Economy

E-commerce in India operates under two primary models, shaped by regulatory frameworks and investment policies.

The Marketplace Model positions e-commerce platforms as intermediaries connecting sellers with buyers. These companies provide the digital infrastructure, logistics support, and payment gateways while sellers manage pricing and inventory. India allows 100% FDI under the automatic route in this model, making it the dominant form of online retail. Global giants such as Amazon and Flipkart operate on this model, fostering competition and consumer choice while empowering small sellers to access wider markets.

The Inventory-Based Model, in contrast, involves e-commerce entities owning and directly selling goods from their own stock. This creates tighter control over product quality, pricing, and delivery but does not permit FDI under Indian rules. Reliance Digital's online outlets illustrate this structure, where the company manages both supply and sales.

Together, these models reflect India's attempt to balance foreign capital inflows with protection of domestic enterprises, while promoting innovation, consumer trust, and inclusive market access.