

E-Commerce and Consumer Protection in India

*Jeevan Lobo

**Dr. Chandra Prakash Gupta

Abstract:

The rise in e-commerce makes even more necessary enhanced consumer protection in India. Technological developments have caused a significant change in the field of consumer behaviour and trade. The ease of online buying has let consumers—who drive demand for products—avoid crowded stores and aggressive salesmen. The attraction of reasonably priced internet rates accentuates this simplicity even further. In the information era, safeguarding consumer rights becomes very vital. The quick development of e-commerce has raised several legal and consumer problems. Moreover, changes in technology and liberalization policies of India affect the banking sector. This article investigates consumer protection considering both the pre-technology legal system and the most current changes that satisfy the demands presented by the expansion of e-commerce.

Keywords: Consumer protection, E-commerce, Online shopping, Consumer rights

INTRODUCTION:

Consumers are indispensable parts of the corporate ecosystem made by buyers of the goods and services firms offer. Ensuring consumer rights is crucial for the progression of the commercial sector. As technology has advanced, traditional commerce has evolved to become e-commerce, commonly known as online commerce. E-commerce activities are among the most obvious and heavily engaged in ones available on cyberspace. Through the e-commerce platform, Indian consumers may access products of their liking and buy across state boundaries. But the increasing frequency of e-commerce activity raises issues about protecting online consumers and their rights. Sometimes static laws provide consumers minimal choices. Among the challenges e-commerce offers are deceptive advertising, jurisdictional disputes in conflict resolution, and data security issues. Growing online commerce questions consumer rights. If e-commerce is to be successful, consumers should feel in a welcoming environment and obtain courteous responses to their inquiries. Growing online commerce has raised various legal and consumer issues as new technologies mix with financial sector liberalization in India. First concern among this swift transition is consumer protection; the legal system strives to keep up.

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

The Indian Consumer Protection History

Consumer protection law originated in India about 3200 B.C., when moral behavior was highly prized. Emphasizing both social and economic facets of life, the leaders of that era gave their people first priority. Many trade rules were developed to defend consumers' interests. Considered the words of God, ancient Indians followed Dharma Shastra, which comprised societal laws and customs drawn from the Vedas. Manu Smriti addresses problems including product adulteration and says blended items shouldn't be promoted as pure. Manu also mandated fines for unethical commercial activities, including heavy penalties for selling fake goods and modest ones for adulteration. Emphasizing the competency of parties in contracts, he said contracts involving juveniles, the old, or unauthorized people were void. Dating from 400 to 300 B.C., Kautilya's Arthashastra follows Manu and provides copious of information about fair trade policies and contracts.

Consumer protection in telecommunications markets has usually concentrated on competition, with supply-side measures meant to generate a dynamic market. Growing knowledge lately is that knowledgeable and empowered consumers may use demand-side dynamics to force businesses to innovate, raise quality, and compete on pricing. Competition helps consumers and is maintained by wise vendor selection. Policies controlling consumer relationships in this industry are getting more importance as communication services grow and merge.

The Indian Consumer Protection Act of 1986

A major change in the legal system of India occurred in 1986 when the Parliament passed the Consumer Protection Act to defend consumer rights. With little paperwork, effort, or money, this law sought to offer easily available and effective justice unique from conventional civil and land matters. Widely hailed as "poor man's legislation," the Act strengthened and updated consumer rights historically acknowledged and safeguarded in India from ancient times.

The Act's simple approach and quick access to justice attracted great public support, so raising legal understanding among common people. Its efficiency caused less interest in conventional courts, especially in consumer rights issues, because to its quick procedures and low formalities. Especially, the Consumer Protection Act presents a liberal view of justice, therefore providing more freedom and breadth than other legislation. It gives consumers the ability to immediately defend themselves or bring lawsuits; government bodies can also investigate claims against service providers providing inadequate offerings.

Special clauses allow government involvement on behalf of weak and illiterate customers, therefore meeting their needs. The Act allows people to seek compensation for faulty goods or insufficient services from businesses or people covering both commodities and services. Significantly, the Act streamlines legal processes by mandating modest court fees and merely a basic complaint letter to the consumer court chairman or forum to start legal action.

Challenging the conventional court system, the Consumer Forums at district, state, and national levels are working together to provide customers quick and reasonably priced justice. The Consumer

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

Protection Act helps these forums guarantee simple access to courts, thereby empowering litigants to seek legal action against unfair trade practices and insufficient service providers without delay and so build confidence in them.

Originally created under the Consumer Protection Act, these forums—which effectively resolve many issues with no legal formalities—have grown to be foundations of consumer protection jurisprudence for India. Though the Act established a firm basis for consumer rights, it struggled to fit the technological changes of today.

The Indian Consumer Protection Act, 2019

“An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers’ disputes and for matters connected therewith or incidental thereto”

The new Consumer Protection Act fairly captures its main goal: to protect consumer interests by means of authorities for the effective handling of conflicts and related issues. Though similarly named, the 1986 Consumer Protection Act had become antiquated throughout its almost three-decade lifetime and lacked clauses needed to handle modern issues brought about by technology development. Legislators therefore decided it was necessary to adopt a new act for the old one.

Passed by Parliament on August 6, 2019, the Consumer Protection Bill, 2019 was passed with presidential assent on August 9, 2019, thereby activating on July 20, 2020. This new Act keeps the basic goal of its predecessor—to ensure efficient settlement of consumer conflicts and timely application of justice. The Consumer Protection Act of 2019 has the following important salient characteristics:

- Legislators took into account modern consumer needs during Act formulation and added fresh language absent from previous laws. For example, the concept of "advertisement" today includes audio, visual, publicity, representations, endorsements, announcements made across several media including electronic platforms such as the internet or websites. This wide definition lets any customer unhappy by false advertising or misrepresentation pursue legal remedy.
- The new Act broadens the meaning of "Complaint," allowing grievances against manufacturers, merchants, or service providers based on the particulars of every case and adds clauses like "Product liability action."
- Under this Act, special clauses let minors—through their parents or guardians—seek redress against makers or merchants should they buy faulty goods.
- Under Section 2(16), the term of "consumer" now include purchases of products or services—including digital items—over digital or electronic networks.
- Section 2(9) now adds new consumer rights including protection from hazardous products, the right to ask about product quality and standards, and the ability to compare like products or services.

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

- With clauses addressing responsibilities in cases of internet fraud, the Act now encompasses e-commerce under Section 2(16) and electronic service providers under Section 2(17), therefore strengthening protection for e-consumers.
- Incorporating technological ideas like "Product Liability" guarantees that producers or service providers pay consumers back-off for damage resulting from defective goods or services.
- Under Chapter III, the Central Consumer Protection Authority's founding seeks to safeguard consumers from false advertising and unfair commercial practices, therefore advancing and protecting consumer rights generally. Absent from the prior Act, Grievance redressal systems have been included to quickly and powerfully handle consumer complaints.

The Indian Consumer Protection (E-Commerce) Rules, 2020

Enacted to protect consumer rights in e-commerce transactions, the Consumer Protection (E-Commerce) Rules, 2020 impose obligatory rules on e-commerce organizations with regard for both customers and product or service providers. Important clauses consist of:

- a) Before purchase, e-commerce companies have to give customers thorough information including specifics on return, refund, and exchange policies, warranties and guarantees, delivery schedules, payment methods and security measures, default redressal systems, and product country of origin.
- b) Customer complaints have to be responded to within 48 hours, and one month from the date of receipt will provide resolution. E-commerce systems must designate grievance officials to properly address consumer complaints.
- c) Consumers are entitled to returns of goods that are damaged, defective, delivered late, or do not fit the description on the website. Without withholding services or refunds, sellers are obliged to accept returns and provide quick refunds.
- d) These regulations forbid e-commerce firms from manipulating prices in order to maximize profits, therefore guaranteeing fair pricing policies.

These rules are enforceable and seek to guarantee in the e-commerce industry openness, responsibility, and fair treatment of consumers.

Consumer Protection in E-commerce

Electronic commerce, sometimes referred to as e-commerce, is the sale of a variety of goods and services enabled by computer networks such the internet. It mostly covers online business transactions, allowing customers to buy and sell goods and services free from time or geographical restriction. Aiming to move companies into completely digital environments, e-commerce marks a change in work methodsologies, the reengineering of business processes, and increased interactions with business partners across conventional boundaries, so transcending the adoption of networked technologies for commercial purposes.

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

A major paradigm change in corporate procedures is this move from conventional paper-based transactions to completely automated operations. The centrality of this change is the function of networking and communication technologies, which support the globalization of markets and companies. By use of the internet, information and communication technologies (ICT) have transformed industry and enabled smooth market globalization. Electronic commerce has grown rapidly over the past five years; as more companies include online platforms into their operating plans, this trend projected to keep on and maybe quickens.

Differentiating traditional trade from electronic commerce is getting less clear as companies migrate parts of their operations onto the internet. This changing terrain emphasizes how e-commerce is transforming world trade dynamics and corporate operations. Apart from improving economic efficiencies, the continuous growth of e-commerce presents fresh difficulties concerning consumer safety, cybersecurity, and regulatory compliance in the digital market.

Consumers are more susceptible to newly developing unethical business tactics as electronic commerce grows. Mostly conducted online, these transactions let consumers check items and evaluate their quality prior to purchase. Nonetheless, cases when consumers get goods different from what they requested, challenges in returning misrepresented goods, and the predominance of false advertising highlight the immediate need of shielding consumers from technical hazards.

These days, anyone who uses electronic means, teleshopping, direct marketing, and multilevel marketing to buy goods or services qualifies as a customer. This wide definition guarantees that consumer protection rules cover every person making online transactions.

The (New) Consumer Protection Act, 2019 ('Act') and the Consumer Protection (E-Commerce) Rules, 2020 ('Rules') were instituted by the Ministry of Consumer Affairs, Food & Public Distribution of the Government of India to strengthen consumer protections in the spheres of e-commerce and direct marketing. Effective from July 20, 2020, and July 24, 2020 respectively, these legislative changes demand that e-commerce sites offer thorough information about goods and vendors. They also call for the hiring of grievance officials to quickly handle customer concerns and guarantee responses within 48 hours. These steps are meant to empower consumers and provide regulatory authorities the resources they need to properly enforce consumer protection criteria.

To strengthen consumer protection in the spheres of e-commerce and direct marketing, the Ministry of Consumer Affairs, Food & Public Distribution of the Government of India has instituted The (New) Consumer Protection Act, 2019 ("Act") and the Consumer Protection (E-Commerce) Rules, 2020 ("Rules"). Effective from July 20, 2020, and respectively from July 24, 2020, these legislative revisions seek to greatly improve consumer protection policies.

Under the Rules, e-commerce companies are required to provide consumers thorough product and seller information. This covers specifics on terms of sale, product features, and refund policies as well as return systems. Moreover, the Rules mandate that every e-commerce platform name a grievance officer in charge of quickly addressing consumer grievances. It requires that all consumer complaints

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

be acknowledged within 48 hours, therefore guaranteeing quick resolution.

Apart from giving consumers explicit rights and safeguards, the Act and Rules equip enforcement authorities with the required instruments to quickly and successfully handle consumer complaints. These steps are essential in promoting openness, responsibility, and confidence in digital transactions, thereby defending consumer interests in a market going more and more online.

CONCLUSION

The problem captured in Charles Clark's well-known statement that "the solution to the machine lies in the machine"—implying that technology alone has the means to addressing its own challenges—is that the pace of technological improvement considerably outpaces that of legislative adaptation. This emphasizes how important it is to leverage technological advancements to keep up with the ever-evolving misuse of technology (Charles, Clarke, 2011)

Modern consumers deal with a multitude of problems as a result of insufficient channels for redress in the e-commerce industry, especially in the context of online retail. Users of e-marketplaces need to be more cautious and adhere to the caveat emptor principle when transacting online and with money in order to reduce dangers.

India's path in consumer protection has opened the path for strong rules controlling e-commerce, meant to defend consumer rights in this fast growing field. With thorough information disclosure on e-commerce platforms, the Consumer Protection (E-Commerce) Rules of 2020 are meant to improve openness. These regulations also aim to reduce preferential treatment policies, therefore guaranteeing equitable treatment for small-scale and individual sellers in tandem with more major companies. They also cover regulatory control for foreign-based e-commerce sites running under Indian authority.

All things considered, these guidelines represent a major advance in resolving customer complaints against e-commerce platforms as it keeps growing. They also set rules to support best practices among e-commerce companies, so improving consumer safety and building confidence in online transactions.

***Research Scholar**

****Research Supervisor**

Department of Law

Himalayan University, Itanagar

References

1. Halan, D. (n.d.). Impact of COVID-19 on online shopping in India - Re-tales. ETRetail.com. Retrieved from <https://retail.economicstimes.indiatimes.com/re-ales/impact-of-covid-19-ononline-shopping-in-india/4115>

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta

2. TaxGuru. (n.d.). Protection of E-consumers in the Era of E-commerce: Issues & Challenges. Retrieved from <https://taxguru.in/corporate-law/protection-e-consumers-era-ecommerce-issues-challenges.html>
3. Hindustan Times. (2020). New consumer law to protect online customers. Retrieved from <https://www.hindustantimes.com/cities/new-consumer-law-to-protect-onlinecustomers/story-zN1PBoZ9p3hHlmnCmMMxNK.html>
4. Ikshula. (2016). The labyrinth of law in India. OMICS International. Retrieved from <https://www.omicsonline.org/open-access/the-labyrinth-of-law-in-india-21690170-1000164.php?aid=66673>
5. Sekhar, S., et al. (2019). The history of consumer protection law. Times Journal. Retrieved from <https://lawtimesjournal.in/the-history-of-consumer-protection/>
6. OECD. (2016). Consumer protection and e-commerce. OECD iLibrary. Retrieved from https://www.oecd-ilibrary.org/science-and-technology/broadband-policies-forlatin-america-and-the-caribbean/consumer-protection-and-ecommerce_9789264251823-16en
7. Legal Service India. (n.d.). Consumer justice in India. Retrieved from <http://www.legalservicesindia.com/article/143/Consumer-Justice-In-India.html>
8. Times of India. (n.d.). E-commerce now covered under Consumer Protection Act. Retrieved from <http://timesofindia.indiatimes.com/tech/tech-news/E-commerce-now-covered-under-Consumer-Protection-Act/articleshow/45349457.cms>
9. Law School Policy Review & Kautilya Society. (2020). Justice delivery to consumers – Dream or reality. Retrieved from <https://lawschoolpolicyreview.com/2019/05/11/justice-delivery-to-consumersdream-or-realit/>
10. Kanth, G. (2020). The Consumer Protection Act, 2019: An overview - Consumer Protection - India. Welcome to Mondaq. Retrieved from <https://www.mondaq.com/india/dodd-frank-consumer-protection-act/876600/theconsumer-protection-act-2019-an-overview>
11. Wikibooks. (n.d.). E-Commerce and E-Business/Concepts and Definitions. Open Books for an Open World. Retrieved from https://en.wikibooks.org/wiki/E-Commerce_and_EBusiness/Concepts_and_Definitions
12. IPleaders. (2015). Impact of Proposed Consumer Protection Bill, 2015 on E-commerce. Retrieved from <https://blog.ipleaders.in/impact-proposed-consumer-protection-bill-2015-e-commerce/>
13. Clarke, C. (Ed.). (Year). The answer to the machine is in the machine. In P. Bent Hygenholtz (Ed.), The Future of Copyright in a Digital Environment.

E-Commerce and Consumer Protection in India

Jeevan Lobo & Dr. Chandra Prakash Gupta