this obstacle. Sellers should thus choose India Post as a shipping partner in order to reach clients in remote areas where other courier services are unavailable.The management of reverse logistics is a significant problem for online businesses looking to boost customer happiness and revenue. Managing reverse logistics is essential for success in this era of increased product returns. In order to determine whether or not items that have been returned may be reused, they must be separated into categories and either reassembled into their original form or broken down into their component parts. The popularity of certain products and the advancement of time both play a role in causing swings in consumer demand, which must be taken into consideration by most online stores. For instance, owing to seasonality, the demand for stationery would vary considerably around the time when most schools in India return after the summer break, posing a significant problem for online stationery vendors. In a similar vein, the popularity of a certain item in online clothing boutiques may rise and fall depending on its status as a fashion trend.The best way for online stores to prepare for the unexpected is to anticipate and plan for every possible contingency (Patil & Divekar, 2014).

Services for acquiring new customers: The marketplaces should be strengthened by successful e-commerce transactions. Difficulties, the high cost of items, late deliveries, and a lack of professional courier companies are all linked to the absence of supply chain collaboration. Consumers and dissatisfied regions are also affected. What e-commerce has to deal with. The primary challenge in the early stages of e-commerce is that customers will not be able to afford the price of the product they are selling and marketing.

4.1.3 Competition b/w Online Retailers and Traditional Retailers

Nowadays, consumers who use smartphones will gather the information about the product and see the reviews online and go to a traditional "brick-and-mortar" store to see, inspect, or try out a product but they won't buy the product in the retailer stores, as they compare the prices on traditional store, apps of traditional retailers and competitors apps like Amazon, Flipkart, Alibaba etc. If they find that the competitor's price is cheaper than traditional stores they will place an order. This is the major factor the profitability of the retailer stores are affecting badly as they are choosing the competitors websites as a reason as cheaper prices(ex: Amazon, Flipkart, Alibaba etc) all these big e-giants can easily recover the discounting price compared to the traditional reatiles . Recently the PWC report stated that 68% of customers gather the product information at the traditional retailers store and place orders on online websites. This is the serious threat which is causing the decrease in the sales and profit of the traditional or brick- and- mortar retail stores.

For several decades, brick-and-mortar merchants have worked tirelessly to create their brands and cultivate customer loyalty. Increasingly, e-commerce retailers are looking for ways to differentiate their offerings from one another by improving the customer experience. These include things like faster delivery times, low or no delivery costs, doorstep delivery options such as free trials of accessories like jewellery or clothing, wider range of payment options (EMI and EMI with no interset rates,Credit/Debit Cards..etc) and other important factor giving good exchange and return policies, if the customer don’t like the product they can either exchange or they can return and get the money back on what they invested. The return and exchange policies are a bit tight in offline retailers. In economics, the Decreasing Returns to Scale (DRS) model is widely accepted. Even if all resources (capital and labor included) grow, the output will still be non-proportional to the increase in inputs. It implies that no company can continue to expand at a profit indefinitely. E-commerce, on the other hand, contradicts this well-known economic theory. There's no doubt that e-businesses can develop at an enormous speed while still providing outstanding economic gains. One of the key reasons for this is because, in contrast to conventional enterprises, ecommerce doesn't even need large amounts of capital.Traditional firms in India have relied on vertical integration for decades. It was formerly common practice for businesses to employ their own team of specialists to handle anything from consumer research to advertising to proper guidelines. It

increased their operating expenses and decreased their profitability and productivity. It was a net loss. To save money, e-commerce enterprises outsourced much of their activities, such as web design, social media advertising and delivery by courier or drop shipping to external organizations at lower prices (Sidana, 2019).

Impacting the brand value of expensive and luxurious brands, their products are being offered at lower prices online. Major retailers have taken severe measures against the internet retail of their commodities by warning consumers that their products acquired online may not be covered by guarantee; these are among the drastic measures adopted by traditional shops.

Beside the price competition between offline and online retailers, COVID-19 has hit the traditional retailers. According to the Confederation of All India Trades (CAIT), it has been recorded that around 40% of the retail sector has been affected with $ 30 billion. And in one of the online news journals it has written that the shares of traditional trade will drop from 88% to 82% in 2025. The reason behind this is the growth of E-commerce drastically in times of COVID times and in future.

4.1.4 Expansion of E-commerce Post COVID-19

E-commerce Post COVID-19 makes a significant contribution to the economy by creating employment opportunities in the surrounding townships and municipalities. They take in a significant number of people who might otherwise be unemployed and employ them on a consistent basis. With more than 80 million customers who have registered, the e-commerce sector in India is expanding at the quickest rate of any country in the world. It is anticipated that the market would reach 100 million users by the year 2025. India is one of five countries that are reportedly seeing a substantial shift toward digital technology, as stated in a research that was published not too long ago. These are the most significant components of India's e-commerce landscape, after COVID (Nougarahiya, Shetty, Mandloi, 2021). According to research conducted by ASSOCHAM and PWC (2014), the compound annual growth rate for the period 2009–2013 was 37.2%. The total value of India's eCommerce sector increased by more than 70 percent in only a single year, in 2018. It is anticipated that the size of the digital and e-commerce business in India would reach $30 billion by the year 2020. It is anticipated that India's e-commerce sector would grow at a CAGR of more than 50 percent between 2019 and 2022. According to EMarketer, the amount of money that was transacted in online fashion retail sales in India reached $150 million dollars by the end of 2019 and is expected to reach $500 million dollars by the end of 2023 (Das, Jadhav, 2021)

According to Techsci Research company, c-commerce grew at CAGR by 36% from 2015 to 2020 (Techsci, 2015). The IBEF 2022, stated that the compounded annual growth rate will grow at 27% by US$ 99 billion by 2024 (IBEF, 2022). According to The Economic Times, the CAGR will increase 27% from 2019 to 2024 by US$ 99 billion (Economic Times, 2021). According to Statista, from 2025 to 2027 it is going to increase the value by US$188 billion to US$200 billion. The main reason for the growth is the number of internet users in India which is estimated by Statista from 2010 till 2021 is growing from 92.57 million to 749.07 million users. And Statista predicted the users from 2022 till 2025 by 845.68 million to 1075.08 million users and as well from 2025 till 2040 by 1532.3 million users (Statista, 2022). According to IBEF, increases in the internet and smartphone penetration are the main reasons for e-commerce business and attraction for FDI in Indian e-commerce.

4.2 Major Investors Involved in India

The e-commerce sector in India is expanding at a quick rate, and ever since the Internet became widely available in the nation, the development of online companies has increased at an exponential rate. The majority of people in India are now using the internet, which is contributing to the rapid expansion of the e-commerce sector there. Additionally, the number of e-commerce businesses in India is on the rise, which is also fueling this expansion. The introduction of a wide variety of start-ups, as well as the accessibility of reasonably priced smartphones and reduced rates for data plans, is the primary factor driving this rise. This is another reason why investors who are eager to invest their money in internet enterprises are drawn to the nation, as it offers them the opportunity to create a greater fortune with their investment. There are a large number of businesses that are connected to this industry, such as Amazon, Flipkart, Walmart, eBay, Snapdeal, Paytm, Mobikwik, Redbus, Ola, and Airtel, amongst others. These businesses have a significant amount of market share in the e-commerce industry of India. The idea of pricing products and services in e-commerce is comparable to how it is done in conventional companies. Prices are often established in the context of a commercial transaction on the basis of the amount of money a customer is ready to spend on a product as well as the number of available alternatives that may fulfill the same need. When it comes to e-commerce, rates are established based on the capacity of customers to make payments as well as the availability of various options that may fulfill the same requirements. Brands or retailers may be used to classify a marketplace into a certain kind of marketplace. Amazon, Snapdeal, Flipkart are among the most prominent online marketplaces. The term "marketplace" may refer to many different types of establishments in India, including online markets, e-commerce platforms, and marketplaces run by individual brands (Choudhury, 2019).

Mr. Jeff Bezos, the creator of Amazon, has stated that the company would spend one billion dollars in India in January of 2020 in order to support small and medium businesses online. Amazon Pay got a total of US$ 368.62 million in financing in three separate instalments in the Final Year of 2020, while Amazon Wholesale, the B2B division, earned US$ 49.06 million in investment. The operational earnings of Amazon Internet Services climbed by 57.8 percent to reach $567.12 million in the United States. Amazon Pay (India) by 63.1 percent to 179.30 million U.S. dollars, and Amazon Transportation Services by 42.7 percent over the previous fiscal year to 402.13 million U.S. dollars in 2020 (IBEF, 2020)

In the year 2020, the enormous American retailer Walmart put $560 million of its total $1.2 billion investment into the online marketplace Flipkart. Walmart was awarded a total of 39,57,960 equity shares in the Singapore operation of Flipkart at a price of $141.6 per share. The value of Flipkart has somewhat increased, going from $21 billion when it purchased the firm in 2018 to $24.9 billion now. Another investor that participated in the round was INQ Holdings, a subsidiary of the Qatar Investment Authority that contributed $8.14 million. The most recent round of funding for Flipkart comes only one week after the e-commerce business received $62.8 million in investment from Tencent of China (Economic Times, 2020) . It plans to make an investment of around $500 million, which is equivalent to approximately Rs3,200 crore at the current currency rate, in order to establish an additional 47 shops by the year 2022, bringing the total number of locations to 70 (Economic times, 2018) .

The e-commerce industry has a strong competitive edge in India. This is mainly because of the increase in per capita income, rise in the number of internet users, and availability of cheaper, high-speed internet connectivity. The e-commerce segment is growing at a healthy rate. It can take only a very small amount of investment to start with E-commerce in India, so anyone can start doing business online. The major investment in this industry comes from the initial cost of getting online. Major investment is involved in setting up an eCommerce business. One has to start with an idea and then the e-commerce platform to reach a large number of customers, which can then generate an increase in profits.

4.3 Discounts in E-commerce

The main reason for the customers to buy the products online is because of low product prices compared to the traditional retailers. Apart from the discounts, even the customers see the travelling time to retail stores to buy the product. There are two reasons for customers to get attracted to shop online are Home Delivery and Returning policy. Home delivery : if they purchase the goods at a specific price there will be zero delivery fee or else low delivery prices compared to going and getting the product in store and Returning Policy: Giving a wide variety of return policies like if the customers does not like the product they can put for return, as well customers can opt to return the product from home rather than going to drop it at a nearby post office or any other collecting store. All these options are very comfortable to the customers and tending to move towards more online shopping.

Price discounts have been shown to increase the likelihood that consumers would buy from an online shop, when in the past no discounts had been given by online retailers. As a result of online merchants' promotional tactics, consumers' average monthly online spending is rising (Malik and Sachdeva, 2015). When it comes to increasing income, attracting new consumers, or keeping current ones, sales promotion techniques like discounts may be quite effective. According to Kukar-Kinney and Carlson (2015), customers' purchase intent increases for both low- and high-reputation companies when discounts greater than zero (i.e., 10% or more) are offered. Even if a discount isn't announced, customers expect one, and this expectation is stronger for businesses with a poor reputation. It has been shown that economical consumers respond well to price promotions with cheap prices, active online shoppers respond well to price promotions with reputation-based strategies, and direct purchasers respond well to a mix of price promotions with advertising (Suman, Vadera, Srivastava, 2019).

E-commerce corporations reportedly push merchants on their platforms to lower the cost of their items and offer them at reduced prices, as stated by Mishra (2016). The corporations will then pay the sellers for the difference in price; this is basically how heavy discounting works in e-commerce. After the merchants have done so, the companies will do so. In order to guarantee that the process of reimbursement is carried out in an orderly manner, the majority of the time, the seller will become a subsidiary of the e-commerce firm. Amazon refers to this as promotional financing and views it as a vehicle for the recovery of marketing

expenditures. The e-commerce business does not record these reimbursements as losses but rather as costs associated with customer acquisition. Additionally, both the wholesaler and the retailer have the option of inserting constraints into the contract that specify the extent of any discounts that may or may not be granted to the retailer (Shah, 2018).

In these difficult economic times, many online businesses depend heavily on promotional pricing in order to either maintain their brand relevance or increase their number of customers. Take, for instance, the present outbreak of the coronavirus as an example. According to recent research conducted by McKinsey & Co., forty percent of consumers are being more cautious with their purchasing, and thirty-two percent are moving to cheaper brands and things in order to save money. Because it may be difficult to compete with low-priced commodities, many stores have resorted to discounting their products in order to attract customers. Since the beginning of the coronavirus outbreak, sixty percent of consumers in the United States have said that obtaining discounts is a higher priority for them when shopping online. On the surface, it seems like a sensible course of action to take. If you cut your prices, you may be able to raise your conversion rate; but, this will come at the expense of a smaller return on each sale, a lower average order value, and it may even cause your real revenue to decline (Macdonald, 2021).

In India, the huge discounts will be offered to the customers on the time of festivals and in other words most of customers will be waiting for the seasons where they can get the products which is 40-60% of discounts compared to the retailer store in any kind of products because of this reasons the traditional retailers facing major decline in their business can we can conclude that the e-commerce companies are exploiting the market conditions which is illegal or unethical business practices, regarding this will be detailed description provided in the chapter 5.4 continues violation of rules.

Chapter 5: Discussion

The results of this research, as well as a discussion of the new regulation and government marketplace, are presented in this chapter. In the following chapters, we will take a close look at the rules that were enacted in 2019 and 2022 about e-commerce in order to prevent exploitation. First, we will take a look at the new regulations that have been introduced, and this chapter will be broken down into several subtopics, including the Reduction of discounts, Continued rule-breaking, the benefits of a newly opened network by the government called open network for digital commerce, and finally with the overall conclusion.

5.1 Introduction to New Regulation

According to what is said in chapter 3 on FDI in e-commerce in India, the FDI marketplace may accept one hundred percent of investments via the automated method. However, FDI cannot be accepted through the inventory model. Since the beginning of the FDI that was introduced in E-commerce, there has been a set of policies and procedures that must be followed. A large number of foreign online retailers are already present in the country, and few of these have grown into large online retail giants. These giants have begun to exploit the market, which is having an effect on the local retailers by maintaining aggressive discounts, ownership control, and market shares. Furthermore, people have become addicted to those giants. In 2019, the government has tightened the regulation by maintaining the arm's length price regulation, and they have stated that discounts are not permitted; however, there have been huge discounts to attract more and more consumers, and these online giants are violating the rules. Therefore in 2022, the government has recently planned to launch the upcoming months where they want the e-commerce industry to be free from these foreign online giants by introducing not-for-profit government-owned net marketplaces called Open Network for Digital Commerce (ONDC).

5.2 Role of FDI in mitigating competition between e-commerce and local retailers

Some of the major problems are facing the traditional retailers because of E-commerce giants. The government has taken some initiatives in order to mitigate the problems by introducing the policy regulations. If any company has more than 51% of FDI, more than the 30% material outsource should be from local suppliers for at least 3-years of agreement with the local suppliers. Apart from India, The international player must sell the products with the same brand name worldwide. 'Single Brand' goods would include just those items that have been marked with a brand name throughout the production process. Only one non-resident is allowed to carry a single brand of goods on their name through a legally reasonable agreement. As well as policy states that the foreign retailer should outsource 30% from the local retailers by investing on their machine or technology by $ 1 million. For items with "state-of-the-art" and "cutting edge" technology, however, such local sourcing criteria have been removed and it is not possible. As a result, merchants selling technological items may have to rethink their supply chain operations which are required to their product.The companies which are funded by the foreign entity should not participate in any single brand retail trading.

Before in the multi brand retailing 51% were allowed, now 49% are allowed in multi brand retailing under automatic route with specific conditions like fresh agricultural products should be unbranded and minimum $100 million is allowed to invest by more than 50% should be invested for 3-years of time in the backend infrastructure which includes all the capital expenditures.IKEA, Nike, and Apple are all opened single-brand stores in India. Wal-Mart, Tesco, and Carrefour are examples of multi-brand retailers. The approval process for foreign direct investment consists of two stages: the first permission by the central government and the subsequent approval by a specific state government. Stores such as Walmart and Tesco will be able to contribute half of an "initial" $100 million investment in cold storage and warehousing facilities throughout the nation, as well. This strategy is supported by a few states as well as certain states in the north-east of the country, whereas few states are opposing it. Franchises, cash & carry, distribution, manufacturing, joint ventures, and strategic licensing agreements are among the most frequent entrance methods for retailers to choose from.

More than two-thirds of small and medium-sized businesses believe that allowing FDI to join the retail sector would result in increased supply chain efficiency, which will result in a large level of knowledge and skills transfer in the industry. As an added benefit to their products, small businesses in India see the FDI condition requiring them to source 30% of their requirements from Indian small businesses as a positive development. CII (2012) found that more than 56% of respondents agreed that a minimum 30% sourcing need from Indian micro and small industries will boost product quality and brand recognition. This, in turn, would guarantee that small and medium-sized enterprises have a reliable source of market for their goods and that their products/supplies are of greater value. Production scales may be expanded to facilitate domestic value additions, which will lead to a multiplier impact on employment, technological advancements, and revenue creation.

Government has made these regulations in the single and multiple brand retailing and for the company that is invested by the foreign investor should not be allowed to involve in the retail trading, all these regulations are made in order to exploit the market conditions and local retailers but if you ask the question is really all the foreign retailers are obeying these rules? No, there is little evidence that the foreign investors are not obeying the orders and as well adopted the complex model in order to show that they are following the regulations which will be discussed in detail in Continues Violation of Rules by Big-Giants.

5.3 Reductions of Huge Discounts

In 2018,The brick and mortar retailers and other groups which is future group and reliance retail has claimed that e-commerce companies are violating the FDI rules by influencing the prices by giving heavy discounts, so the government issued a law in 2019, that prohibits marketplace e-commerce businesses from directly or indirectly influencing the selling price of items. The goal of this legislation is to ensure that brick-and-mortar stores and online sellers compete on an equal playing field. Despite this, the companies in the e-commerce space are offering enormous discounts, which ultimately resulted in the reconsideration of the FDI policy pertaining to the e-commerce sector. The purpose of these updated standards is to provide a fair playing field for brick-and-mortar stores by placing restrictions on the steep discounts that may be offered by online sellers. Because of this, e-commerce businesses will have a more difficult time attracting consumers, which will require them to reevaluate both their business model and their strategy for penetrating the market. The most significant blow dealt with e-commerce platforms, which, up to this point, had helped improve profits, filled in product shortages, and made indirect management of inventory more straightforward. Because of this, it is possible that the operations of the associate entities of e-commerce marketplace businesses such as Amazon, Flipkart, and Cloudtail would be impacted. As a result of the fact that these businesses have been responsible for a significant portion of total sales and are going to go through a change of ownership so that they may keep selling their wares on the various e-commerce platforms, In addition, the company in charge of the marketplace will now be responsible for ensuring that services such as storage, shipping, payments, and rewards programs are delivered to all sellers in an equitable and nondiscriminatory way. According to the policy which states that , online retailers should not be permitted to give discounts and should not spend money on discounting their products by means of that they will cover the discount money by giving to the FDI funded company. One channel may be discounting the goods too heavily where the small retailers will not be able to match their price.(Economic Times, 2019)

The Indian government has imposed a law by stating that FDI e-commerce should not provide heavy discounts but the brick and mortar company can provide the discounts as they wish as it is operated by the people of India. All India Consumer Products Distributors

Federation (AICPDF) claims that major FMCG firms have curtailed their product supplies to online retailers. A national e-commerce policy is being developed by the government in order to safeguard the interests of consumers. While offering discounts, cashback, and prizes, businesses will be required to conduct their company in an ethical manner under the new policy. Sellers won't be permitted to discriminate against e-commerce businesses. Officials want to exert more control over online shopping in Canada by enacting these new regulations.

5.4 Continues Violation of Rules

There are questions regarding the long-term viability of the underlying business models and the possible detrimental impacts on the retail marketplace because of reduced prices, frequent discounts, and the engagement of online market platforms in exclusive agreements. E-commerce retail platforms have had a distorting effect on the market, which is why the Competition Commission of India (CCI) was created. In the CCI, Flipkart, SnapDeal, Jabong and Amazon were accused of unfair trade practices. According to these e-commerce retail platforms, the most common accusations against them focused on the legality of exclusive agreements with distributors and the problem of e-commerce retail platforms abusing their power.

Mohit Manglani filed a complaint with the CCI under section 19(1)(a) of the Indian Competition Act, 2002 against online e-commerce retailers Flipkart India Private Limited, Jasper Infotech Private Limited, Xerion Retail Private Limited, Amazon Seller Services Private Limited, and Vector E-Commerce Private Limited. The following are the accusations that have been made: Online marketplaces have been accused of anti-competitive conduct by engaging into exclusive arrangements with vendors of goods and services, which violates Sections 2. These e-commerce websites, according to the source, misused their dominating position and violated Section 4 of the Act by engaging in anti competitive behaviour. Allegedly each eportal had 100% market share for products in which it was solely engaged, resulting in an abuse of power. CCI is apparently suffering as a result of this dominance, they claim (CUTS, 2017). CCI rejects the allegation by stating that you can't look at every product as a market in and of itself "Whether we look at the e-portal market as a separate market for relevant products or as a semi segment of market for distribution, neither party seems to be dominant on its own," CCI said (Business standard, 2015).

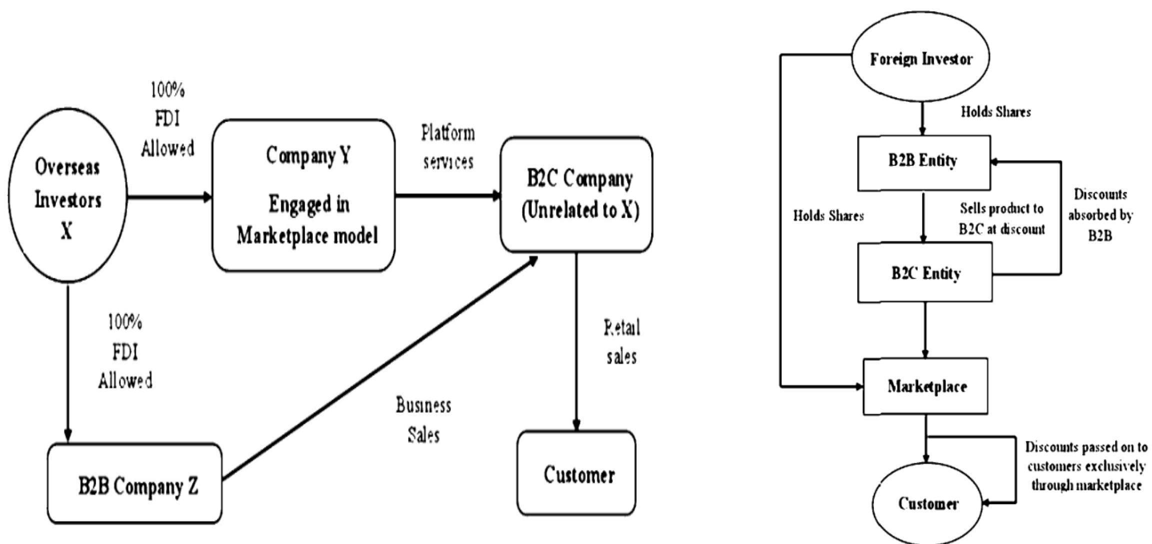
Allegation against Amazon In September 2014, the Reserve Bank of India said that Amazon India had broken the FDI policy in retail trade. It was thought that Amazon sold directly to customers and made it look like the sale was made by one of its registered vendors. The Enforcement Directorate was told to look into whether or not the company broke any FDI rules. As part of the same investigation, commercial tax authorities in Karnataka sent notices to some of the sellers who use Amazon India's website to sell their goods. The government told them they couldn't keep their goods in Amazon's warehouse anymore. The dispute has to

do with the fulfillment centers that Amazon uses to fill the orders that customers place on its website. The tax department says that Amazon becomes the owner of the product once it gets to the fulfillment center. Also, the sellers list the fulfillment center as a branch of their business. So, Amazon should pay value-added tax (VAT) instead of the service tax it already pays. But Amazon's defense was that the fulfilment centers only store items for third-party sellers and that Amazon doesn't own any of the items that are stored there. Cloudtail India Private Limited (Cloudtail) was bought by Prione in September 2014. According to documents filed with the Ministry of Corporate Affairs, Prione owns 99.99 percent of Cloudtail and Mr. Arjun Narayanswamy, who is also chosen by Prione, owns the rest. The Diagram shows how Cloudtail is owned by different people. It is clear that Amazon contributed to Cloudtail's equity capital through Prione in a way that wasn't directly related to Amazon. As you can see below, putting Amazon's investment in Prione at 49% seems to have been done to take advantage of India's FDI policy on downstream investments (Choudhary, 2015). Press Notes Nos from the DIPP say that any Indian company owned and run by Indian citizens who live in India can invest in any business in India. Such investments made further down the line will not be counted as FDI. The FDI policy would have been broken if Amazon had put the same amount of money directly into Cloudtail, which is in the retail business. Since CMS owns most of Prione, the company will be seen as being run by Indians, and its investments in the future will not be labelled as FDI. Since Amazon's business in India is based on a marketplace model, it's likely that it won't be too close to the sellers. But the fact that it indirectly owns Cloudtail and that some of its key employees are on the board of Prione makes it hard to believe that it is truly independent. It's impossible that Cloudtail will be able to sell through companies that compete with Amazon. Even though India has a policy about FDI, Amazon will have a right to 49% of the profits from this deal. There is a chance that foreign retailers could use these middlemen to get in touch with local sellers. Clearly, the foreign retailer is taking advantage of a flaw in India's FDI policy, which is that it doesn't take business realities into account.

Even if there are restrictions in place, the major online companies have, from the very beginning of their existence up till the present day, been in violation of the rules in some way. The other issues found the regulation by paying their vendors and giving discounts via them. An online retailer that receives funds from outside the country is not permitted to maintain goods on hand. According to the Retailers Association of India (RAI), Amazon and other foreign-funded companies in India, including Flipkart, Snapdeal are operated under business

models in which one hundred percent foreign investment was permitted only to provide platforms for other retailers and vendors to conduct business on. The Indian Cellular Association is a lobby of phone manufacturers representing Apple, Micromax, Nokia, Vivo, Lava, and Lenovo. They are a collection of tiny sellers who sell on e-commerce sites as well as by the Indian Cellular Association. They urged the government to act against Amazon and Flipkart for violating FDI norms by offering discounts on mobile phones and other products through intermediaries or partner companies. These discounts could be given directly to customers, or they could be given indirectly to customers through other companies. Both Flipkart and Amazon have responded to the charges by denying them (Economic Times, 2018).

According to the FDI guidelines, the Marketplace model is defined as the Providing an information technology platform by an e-commerce firm on a digital and electronic network to operate as a facilitator between buyer and seller, which directly tells e-commerce firms they are not responsible for inventory, price and product but act as a mediator for marketing the seller product. The reason why the government is not imposing any strict regulation on the marketplace model is that the online giants adopted the marketplace as more complex in structure which is explained by the Kamble & Walvekar. According to Kamble and Walvekar in 2017, they built the model which is seen below on how the e-commerce companies in India have adopted the marketplace model and in which way these foreign retailers are influencing the sale price indirectly to the e-commerce which is affecting the traditional retailers.



Marketplace Model adopted by the firms and Indirect Influence on Sales Price Model

Source:
https://www.researchgate.net/publication/318013936_Policy_Regulations_in_E-Commerce_Sector_-_Critical_Analysis_of_FDI_Guidelines_for_Market_Place_Model

Since Company Y has foreign direct investment, it can't do B2C e-commerce or retail trading without meeting strict government requirements. But company Y is free to use the market-based business model. Company Z, which is backed by Overseas Company X, steps in to help retailers get around this problem. Company Z sells a product at a big discount to its business customer, Company X, which is one of the largest B2C sellers on the marketplace site owned by Company Y. The whole structure looks like a marketplace model, but it's actually a complicated mix of both an inventory model and a marketplace model, which indirectly violates the FDI regulation (Kamble and Walvekar,2017). For Example, WS Retail is the top seller on Flipkart's model where Flipkart India is a B2B firm, and Flipkart Singapore has a majority stake. Even though WS Retail is a separate organization from Flipkart, the latter retains operational authority over the business (Choudhury 2015). Amazon Sellers India, which owns the website www.amazon.com, employs a more complicated system. B2C seller Cloudtail India is one of the most popular merchants on the platform. Through Prione Business Services, Amazon indirectly controls Cloudtail through a downstream investment that takes advantage of the FDI policy's loopholes (DIPP, 2009). First, no marketplace organization will allow more than 25% of its sales to be influenced by one vendor or its group firms on its website. Second, the pricing of products and services will not be directly or indirectly affected by marketplace entities. but the foreign investors are influencing the price as you see the model of influencing sales price whatever profit earned by the B2C company, the share will automatically go to investors.Example: Amazon Promotional money is provided by Amazon to its merchants so that they may follow Amazon's advice and give discounts. After that, the merchants give Amazon a debit note, and Amazon pays it off. Discounts may be financed this way. After a conversation and contract with chosen vendors, companies like Paytm (in which Alibaba has invested) administer a payment gateway and give cashback on certain items. For the purpose of attracting the most customers, this is a common tactic. Because Paytm is influencing sales pricing and thereby breaking the FDI guideline, this activity has previously been brought to DIPP's attention. However, DIPP did not take a position on this particular topic when it tweeted about it and explained the legislation (Kamble & Walvekar, 2017). Pricing products remains the seller's prerogative in a conventional marketplace, but in the complicated world of the e-marketplace, this does not hold true. Press Note sought to put a stop to this practice by ensuring that retailers had control over whether or not to provide discounts. It will be a headache to keep

track of and apply this rider. It will be difficult to prove that market models have an impact on pricing, either directly or via other means. The government has opened ONDC in order to grab the ecommerce market from fireign giants and help the small retailers independently .

5.5 Benefits for Small Retailers by The Open Network for Digital Commerce (ONDC)

In the month of May 2022, the government issued a press note announcing that in the coming days, a not-for-profit system called the Open Network for Digital Commerce (ONDC), an open technology network that seeks to level the playing field for small merchants in the country's fragmented but rapidly growing $1 trillion retail market, would be introduced.

In light of the fact that the number of internet users in India is expected to rapidly increase over the next few years, the goal of this project is to develop an online platform that is open to the public and offers unrestricted access. Using this platform, traders and consumers will be able to buy and sell a wide variety of goods, ranging from small bars to airline tickets. Additionally, the goal is to encourage new small business owners in rural areas who are unable to participate in e-commerce whereby they are making it possible for innovation to occur in the domestic market, and whereby, by giving more discounts, the large online giants are lowering the value of their brands as well as the image consumers have of those brands, which is why the majority of brands are choosing not to do business with the giant's companies.

By using this channel, there is a possibility that there will be a head-to-head battle in terms of the discounts and the brand. It is possible that this may promote more local products to be used by customers, who are now following a trend toward using more organic and local goods. It is possible that as a result of this, the market share held by the major corporations may decrease. The stated goal of the proposed ONDC channel is to level the playing field. As a result, it recognizes the need to keep some flexibility and create a level playing field so that the right policies can be made and put into place in the future to encourage domestic innovation and help the domestic digital economy find its place among global players that are already strong and might not be able to compete (Economic Times, 2018). Is ONDC really a barrier to entry for other foreign investors and it will decrease the market power for foreign retailers? ONDC won't be the barrier of entry as even this is another channel for the marketplace which is run by the government but definitely it might create a neck to neck competition in terms of price and quality of brands between the new e-commerce retailers in India and foreign retailers. As this ONDC is in the launching process right now it's very hard to measure the results of this platform on how it really can help small retailers. For the future

research study we can study and analyse ONDC impact on both small retailers and foreign retailers.

5.6 Conclusion

This thesis research has dealt with the examination of the influence of the FDI inflows, with a primary focus on the small retailers and brick and mortar retailers of the host country, especially in the context of the e-commerce industry in India. In this study, we looked at previous research on foreign direct investment (FDI), paying special attention to the topic's influence on less-developed nations, and we conducted a strategic evaluation of recent changes to FDI e-commerce legislation in India. According to the findings of this research study, there have been no significant changes in policy since the beginning of FDI e-commerce in India; nonetheless, the regulation around these rules has become much more stringent. The local retailers in India were suffering as a result of the foreign online giants in India occupying more market share and ownership by keeping heavy discounts. In response to this problem, the government of India passed a regulation in 2019 stating that the foreign online giants are not permitted to keep discounts and are prohibited from controlling inventory, and more recently, in 2022, the government announced that it will begin its own online network, which will be known as the open network for digital commerce. However, the restrictions that were created in 2019 were broken when they paid their suppliers and gave discounts to them, which is having an effect on the small merchants in the host nations. Small retailers that are unable to access e-commerce will be helped by the government's open network for digital commerce, and new brands will be able to access their channels to reach consumers. If this plan is successful, we can hope that there will be a head-to-head competition between domestic and foreign retailers, which will encourage innovation in the domestic market. It may even be beneficial for the brands, as the value of both the brand and its image is being eroded by the large online retailers; however, through this government channel, it is not yet clear how the already widely spread wings are going to be affected, and how the domestic retailers will be able to overtake them. However, through this channel, there will be benefits for smaller retailers to come and interact with customers, to better understand the e-commerce market, and bring more innovation to society. Eventually, it will even help the government in the future to bring new regulations so that it can gradually avoid further expanding the reach of large online giants.

5.7 Future Research

In this research study, the prospective advantages and implications of the recently enacted restrictions on the e-commerce policy in the retail industry in India were studied. Due to time and scope constraints, this dissertation relied on secondary sources of the data rather than primary ones. Utilising primary sources of data might be an option for the study in the future. By collecting real data with the assistance of surveys, real interviews, and data collected by other sources in order to measure the real effect of the recent regulation in order to know the real improvements and consequences, as well as to extend the scope of the thesis by analysing how the e-commerce sector is in other developing countries and developed countries, as well as what their policies and regulations are to protect the domestic retailers, and to compare the E-commerce India in terms of how far we can take it, we will be able to collect real data. In addition, the application of this research might concentrate on how the FDI laws are operating in India's many other sectors.For the future research study we can study and analyse ONDC impact on both small retailers and foreign retailers.

References

Akter, S, Wamba, S F, (2016), *Big data analytics in E-commerce: a systematic review and agenda for future research.* https://link.springer.com/article/10.1007/s12525-016-0219-0#citeas

Al-Lami, G T, Alnoor, A (2021), *E-Commerce: Advantages and Limitations.* https://www.researchgate.net/publication/350235862_E-Commerce_Advantages_and_Limitations

Al Tamer, Majed (2021), *THE ADVANTAGES AND LIMITATIONS OF E-COMMERCE TO BOTH CUSTOMERS & BUSINESSES,* https://digitalcommons.bau.edu.lb/cgi/viewcontent.cgi?article=1043&context=csd journal

Bhowmick, S (2021), *Chinese investments in Indian startups: Trends and controversies*. https://www.orfonline.org/expert-speak/chinese-investments-in-indian-startups-trends-and-controversies/

Business Standards (2015), Business Standard: *CCI rejects charges against Flipkart, other e-commerce majors.* https://www.business-standard.com/article/pti-stories/cci-rejects-charges-against-flipkart-other-e-commerce-majors-115050500550_1.html

Chen, C M, Melachroinos, K A & Chang, K T (2010)*, FDI and Local Economic Development: The Case of Taiwanese Investment in Kunshan, European Planning Studies,* https://www.tandfonline.com/doi/full/10.1080/09654310903491564

Choudhury, R N (2019), *Determinant of Foreign Direct Investment in India's E-commerce Sector*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3490466

Choudhury, R N (2015) , *INDIA'S FDI POLICY ON E‑COMMERCE:Some Observations** . http://103.82.220.134/pdf/DN1503.pdf

Clark, R (1999), *Roger Clarke's Main Publications: eCommerce*. http://www.rogerclarke.com/EC/RogersBibl.html

CUTS international (2017), *Analysis of Competition Cases in India: Mohit Manglani vs. M/S Flipkart India Pvt. Ltd. and Ors*. https://cuts-ccier.org/wp-content/uploads/2019/02/Edition-2-Mohit-Manglani-vs-Flipkart.pdf

Das, D, Jadhav, V (2021), *Non-linear Pricing in E-commerce: An Exploration.* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3803928

Denisia, V (2010), *Foreign Direct Investment Theories: An Overview of the Main FDI* Theories. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1804514

Department of Industrial Policy & promotion (2015), *Consolidated FDI Policy Circular of 2015*. https://dpiit.gov.in/sites/default/files/FDI_Circular_2015.pdf

Department of Industrial Policy & promotion (2016), *Review of Foreign Direct Investment (FDI) policy on Various Sectors.*https://dpiit.gov.in/sites/default/files/pn5_2016.pdf

Department of Industrial Policy & promotion (2017), *Consolidated FDI Policy Circular of 2017*. https://dpiit.gov.in/sites/default/files/CFPC_2017_FINAL_RELEASED_28.8.17_1.pdf

Department of Industrial Policy & promotion (2020), *Review of Foreign Direct Investment (FDI) policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic.* https://dpiit.gov.in/sites/default/files/pn3_2020.pdf

Dunning, J H (1988),*The Eclectic Paradigm of International Production: As Restatement and Some Possible Extensions*. https://link.springer.com/content/pdf/10.1057/palgrave.jibs.8490372.pdf

Engstrom, A, Sangari, E S (2007), *Assessment of Business-to-Business (B2B) e-Marketplaces Performance*. https://www.diva-portal.org/smash/get/diva2:990718/FULLTEXT01.pdf

Feldstein, M (2000)*, Aspects of Global Economic Integration: Outlook for the Future.* https://www.nber.org/system/files/working_papers/w7899/w7899.pdf

FDI India (2022). *Why India: India has emerged as one of the most preferred destinations* https://www.fdi.finance/why-india

FDI India (2022), *Sector: Agriculture*. https://www.fdi.finance/sectors/agriculture

FDI India (2022), *Sector: Automobile*. https://www.fdi.finance/sectors/automobile

FDI India (2022), *Sector: Retail and E-commerce*. https://www.fdi.finance/sectors/retail-and-e-commerce

Ghose, A K (2004), *Capital inflows and investment in developing countries.* http://ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114304.pdf

Global Investment Competitiveness Report (2017/2018), *Foreign Investor Perspectives and Policy Implications.* https://openknowledge.worldbank.org/bitstream/handle/10986/28493/9781464811753.pdf

Golejewska, A (2001), *Foreign Direct Investment and Employment in a Host Country: the Case of Polish Manufacturing*. https://journalse.com/pliki/pw/y5-2001_Golejewska.pdf

Hill, C W L (2016), *Foreign Direct Investment*. https://my.liuc.it/MatSup/2016/A83021/Chap008%20LIUC2016%203.pd

Hosseini, H (2005), *An economic theory of FDI: A behavioral economics and historical* approach.https://www.sciencedirect.com/science/article/abs/pii/S1053535705000132?via%3Dihub

Huang, Y & Tang, H (2012), *FDI Policies in China and India: Evidence from Firm Surveys.* https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-9701.2011.01387.x

IBEF (2022), *E-Commerce Industry in India*. https://www.ibef.org/industry/ecommerce

IBEF (2022), *Foreign Direct Invest*ment. https://www.ibef.org/economy/foreign-direct-investment

IBEF (2022), *Oil & Gas Industry in India*. https://www.ibef.org/industry/oil-gas-india

IBEF (2020), *Indian Economy News*. https://www.ibef.org/news/amazon-invests-rs-11400-crore-in-india-in-fy20

IBEF (2022), *Indian Pharmaceutical Industry*. https://www.ibef.org/industry/pharmaceutical-india

IBEF (2022), *IT & BPM Industry in India*. https://www.ibef.org/industry/information-technology-india

Investopedia , *Electronic Commerce (Ecommerce).* https://www.investopedia.com/terms/e/ecommerce.asp

Iqbal, B A, Hassan, M, & Rawat, B (2012), *FDI in Retail Sector in South Asia: A Case of India*, *The Journal of World Investment & Trade*, *13*(6), 951-971. https://doi.org/10.1163/22119000-01306003

Kamble, A, Walvekar, S (2017), *Policy Regulations in E-Commerce Sector – Critical Analysis of FDI Guidelines for MarketPlace Model.* https://www.researchgate.net/publication/318013936_Policy_Regulations_in_E-Commerce_Sector_-_Critical_Analysis_of_FDI_Guidelines_for_Market_Place_Model

Kaur, J & Gupta, M (2019), *E-commerce: Opportunities and Challenges*, https://mmujmp.mmumullana.org/index.php/mmujmp/article/view/12

Kokko, A (2006), *The Home Country Effects of FDI in Developed Economies*. https://core.ac.uk/download/pdf/7092113.pdf

Lipsey, R E (2002), *Home and Host Country Effects of FDI*. https://www.nber.org/system/files/working_papers/w9293/w9293.pdf

Loungani, P & Razin, A (2001), *How Beneficial Is Foreign Direct Investment for Developing Countries?*. https://www.imf.org/external/pubs/ft/fandd/2001/06/loungani.htm

Macdonald, J (2021), *The Definitive Guide to Effective Ecommerce Discount Pricing.* https://thegood.com/insights/discount-pricing/

Mallampally, P, & Sauvant, K P (1999), *Foreign Direct Investment in Developing Countries.* https://www.imf.org/external/pubs/ft/fandd/1999/03/mallampa.htm

Mitra, S (2021), *Economic models of price competition between traditional and online retailing under showrooming*. https://link.springer.com/content/pdf/10.1007/s40622-021-00293-7.pdf

Muneer, A; Razzaq, S & Farooq, Z (2018), *Data Privacy Issues and Possible Solutions in E-commerce,* https://www.researchgate.net/publication/328457534_Data_Privacy_Issues_and_Possible_Solutions_in_E-commerce#fullTextFileContent

Nayak, D & Choudhury R N (2014), *A selective review of foreign direct investment theories.* https://www.unescap.org/sites/default/files/AWP%20No.%20143_0.pdf

Nougarahiya, S, Sheety, G, Mandloi, D (2021), *A Review of E – Commerce in India: The Past, Present, and the Future.* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3809521

OECD (2002), *Foreign Direct Investment. Maximising Benefits, Minimising Costs*. https://www.oecd.org/investment/investmentfordevelopment/1959815.pdf

OECD (2003), *Checklist for Foreign Direct Investment Incentive Policies.* https://www.oecd.org/investment/investment-policy/2506900.pdf

Patil, H & Divekar, R (2014), *Inventory Management Challenges For B2C E-Commerce Retailers* https://core.ac.uk/download/pdf/81144054.pdf

Razaq, M A, *Knickerbocker vs Vernon FDI theory comparison.* https://www.academia.edu/5116160/Knickerbocker_vs_Vernon_FDI_theory_comparison?auto=download

Reserve Bank of India (2017), Foreign Investment in India: Frequently Asked Questions https://www.rbi.org.in/scripts/FAQView.aspx?Id=26 , https://fifp.gov.in/Forms/SOP.pdf

Sabat, S S (2021), *A Study of Marketplace Business Model in India.* https://www.researchgate.net/publication/350107253_A_Study_of_Marketplace_Business_Model_in_India

Shah, K (2018), *Implications of Government Intervention in Foreign Direct Investment: The E-commerce Sector in India*. http://orapp.aut.ac.nz/bitstream/handle/10292/11596/ShahKH.pdf?sequence=4&isAllowed=y

Sidana, A B (2019), *Impact of E-commerce on Traditional Business in India.* https://www.jetir.org/papers/JETIRCE06039.pdf

Statista (2022), *e Commerce: India*. https://www.statista.com/outlook/dmo/ecommerce/india

Suman, S K, Vadera, S, Srivastava, P (2019), *Exploring the behaviour of Indian consumers towards online discounts.*

https://www.researchgate.net/publication/330060906_Exploring_the_behaviour_of_Indian_consumers_towards_online_discounts

Taher, G (2021), *E-Commerce: Advantages and Limitations.* https://hrmars.com/papers_submitted/8987/e-commerce-advantages-and-limitations.pdf

TechSci Research 2015, *India E-Commerce Market to Grow at Over 36% by 2020 Says TechSci Research* https://www.prnewswire.com/news-releases/india-e-commerce-market-to-grow-at-over-36-by-2020-says-techsci-research-530253981.html

The Economic Times (2021), *India's e-commerce market to be worth $99 billion by 2024: Report.* https://economictimes.indiatimes.com/small-biz/sme-sector/indias-e-commerce-market-to-be-worth-99-billion-by-2024-report/articleshow/81583312.cms

The Economic Times (2020), *Walmart invests $560 million in Flipkart.* https://economictimes.indiatimes.com/internet/walmart-invests-560-million-in-flipkart/articleshow/78331197.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

The Economic Times (2018), *Walmart India to invest USD 500 million to open 47 more stores by 2022* https://economictimes.indiatimes.com/industry/services/retail/walmart-india-to-invest-usd-500-million-to-open-47-more-stores-by-2022/articleshow/66446697.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

The Economic Times (2019), *Tightening of FDI policy on e-commerce positive for brick and mortar retailers*. https://retail.economictimes.indiatimes.com/news/industry/tightening-of-fdi-policy-on-e-commerce-positive-for-brick-and-mortar-retailers/67348198?redirect=1

The Economic Times (2018), *The policy that could kill deep discounts by e-commerce firms.* https://economictimes.indiatimes.com/news/et-explains/explained-the-policy-that-could-kill-deep-discounts-by-e-commerce-firms/articleshow/65215220.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

The Information Technology Act (2000), https://eprocure.gov.in/cppp/rulesandprocs/kbadqkdlcswfjdelrquehwuxcfmijmuixngudufgbuubgubfugbububjxcgfvsbdihbgfGhdfgFHytyhRtMjk4N

UNCTAD (2007), *World Investment Report 2007: Transnational Corporations, Extractive Industries and Development.* https://unctad.org/system/files/official-document/wir2007p4_en.pdf

UNCTAD (2017), *Promoting foreign investment in the Sustainable Development Goals.* https://unctad.org/system/files/official-document/ciid35_EN.pdf

UNCTAD (2018), *World Investment Report 2018: Investment and New Industrial Policies* https://unctad.org/system/files/official-document/wir2018_en.pdf

UNCTAD (2021), *World Investment Report 2021: Investing in Sustainable Recovery.* https://unctad.org/system/files/official-document/wir2021_en.pdf

Vahter, P, Masso, J (2005), *Home versus Host Country Effects of FDI: Searching for New Evidence of Productivity Spillovers*. https://haldus.eestipank.ee/sites/default/files/publication/en/WorkingPapers/2005/_wp_1305.pdf

Wani, S N & Malik, S, (2013), *A Comparative Study of Online Shopping Behaviour: Effects of Perceived Risks and Benefits,* http://www.publishingindia.com/GetBrochure.aspx?query=UERGQnJvY2h1cmVzfC8xODYwLnBkZnwvMTg2MC5wZGY=

World Trade Organization (2020), *WTO members highlight key role of investment to increase small economies' trading capacity*. https://www.wto.org/english/news_e/news20_e/devel_02nov20_e.htm