

NO RELAXATION FOR ONLINE COS DURING LOCKDOWN

Non-essentials Removed from Ecommerce Cart

Govt reverses earlier order, allows only sale of essentials

Our Bureaus

Bengaluru | New Delhi: The Centre on Sunday reversed an earlier order that allowed sale of non-essential goods on online marketplaces in a move seen as a major blow to the Indian ecommerce industry, which had begun preparing to

dispatch orders following the new rules amid the nationwide lockdown.

The April 15 order issued by the ministry of home affairs (MHA) had exempted “ecommerce companies” and “vehicles used by ecommerce operators”, leading to many online firms asking their sellers to prepare for a resumption of full-fledged operations. However, MHA’s latest clarification excludes the clause, which allowed ecommerce firms to sell all essential and non-essential products, starting April 20.

“The new guidelines will disappoint not only the consumers whose list of essentials had expanded to work from home and study from home products but also thousands of small businesses, sellers and manufacturers who had geared up in the last 48 hours to provide millions of people with safe access to products,” an Amazon representative said.

A senior government official told ET while the government had initially “permitted an extensive list, (it) didn’t want Covid to spread unnecessarily and so after assessing the situation and by looking at the circumstances right now we decided against allowing delivery of non-essential items through the ecommerce platforms”.

Non-essentials account for almost 90% of online sales in India

Ecomm has taken \$1b hit in lockdown’s first phase: Forrester Research



STORY SO FAR

- **MAR 23:** Return shipments rise over 300% in a single day
- **MAR 24:** PM imposes a 21-day nationwide lockdown
- **MAR 25:** Ecomm supply drops to 10%
- **APR 14:** Lockdown extended till May 3
- **APR 15:** MHA allows ecomm companies to sell all goods
- **APR 19:** Rules revised; online cos to sell only essentials

Marketplaces in a Quandary ►► 8

Marketplaces in a Quandary

►► From Page 1

Allowing supply of non-essential items through ecommerce would have defeated the purpose of lockdown, according to a joint secretary in the MHA who said that “a review of non-essential items (that can be allowed through ecommerce) was held and it was ascertained that their numbers were very high”.

The reversal has thrown ecommerce firms into a quandary. Flipkart, for instance, had already begun moving shipments of smartphones and other electronics to its fulfilment centres. As several state govern-

ments had also sent out written notifications in line with the MHA directives, retailers accepted consumer orders for non-essentials.

Flipkart did not respond to ET's queries on the developments until the time of going to press. Company executives ET spoke to said that the development is likely to further choke ecommerce supply chains that have been severely disrupted by the pandemic. Meanwhile, consumer demand for non-essentials like laptops, phones, and other work-from-home products are rising following severe month-long lockdown across the country.

'BIG SETBACK'

“All the logistics companies, sellers, and teams across online retail platforms were working overtime to get operations in order in record

time... this is a big setback....,” said the CEO of an ecommerce firm on the condition of anonymity.

In a bid to untangle the knotty situation, ecommerce firms are asking for more items to be added onto the list of essentials. “The ambit of essential goods should be increased to include laptops, mobile phones, accessories, computer hardware, webcams,” said Srinivas Mothey, senior vice president at Paytm Mall.

“If the lockdown continues, lack of proper technical support would hinder the efficiency of employees which in turn will affect a company's operations,” he said.

Snapdeal, which has been accepting orders for non-essentials all through the lockdown with a promise to deliver once the market opens, had alerted all its sellers to

ship those items. However, the Gurgaon-based company said it will now comply with the latest guidelines. “We will continue to operate in complete compliance with the guidelines issued by the government in this regard,” a Snapdeal spokesperson said.

Experts are of the view that the reversal is an unfortunate step. “(It) will not ease the burden on the economy or the people of India,” said Kazim Rizvi, public policy researcher and founder, The Dialogue.

Meanwhile, the All India Online Vendor Association, which counts around 4,000 sellers as its members, said around 30% of sellers were ready to start business from Monday.

PRESSURE FROM OFFLINE RETAILERS

“Thousands of our seller partners

in the domestic apparel sector were eagerly looking forward to the opening up on the April 20,” said Suchi Mukherjee, CEO, LimeRoad, which claims to have 5,000 sellers and make 1.2 lakh shipments a month.

Government officials also cited mounting pressure from offline retailers and traders to permit local stores to also sell non-essential items just like the ecommerce companies.

The Retailers Association of India, which represents offline and online retail firms, said in a statement, “We believe that to fulfil consumer needs in these trying times, rules for direct customer delivery need to be broad-based and all types of retailers including neighbourhood stores should be allowed to operate.”