



The Impact of the Consumer Protection Act, 2019 on E-Commerce Entities

DR. J. M. VELMURUGAN

M.Com, M.Phil. NET, MBA, LL.B (Academic), Ph.D

Assistant Professor (SS) in Commerce

&

Research Supervisor

SCHOOL OF EXCELLENCE IN LAW

The Tamil Nadu Dr Ambedkar Law University

Chennai, TamilNadu

Introduction

The President of India gave his assent to the Consumer Protection Act, 2019 (the "New Act"), which was published in the official gazette on August 9, 2019. The existing Consumer Protection Act of 1986 ('Old Act') will be replaced by this New Act. The MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (Department of Consumer Affairs) has issued Notification No. S.O. 2351(E) dated 15th July 2020 ('the Said Notification') in which the Central Government has appointed the 20th day of July 2020 as the date on which various provisions of the said Act shall come into force, in exercise of the powers conferred by sub-section (3) of section 1 of the New Act. After three decades, the Consumer Protection Act of 1986 is repealed and replaced with the Consumer Protection Act of 2019. In the age of digitalization, the Consumer Protection Act of 2019 was adopted to broaden the scope of consumer rights to include e-commerce, direct selling, teleshopping, and other multi-levels of marketing.

E-Commerce Rules, 2020

Purchasing things from an online marketplace or e-commerce ecosystem may appear to be a difficult endeavor, especially in light of recent accusations of frauds and unfair trade practices affecting users of such platforms. To address such a problem, the government needed to take specific actions to safeguard consumers from such misdeeds, re-establish their faith in online ecosystems, and permit their carefree use.

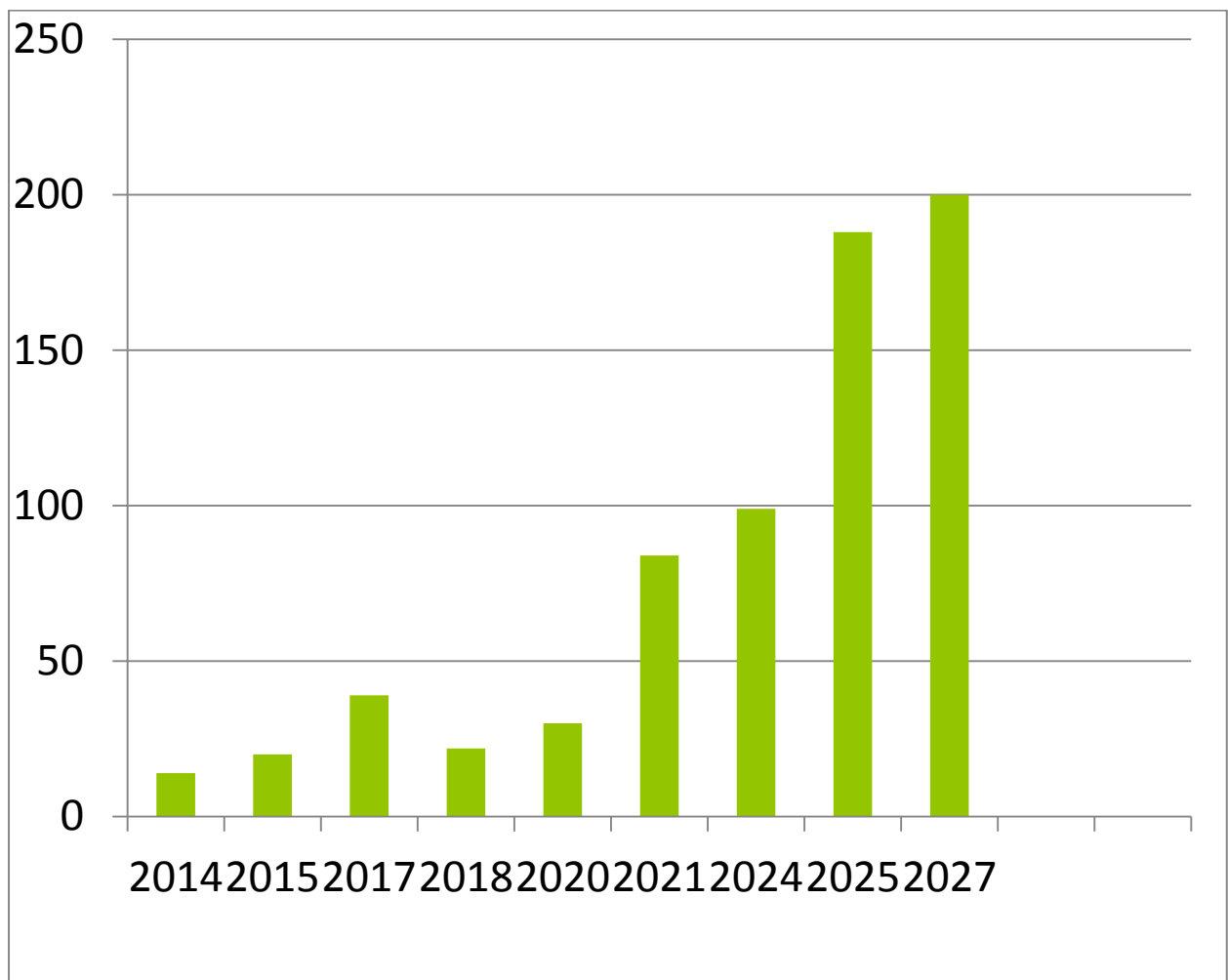
Keeping this in mind, The Ministry of Consumer Affairs, Food and Public Distribution ("Ministry") notified the Consumer Protection (E-Commerce) Rules, 2020 ("Act") on July 23, 2020, under the Consumer



Protection Act, 2019 ("Act"), with the goal of preventing unfair trade practices in e-commerce, protecting consumers' interests, ensuring transparency in e-commerce platforms, and further strengthening the regulations that go along with it.

Figure 1

The market size of the e-commerce industry across India from 2014 to 2018, with forecasts until 2027(in billion U.S. dollars)

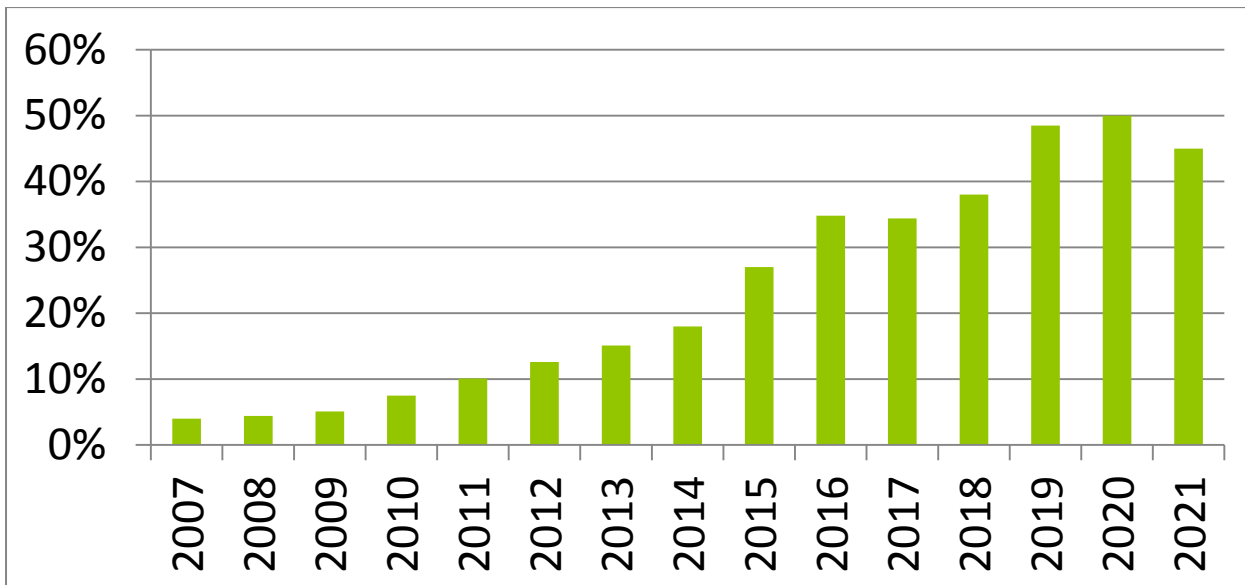


Source: <https://www.statista.com/chart>

The E-Commerce business in India has grown, as seen in Figure 1. From 2014 to 2021, the e-commerce market grew, and this trend is expected to continue in the future. As a result, it is unavoidable for online shoppers to have a huge number of complaints.

Figure 2

Internet penetration in India (% Population)



Source: <https://www.statista.com/chart>

Figure 2 shows that India's Internet penetration rate increased to about 45 percent in 2021, up from just over four percent in 2007. Despite these data appearing to be low, they represented that over half of the world's population of 1.37 billion individuals had internet connection that year. In terms of active internet users, the country was rated second in the globe.

Consumer perceptions regarding online purchases have shifted dramatically as a result of internet use.

Impact of Consumer Protection Act, 2019 on E-Commerce Business

Buying or selling goods or services, including digital items, through a digital or electronic network is referred to as "e-commerce." E-commerce (electronic commerce) is the practice of purchasing and selling things via the Internet or through online services. Mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data gathering systems are all examples of e-commerce technology. E-commerce, which is the largest sector of the electronics business, is driven by technical breakthroughs in the



semiconductor industry.

E-commerce is defined as the purchase or sale of goods or services, including digital things, through the internet or an electronic network. The federal government has been given permission to take actions and write regulations to prohibit discriminatory e-commerce practices. 1

Although it may also utilize other technologies such as e-mail, e-commerce normally employs the web for at least a portion of the transaction's life cycle. Purchases of items (such as books from Amazon) or services are common e-commerce transactions (such as music downloads in the form of digital distribution such as iTunes Store). [1] E-commerce is divided into three categories: online retailing, electronic markets, and online auctions. Electronic business helps to boost e-commerce. [2]

E-commerce businesses may also employ some or all of the following:

- Retail sales to customers directly via websites and mobile applications, as well as conversational commerce via live chat, chatbots, and voice assistants; [3]
- Business-to-business (B2B) purchasing and selling; [4] providing or participating in online marketplaces that handle third-party business-to-consumer (B2C) or consumer-to-consumer (C2C) transactions;
- Using web connections and social media to collect and use demographic data;
- Electronic data transmission between businesses;
- E-mail or fax marketing to new and existing consumers (for example, using newsletters);
- Using retail to introduce new products and services;
- Online financial exchanges for currency trading or currency exchange²

Duties of e-commerce entities

Every e-commerce entity will have to comply with certain provisions as their duty under the consumer protection Act, 2019. Below are some of the important provisions for them to comply

Appointment of grievance redressal officer

Every e-commerce entity must establish an adequate grievance redressal mechanism, taking into account the number of grievances it receives from India on a regular basis, and appoint a grievance officer for consumer grievance redress, whose name, contact information, and designation must be displayed on its



platform. E-Commerce businesses will now be subject to a structured consumer redress process, which will have the authority to investigate abuses of consumer rights.

Acknowledgement of the complaint

Every e-commerce business must ensure that the grievance officer referred to in sub-rule (4) acknowledges receipt of any consumer complaint within 48 hours of receipt and resolves the complaint within one month of receipt. Each complaint must be assigned a number so that customers can keep track of their complaints.

This change will allow the e-commerce business to be more transparent in handling consumer complaints, perhaps preventing consumers from going to the consumer court and instead resolving the matter inside the e-commerce entity.

Refund/ Return

Every E-Commerce Entity is required to provide information on return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism, payment methods, security of payment methods, charge-back options, and country of origin, among other things, in order to enable the consumer to make an informed decision at the pre-purchase stage on its platform. This effort by the e-commerce company will assist customers in making an educated pre-purchase choice.

No e-commerce business may charge cancellation fees to customers who cancel after confirming their purchase unless the e-commerce entity bears the same fees if they cancel the purchase order unilaterally for any reason.

The Consumer Protection (E-commerce) Rules, 2020 are obligatory and do not include any recommendations. If products or services are faulty, inadequate, delivered late, or do not fit the platform's description, sellers cannot refuse to take back items, withdraw services, or deny reimbursements. The guidelines also make it illegal for e-commerce enterprises to manipulate the pricing of products or services in order to make an unjustifiable profit.



Price manipulation and discrimination

No e-commerce entity will be allowed to manipulate the price of goods or services offered on its platform in order to make an arbitrary profit by imposing an unjustified price on consumers, taking into account current market conditions, the essential nature of the good or service, any unusual circumstances under which the good or service is offered, and any other relevant consideration in determining whether the price charged is justified and disingenuous.

Disclosures

Every marketplace e-commerce entity must require sellers to ensure that descriptions, images, and other content about goods or services on their platform are accurate and correspond directly to the appearance, nature, quality, purpose, and other general features of such good or service by requiring them to sign an undertaking. (3) Every marketplace e-commerce entity must provide the following information to its users in a clear and accessible manner, prominently displayed to its users at the appropriate place on its platform: (a) information 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 information necessary for enabling cons

Conclusion

Global retail website traffic peaked at 14.3 billion visits in March 2020, indicating extraordinary e-commerce growth during the 2020 timeframe. According to studies, as many as 29% of questioned customers in the United States say they will never buy in person again, while 43% of consumers in the United Kingdom said they plan to continue shopping in the same way even when the lockdown ends. COVID-19 has a substantial influence on e-commerce, with sales anticipated to exceed \$6.5 trillion by 2023, according to retail sales. 3

This demonstrates the e-commerce industry's fast global expansion. Furthermore, about half of India's population utilizes the internet, causing the younger generation to rely on online platforms as their major source of purchasing. On the other hand, there is a danger in that consumers seldom discover the appropriate places to file a complaint when they are dissatisfied with their online purchases. The Consumer Protection Act of 2019 aims to ensure that consumers who purchase goods online or in person may secure a timely



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.j.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

refund. 4 Overall, the Consumer Protection Act of 2019 will enable consumers to make informed decisions, obtain accurate information, and seek redress.

Reference:

1. <https://bnblegal.com/article/analysis-and-key-highlights-of-consumer-protection-act-2019/>
2. *"The Ultimate Guide to eCommerce Marketing"*. *Mayple*. *Archived* from the original on 4 January 2022
3. Anam, Bhatti; Akram, Hamza; Basit, Hafiz Muhammad; Khan, Ahmed Usman; Naqvi, Syeda Mahwish Raza; Bilal, Muhammad (2020). *"E-commerce trends during COVID-19 Pandemic"* (PDF). *International Journal of Future Generation Communication and Networking*. **13** (2): 1449–1452. *ISSN 2233-7857*
4. Kuhuk, Jane (19 May 2020). *"COVID-19 shopping behaviour: what products would customers rather buy online?"*. *Competera* (Infographic). *Archived* from the original on 21 May 2020.