



# “CONSUMER PROTECTION (E-COMMERCE) RULES 2020 AND CONSUMER AWARENESS: AN OVERVIEW”

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**Abstract:** The size of India's e-commerce market is expected to grow from \$83 billion in 2022 to \$150 billion by 2026, which is almost three times growth of the overall retail market. Now a days online shopping has become new normal in India after Covid-19 pandemic. Despite of many advantages online shopping involved many threats to consumers. Cyber-crime issues have been increasing day by day with the rapid growth of e-commerce in India. Hence to safeguard consumers' interests and rights Indian Ministry of Consumer Affairs, Food and Public Distribution has framed "The Consumer Protection (E-Commerce) Rule 2020 under the Consumer Protection Act 2019. In this article attempt has been made to take overview of provisions made for consumer protection in "The Consumer Protection (E-Commerce) Rule 2020" and consumer awareness about the provisions.

**Index Terms - E-Commerce, Consumer Protection, Consumer Awareness, Cyber Crimes.**

## I. INTRODUCTION

The size of India's e-commerce market is expected to grow from \$83 billion in 2022 to \$150 billion by 2026, which is almost three times growth of the overall retail market. It is also estimated that online sale of grocery will account for over 25% of sales for most major retail categories by 2026 which indicates the significance of digital leadership in the coming years. Likely digital-first brands account for over 25% of total online sales which highlights growing importance of digital-first marketing strategies. Market experts has identified 75 digital-first disrupters affecting the sales of traditional players across three categories i.e. electronics & appliances, fashion & home and grocery and personal care. India's D2C (Direct to Consumer) market is likely to reach a size of \$100 billion by 2025. Several factors like Covid-19 pandemic, increased internet access, smartphone penetration, growth of digital infrastructure and rise in number of millennials have contributed in the rapid growth of e-commerce in India. E-commerce has a significant influence on various Indian businesses like tourism industry, electronics and telecommunications sector, internet trade industry, service industry and so on.

E-commerce provides many advantages to consumers like easy comparison of products, shopping from anywhere and anytime, browsing a wide range of products, assessing detailed information of products, saves time and efforts, low prices comparing to traditional marketing etc. Although; there are many threats involved in online shopping in the view of consumers like fake online stores, unencrypted data, data breaches, fake reviews of products, fake mobile apps, unsecured wi-fi, Adware, identity theft, phishing emails etc. These cyber-crime results in low to heavy financial losses for unfortunate victims.

The cyber-crime issues have been increasing day by day with the rapid growth of e-commerce in India. Considering the fact, the government of India has framed The Consumer Protection (E-Commerce) Rule 2020 under The Consumer Protection Act 2019. The rule came in to force w.e.f. 23<sup>rd</sup> July 2020 to protect the interests and rights of consumers in India.

## II. OBJECTIVES

1. To take review of legal provisions made in "The Consumer Protection (E-Commerce) Rule 2020" for safeguarding the interests and rights of consumers
2. To highlight increasing cyber-crime issues in India during the last decade
3. To assess the awareness of consumers about cyber-crimes and "The Consumer Protection (E-Commerce) Rule 2020"

## III. RESEARCH METHODOLOGY

The article is based on secondary data which is collected through related articles available online. The relevant information is accessed through other secondary data collection sources such as websites, reference books, magazines, journals, and newspapers etc.

## Applicability and Scope of the Rule:

The Consumer Protection (E-Commerce) Rule 2020 is applicable to;

1. All products and services bought or sold through digital or electronic platforms,
2. All e-commerce models
3. All e-commerce retail formats

The rule is applicable to all e-commerce businesses that own, operate, or administer a digital or electronics facility or electronic commerce platform as well as vendors of items and services. Most important, the rules have been made clearly applicable to digital products and e-commerce firms that, although not being incorporated in India, “systematically” sell goods or services to Indian consumers. The rule is also applicable to organizations that provide entirely digital services such as over-the-top content provider platforms; edtech offerings, cab hailing companies, event management/ticket vending platforms, telemarketing channels and so on.

## Duties of e-commerce entities:

1. An e-commerce entity shall be a incorporated company under the Companies Act, 1956 or the Companies Act 2013.
2. An e-commerce entity shall appoint resident nodal person of contact or an alternate senior designated officer to ensure compliance with the provisions of the Act.
3. Every e-commerce entity shall provide its legal name, principal geographic address of headquarter & all branches, name & details of website and contact details like e-mail address, fax, landline & mobile numbers of customer care & grievance officer in clear and accessible manner on its digital platform
4. E-commerce entity shall not adopt any unfair trade practice in course of business on its digital platform or otherwise
5. Every e-commerce entity shall establish an adequate grievance redressal mechanism to receive the number of grievances received and shall appoint a grievance officer for consumer grievance redressal. The name, contact details and designation of such officer shall display on its platform
6. Every e-commerce entity shall ensure that the grievance officer acknowledges the receipt of any consumer complaint within 48 hours and redresses the complaint within one month from the date of receipt of complaint
7. If e-commerce entity offers imported goods or services for sale, then the name and details of importer or seller shall be mention on its platform
8. Every e-commerce entity shall take best efforts to become a partner in convergence process of the National Consumer Helpline of the Central Government
9. E-commerce entity shall not impose any cancellation charges on consumers cancelling the order after confirming it unless similar charges are also borne by the e-commerce entity, if they cancel the purchase order for any reason
10. The consent of a consumer for the purchase of any good or service offered on its platform shall only be recorded where such consent is expressed through an explicit and affirmative action. Such consent shall not be recorded automatically, including in the form of pre-ticked checkboxes.
11. All payments towards accepted refund requests of the consumers shall discharge by e-commerce entity as prescribed by the Reserve Bank of India or any other competent authority under any law for the time being in force, within a reasonable period or as prescribed under any other applicable law.
12. E-commerce entity shall not manipulate the price of the goods or services offered on its platform in such a manner as to gain unreasonable profit by imposing any unjustified price having regard to prevailing market conditions, the essential nature of the good or service, any extra-ordinary circumstances under which the good or service is offered, and any other relevant consideration in determining whether the price charged is justified.
13. E-commerce entity shall not discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights under the Act.

**Liabilities of marketplace e-commerce entities:**

1. Every marketplace e-commerce entity shall comply with the provisions of Information Technology Act 2000 and the Information Technology (Intermediary Guidelines) Rules 2011.
2. Every marketplace e-commerce entity shall ensure that descriptions, images, and other content pertaining to goods or services on their platform is accurate and corresponds directly with the appearance, nature, quality, purpose and other general features of such goods or service through an undertaking with seller
3. The following information shall provide by every marketplace entity in a clear and accessible manner by displaying prominently to its users at the appropriate place on its platform.
  - a. Details about the sellers offering goods and services, including the name of their business, whether registered or not their geographic address, customer care number, any rating or other aggregated feedback about such seller, and any other necessary information for enabling consumers to make informed decisions before purchase
  - b. A ticket number for each complaint lodged through which the consumer can track the status of the complaint.
  - c. Information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, and grievance redressal mechanism, and any other similar information which may be required by consumers to make informed decisions.
  - d. Information about payment methods available with their security, any fees or charges payable by users, the procedure to cancel regular payments under those methods, charge-back options, if any, and the contact information of the relevant payment service provider
  - e. All information provides to it by sellers under sub-rule (5) of rule 6
  - f. An explanation of the main parameters which, individually or collectively, are most significant in determining the ranking of goods or sellers on its platform.
4. The terms and conditions governing the relationship with sellers on its platform shall include by every e-commerce entity
5. Reasonable efforts shall take by every e-commerce entity to maintain a record of relevant information allowing for the identification of all sellers who repeatedly offered goods or services that have previously been removed or access to which has previously been disabled under the Copyright Act, 1957, the Trademarks Act 1999, or the Information Technology Act 2000

**Duties of sellers on marketplace:**

1. Seller shall not adopt any unfair trade practice whether in course of the offer on the platform of e-commerce entity
2. Seller shall not falsely represent itself as a consumer and post reviews about goods or services or shall not misrepresent the quality or the features of any goods or services
3. Seller shall not refuse to take back goods, or withdraw or discontinue services purchased or agreed to be purchased, or shall not post reviews about goods or services which misrepresent the quality or the features of any goods or services, shall not refuse to refund the consideration paid, if such goods are defective or such services are deficient, or if the goods or services are not of the quality or features as advertised or as agreed to, or if such goods or services are delivered late from delivery schedule stated
4. Any seller offering goods or services through a marketplace entity shall have a prior written contract with the respective e-commerce entity in order to undertake or solicit such sale or offer.
5. Seller shall appoint a grievance officer for redressal of consumer grievance and ensure that the grievance officer shall acknowledge the receipt of grievance to consumer within 48 hours and redresses it within one month from the date of receipt of such complaint
6. Seller shall ensure that the advertisements for marketing of goods or services are consistent with the actual characteristics, access and usage conditions of such goods or services.

7. Seller shall provide its legal name, principal geographic address of headquarter & all branches, name and details of website, email address, customer care contact details such as fax, landline & mobile numbers and its GSTIN an PAN details where applicable
8. Seller shall provide following information on its platform or website:
  - a. Seller shall provide all contractual information that required to be disclosed by law
  - b. Total price in single figure of any good or service, along with the breakup price for the good or service, including all the compulsory & voluntary charges such as delivery charges, handling charges, postage, conveyance charges and applicable taxes
  - c. All mandatory notices and information provided by applicable laws, and the expiry date of the good being offered for sale where applicable
  - d. All relevant details about goods and services offered for sale by the seller including country of origin which re necessary for enabling the consumer to make an informed decision before purchase stage
  - e. The name, contact number & designation of grievance officer for consumer grievance redressal or for reporting any other related matter
  - f. Name and details of importer, and guarantees related to the authenticity or genuineness of the imported products.
  - g. Accurate information related to terms of exchange, returns and refund including information related to costs of return shipping in a clear and accessible manner.
  - h. All relevant details related to delivery and shipment of such goods or services
  - i. Any relevant guarantees or warranties applicable to such goods or services

#### **Duties and liabilities of inventory e-commerce entities:**

1. Following information shall be provided by every inventory e-commerce entity in a clear & accessible manner and shall be displayed prominently to its users;
  - a. Inventory e-commerce entity shall provide accurate information of return, refund, exchange, warranty and guarantee, delivery and shipment, cost of return shipping, mode of payment, grievance redressal mechanism and any other related information that required by consumer to take informed decision
  - b. Inventory e-commerce entity shall display all mandatory notices and information required by the applicable laws
  - c. Every inventory e-commerce entity shall provide information about payment methods available, their security and the procedure to cancel regular payment under those payment methods. Also display information about any fees or charges payable by users, charge back options if any along with the contact information of the relevant payment service provider
  - d. Every inventory e-commerce entity shall disclose all contractual information required by law
  - e. Total price in single figure of any good or service, along with the breakup price for the good or service, including all the compulsory & voluntary charges such as delivery charges, handling charges, postage, conveyance charges and applicable taxes
  - f. A ticket number shall be given for each complaint lodged, through which consumer can track the status of complaint
2. Inventory e-commerce entity shall not falsely represent itself as a consumer and shall not post reviews about goods or services or shall not misrepresent the quality or the characteristics or usage of goods or services.
3. It shall ensure by every inventory e-commerce entity that the advertisements for marketing of goods or services are matching with the actual characteristics, access and usage conditions of such goods or service
4. If goods or services are defective, deficient spurious or goods or services are not of the characteristics or features as promised or advertised or if goods or services are delivered late from the delivery schedule stated then, inventory e-commerce entity shall not refuse to take back the goods or withdraw or discontinue the services purchased or shall not refuse to refund the consideration if paid.



- Every inventory e-commerce entity shall bear appropriate liability for any action related to the authenticity of the goods or services which explicitly or implicitly vouches for the authenticity of the goods or services sold by

### Growth of e-commerce and cyber-crime in India:

Cyber-crime cases reported are increasing day-by-day with the growth of e-commerce in India. Now a days it becomes one of the biggest problems for e-commerce industry. Though Indian government has made powerful laws like the Information Technology Act 2000 and, the Consumer Protection (E-Commerce) Rule 2020 to prevent cyber-crime, cases of cyber crimes and online frauds are increased rapidly. Following table shows the status of cyber-crimes in India during the last decade;

#### Number of cyber-crime cases reported in India

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cases	3,477	5,693	9,622	11,592	12,317	21,796	27,248	44,545	50,035	52974

(figures are taken from <https://www.statista.com>)

The statistics clearly shows that the number of cyber-crime cases are increased rapidly year by year. Most of these cases includes financial frauds. These are the cases which are reported officially but there might be more cases which are not reported due to lack of awareness or fear & negligence. Interesting part is that not only individual consumers but also small and big companies are also victims of such cyber-crimes.

### IV. DISCUSSION:

The provisions made in the Information Technology Act 2000, the Consumer Protection Act 2019 and, the Consumer Protection (E-Commerce) Rule 2020 indicates that, the Indian government has taken significant steps for the protection of consumers interests and rights in e-commerce. But statistics clearly shows that, the online fraud or cyber-crime cases are still increasing due to lack of awareness amongst people about the laws. Consumers should take precautions while shopping online to stay away from cyber-crime. It is a duty of consumers, e-commerce entities and government to make aware each other about cyber-crimes.

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