



FDI in Inventory-Based E-commerce Is Now Open for Exports

What entry 15.2.5 of the NDI Rules means for founders building an export brand on foreign capital

FDI

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E-COMMERCE

EXPORTS

NDI RULES 2019

A S Banka Advisors Private Limited

What changed

Schedule I of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 now carries a new entry 15.2.5 under the e-commerce sector.

An e-commerce entity may run an inventory-based model of e-commerce exclusively for the export of goods or products manufactured or produced in India.

The B2C and inventory-model restrictions in entries 15.2.1 to 15.2.4 do not apply to these exports.

Item	Detail
Instrument	FEM (Non-debt Instruments) (Fourth Amendment) Rules, 2026
Notification	S.O. 4870(E) dated 2 September 2026
Where it sits	Schedule I, entry 15.2.5
Policy decision	DPIIT Press Note No. 3 (2026 Series)

Before and after entry 15.2.5

Point	Before	After
Inventory model, sales in India	Foreign investment not permitted	Unchanged: still not permitted
Inventory model, exports of goods made or produced in India	Foreign investment not permitted	Permitted, exclusively for such exports
B2C restrictions in entries 15.2.1 to 15.2.4	Applied to all e-commerce	Do not apply to exports permitted under 15.2.5(a)
B2B and marketplace models	100%, automatic route	Unchanged

The note in entry 15.2.3, "Foreign investment is not permitted in inventory based model of e-commerce", is still in the text. Entry 15.2.5 is an exception to it for exports only.

The definitions that decide your model

E-commerce entity

A company incorporated under the Companies Act 1956 or the Companies Act, 2013.

Inventory based model

Inventory of goods and services is owned by the e-commerce entity and sold to the consumers directly.

Marketplace model

An IT platform that acts as a facilitator between buyer and seller.

The 25% test

A vendor's inventory is deemed controlled by the marketplace if more than 25% of the vendor's purchases are from the marketplace entity or its group companies. That renders the business an inventory based model.



Who can use the export route

Inside entry 15.2.5

1. An Indian company (an "e-commerce entity")
2. Inventory owned by that company and sold to consumers directly
3. Goods or products manufactured or produced in India
4. Exclusively for export, in line with the Foreign Trade Policy 2023, the Handbook of Procedures and the FEMA export regulations

Outside entry 15.2.5

1. Inventory-based sales to consumers in India
2. Goods not manufactured or produced in India
3. Any reading beyond "exclusively for the export"

Entry 15.2.5 does not state a separate sectoral cap or entry route of its own. Map the structure against the full text of entry 15.2 before a foreign investor subscribes.

Export rules from 1 October 2026

Entry 15.2.5 names the FEM (Export of Goods and Services) Regulations, 2015. The FEM (Export and Import of Goods and Services) Regulations, 2026 supersede them from 1 October 2026.

Rule	What it requires
Regulation 3(1)	EDF with the full export value at the time of export; deemed submitted as part of the shipping bill at an EDI port
Regulation 5(1)(a)	Realise and repatriate within nine months from the date of shipment
Regulation 5(1)(b)	Warehouse outside India: nine months from the date of sale from the warehouse
First proviso	Invoiced or settled in INR: twelve months
Second proviso	AD bank may extend the period on request citing reasons
Regulation 4(2)	Shipping bill up to Rs 10 lakh: EDPMS closed on the exporter's declaration, or quarterly in bulk
Regulations 6 and 8	Reduction in value and third-party receipts at the AD bank's discretion

Four caveats before you raise

1

Domestic sales stay barred

A foreign-funded entity that owns inventory and sells it to consumers in India remains outside entry 15.2.

2

Cite the right export regulations

The entry names the 2015 Regulations. For exports from 1 October 2026, work with the 2026 Regulations.

3

No separate cap or route in 15.2.5

The entry sits inside the e-commerce entry. Test your structure against all of entry 15.2.

4

Reporting does not change

Shares issued to a person resident outside India are reported in Form FC-GPR not later than thirty days from the date of issue.

Your action plan

1

Test the model

Indian company, own inventory, goods made or produced in India, exclusively for export

2

Keep domestic sales separate

Keep domestic sales outside the foreign-funded inventory entity

3

Track EDPMS

Under the 2026 Regulations: date of shipment, or date of sale for overseas warehouse stock

4

Use the Rs 10 lakh route

Use the Rs 10 lakh declaration route with your AD bank, per shipping bill or quarterly

5

File Form FC-GPR

Within thirty days of issuing shares to the foreign investor

 Planning an export brand with foreign capital? Book a quick call with A S Banka Advisors Private Limited.

Source: Ministry of Finance (DEA), FEM (Non-debt Instruments) (Fourth Amendment) Rules, 2026, S.O. 4870(E) dated 2 September 2026, rbi.org.in

Source: DPIIT, Press Note No. 3 (2026 Series), dpiit.gov.in

Source: Reserve Bank of India, Notification No. FEMA 23(R)/2026-RB, rbi.org.in

Source: Reserve Bank of India, Master Direction: Reporting under FEMA, FED Master Direction No. 18/2015-16, rbi.org.in