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E-Commerce Framework for Consumers' Protection from E-Commerce Fraud

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Due to the rise of E-commerce, we should strengthen consumer protection rather than weaken it. There is a greater demand for the development of consumer protection. Technology has brought about a significant transformation in India's marketplace and consumer culture. Consumers are the key players in the commercial world because they generate the demand for the supply chain's items. With the help of technology, consumers have developed the habit of finding comfortable and convenient purchasing options with just the click of a mouse, avoiding crowded places or annoying salespeople with arrogant attitudes. Prices online are even more practical. Protection of consumer rights is now necessary in this age of digital technology. Several legal and consumer difficulties have arisen due to the growth of e-commerce. The financial sector is impacted by the advent of new technology and India's liberalization plan. This essay focuses on the idea of consumer protection while keeping in mind both the laws that were in place before the advent of technology and the most recent amendments to the Act that takes into account the change and transformation in the field of consumer law as a result of the emergence of e-commerce trends.

Keywords: *e-commerce, consumer protection, digital technology, amendment, consumer law.*

INTRODUCTION

E-commerce is a procedure that allows people to purchase and sell products, transfer money, and use internet services while connected to customers and sellers across the world. Although

it may seem commendable, this quick commercial development in the global digital market has a deceptive phase where consumer protection is the actual goal of the Cyber-Consumer legislation. Cyber-consumer behaviour is a conceptual examination of the commercial transaction between online customers and online sellers. The expansion of e-commerce has surprisingly expanded with the opportunity to purchase from anywhere and anytime. Still, on the other hand, this aspect has also made it possible for online retailers to move forward with deceptive marketing, exposing them to all dishonest cyber behaviour. Several cyber-consumer concepts strongly focus on the nature and degree of consumer comprehension of the product descriptions they read online and the content of the advertisements. Online vendors frequently violate the moral and ethical bounds of commerce with their deceptive advertising practices, which often make false claims.¹ Therefore, the researcher has made an effort to determine the accuracy of the concerns related to e-commerce and the available solutions for consumers to resolve them globally.²

THE IMPORTANCE AND RELEVANCE OF CONSUMER PROTECTION

Consumer protection refers to safeguarding customers from various unfair business activities to prevent exploitation and commercial practices that can harm their rights and interests in competitive markets.³ Commercial companies are better known, more organized, and better positioned to dominate consumers while conducting business.⁴ To defend their rights in commercial transactions and prevent them from being exploited by businesses, consumers need to be safeguarded by effective consumer protection mechanisms. Many businessmen take advantage of consumers by selling lower-quality goods at exorbitant costs to increase their company's earnings and revenues. They use dishonest business tactics such as adulteration, hoarding, black marketing, and others to make excessive profits. This technique deprives

¹ Ministry of Consumer Affairs, Food & Public Distribution, 'Proposed Amendments to the Consumer Protection (E-commerce) Rules, 2020' (*Government of India*, 21 June 2021)
<<https://pib.gov.in/PressReleasePage.aspx?PRID=1729201>> accessed 25 July 2022

² *Ibid*

³ Vishalcnlu, 'Consumer Protection in the age of E-commerce' (*Legal Services Authority*)
<<http://www.legalservicesindia.com/article/1573/Consumer-Protection-in-the-age-of-E-Commerce.html>>
accessed 25 July 2022

⁴ *Ibid*

customers of value for their money. It exposes them to the risk of being economically exploited by large corporations that utilize their influence for their benefit and at the expense of consumers.

Legislation worldwide, including that in India, has long recognized the need to protect fundamental rights to consumer welfare. India passed the Consumer Protection Act in 1986 to safeguard consumer interests per the United Nations Guidelines on Consumer Protection (UNGCP).⁵ The law's popularity is due to its stated goals of defining consumer rights and offering quick and efficient remedies.⁶ Even though there are no specific laws regulating e-commerce in India, the existing provisions of the Consumer Protection Act 1986⁷ are applied to disputes in online transactions, Usually under the terms of "Deficiency in Service" under Section 2(1)(g) of the Consumer Protection Act, 1986,⁸ or "Unfair Trade Practices"⁹ under Section 2(1)(r)¹⁰ of the Consumer Protection Act, 1986¹¹. Promoting ethical business practices so that the customer is well-informed about the transaction is a key aspect of consumer law.¹² Due to the anonymous nature of the online market, there is a greater requirement for accurate information at every technological stage of contract conclusion and efficient ways to detect and fix input problems before the contract is finalized.¹³

E-COMMERCE AND CONSUMER PROTECTION

The way that society, including corporate organizations and consumers, interacts with businesses has changed significantly due to information and communication technology. With the advent of e-commerce transactions, technology has also revolutionized corporate

⁵ 'United Nations guidelines for consumer protection' (UNCTAD) <<https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection>> accessed 25 July 2022

⁶ *Ibid*

⁷ Consumer Protection Act 1986

⁸ Consumer Protection Act 1986, s 2(1)(g)

⁹ Consumer Protection Act 1986, s 2(1)(r)

¹⁰ Suchita Shukla, 'Consumer Protection Act, 2019: A Primer' (SCC Online, 24 December 2020)

<<https://www.sconline.com/blog/post/2020/12/24/consumer-protection-act-2019-a-primer/>> accessed 25 July 2022

¹¹ *Ibid*

¹² 'The Consumer Protection Act, 1986' (NCDRC) <http://ncdrc.nic.in/bare_acts/consumer%20protection%20act-1986.html> accessed 25 July 2022

¹³ *Ibid*

transactions. Currently, the usage of computers and e-commerce via the Internet has elevated business dealings to new levels on a worldwide scale. In addition to facilitating the growth of business endeavours, the impact of new technological advancements and the massive convergence of e-commerce transactions has attracted the attention of individual consumers, business enterprises, governments, and international organizations. These issues include data protection, consumer protection, and privacy violations.¹⁴ The sale of various goods and services over a network system, such as the Internet, is referred to as electronic commerce. Therefore, it mostly addresses business transactions that happen online. Customers can buy and sell products and services online regardless of location or time, thanks to the e-commerce platform.¹⁵

E-commerce encompasses more than merely conducting business through networked technologies. Transitioning organizations to an electronic environment requires changing work practices, reengineering business processes, and connecting with business partners across traditional boundaries. As e-commerce expands, consumers are more susceptible to fraudulent business practices. Customers have occasionally received things that were different from what they had ordered. The consumer can examine the goods and their quality because of online transactions. One of the issues in internet commerce, especially in online shopping, is the delivery of goods and the return of products if they do not match the one given. Therefore, it is imperative to defend consumer interests from technological dangers. Under the new definition, a person who purchases goods or receives services in any way, including online, over the phone, by direct mail, or through multilevel marketing, is now regarded as a customer. Therefore, anyone who makes a purchase using a service or contracts for a job online fits the definition of a customer.

The (New) Consumer Protection Act, 2019¹⁶ (the "Act") and the Consumer Protection (E-Commerce) Rules, 2020 (the "Rules") have been made public by the Indian government's

¹⁴ Consumer Protection (E-Commerce) Rules 2020

¹⁵ *Ibid*

¹⁶ Consumer Protection Act 2019

Ministry of Consumer Affairs, Food & Public Distribution to improve consumer protection in the direct market and e-commerce sectors.

CONSUMER PROTECTION ACT, 2019

The new Consumer Protection Act's title may seem lengthy, but it explains the Act's only goal. An Act to Establish Authorities for Timely and Effective Administration and Settlement of Consumer Disputes and Matters Connected or Incidental to that, to Provide for the Protection of Consumer Interests. The Consumer Protection Act of 1986 had a similarly lengthy title. Still, it was close to 30 years old and lacked provisions to address issues that might arise in the current technology period, so legislators felt it was important to replace the old Act with the new one.¹⁷

The demands of contemporary customers were considered when this Act was being written, and new terminology absent from the first one was added.¹⁸ For instance, the term "advertisement" now includes words like "any audio, visual publicity, representation, endorsement, pronouncement made using light, smoke, gas, print, electronic media, internet, or website," as well as "any notice, circular, label, wrapper, invoice, or such other transcripts." This means that any consumer who feels deceived by an advertisement can go to court to seek redress. The revised Act also includes new provisions, such as a language about "Product Liability Action" and a definition of "Complaint," which states that, depending on the circumstances of the case, a complaint may be made against a manufacturer, seller, or service provider.

This Act was written with the idea that if a juvenile purchases a product, he or she should not be prevented from complaining to the seller or manufacturer. As a result, a provision allows parents or legal guardians to file a complaint on behalf of the minor. Section 2(16)¹⁹ of the new Act defines "consumer" as someone who buys or sells goods or services, including digital goods,

¹⁷ Suchita Shukla (n 10)

¹⁸ *Ibid*

¹⁹ Consumer Protection Act 2019, s 2(16)

over a digital or electronic network. Under this amended Act, the following new consumer rights have been added to Section 2(9)^{20;21}

- a) Consumers have a right to protection from sellers and marketing firms promoting goods and services that could endanger their lives or property.
- b) Consumers have the right to inquire about the seller's product quality, quantity, standard, and purity to safeguard themselves against unfair business practices.
- c) Consumers have the right to ask about alternative goods or services, as applicable, that are similar in price to this one or that are being offered in competition with it, whenever this is practical.²²

Including “E-Web” should strengthen consumer protection rather than weaken it. Due to the rise of E-commerce, there is a greater demand for the development of consumer protection. Technology has brought about a significant transformation in India's marketplace and consumer culture. Consumers are the key players in the commercial world because they generate the demand for the supply chain's items. With the help of technology, consumers have developed the habit of finding comfortable and convenient purchasing options with just the click of a mouse, avoiding crowded places or annoying salespeople with arrogant attitudes. Prices online are even more practical. Protection of consumer rights is now necessary in this age of digital technology. Several legal and consumer difficulties have arisen due to the growth of e-commerce.

The financial sector is impacted by the advent of new technology and India's liberalization plan²³. This essay focuses on the idea of consumer protection while keeping in mind both the laws that were in place before the advent of technology and the most recent amendments to the Act that takes into account the change and transformation in the field of consumer law as a result of the emergence of e-commerce trends.²⁴ Commerce within the purview of consumer protection

²⁰ Consumer Protection Act 2019, s 2(9)

²¹ Suchita Shukla (n 10)

²² *Ibid*

²³ Rakesh Mohan, 'Financial Sector Reforms in India: Policies and Performance Analysis' (*Reserve Bank of India Bulletin*, October 2004) <<https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/58346.pdf>> accessed 25 July 2022

²⁴ *Ibid*

is the most significant new addition in the modern period. E-commerce is discussed in Section 2(16), and Section 2(17)²⁵ discusses electronic service providers and whether provisions are made for liabilities in the event of internet fraud.²⁶ To further protect the rights of e-consumers, this clause has broadened the application of this Act. And as a result, customers may now bring legal action against e-commerce websites that violate their rights.

New technological theories have been incorporated into the law, such as "Product Liability"²⁷, which mandates that if a consumer purchases any goods or services and suffers harm to himself or his property as a result of the product itself or the inefficiency of the service, the manufacturer or the services provider, as the case may be, must make up for it. This Act includes ideas like "product liability action" and "product manufacturer."²⁸ To protect consumers from deceptive advertising and unethical business practices that harm the general public interest, a new entity called the Central Consumer Protection Authority has been added to the new Act. Additionally, to advance, defend, and uphold the rights of consumers as a group, Chapter III of the 2019 Act²⁹ includes provisions for the Central Consumer Protection Authority.³⁰ Consumer complaints were not covered by the previous version of the law, so lawmakers added clauses stating who should be contacted with complaints, how far along previous complaints are, and how quickly complaints should be resolved.

E-COMMERCE CONSUMER PROTECTION REGULATIONS, 2020

The Consumer Protection (E-Commerce) Rules, 2020³¹, were created to protect consumer rights. These rules and regulations included significant information on e-commerce handlers while keeping consumers and product or service providers in mind. Most significantly, these guidelines are not optional; rather, they are required. The first basic prerequisite is that every e-

²⁵ Consumer Protection Act 2019, s 2(17)

²⁶ Consumer Protection Act 2019, s 2

²⁷ Sidharth Sethi & Bindu Janardhanan, 'Product Liability under the Consumer Protection Act, 2019: Let the manufacturer/seller beware!' (*Bar and Bench*, 24 July 2020) <<https://www.barandbench.com/columns/product-liability-under-the-consumer-protection-act-2019-let-the-manufacturer-seller-beware>> accessed 25 July 2022

²⁸ *Ibid*

²⁹ Consumer Protection Act 2019, chapter III

³⁰ *Ibid*

³¹ Consumer Protection (E-Commerce) Rules 2020

commerce company must inform the consumer/buyer of the return, refund, and exchange policies for the product or items he is about to purchase. Additionally, they must disclose information about the product's warranty and guarantee, when they will deliver the item, how they will collect payment for it, what security framework they will use to collect a payment, and what the dispute resolution process will be in the event of a default, and also the item's country of origin.

If a customer has a complaint about a product or service, these platforms must respond to that complaint within 48 hours and resolve it within one month of receipt. Additionally, to resolve customer complaints, e-commerce businesses must designate a grievance officer. If a customer had made an online purchase and the item was delivered damaged, defective, or arrived later than expected, or if the item did not match the description provided on the website, the customer has the right to return the item. No seller has the authority to refuse to accept the item back, stop providing services, or withhold refunds. According to the guidelines, e-commerce enterprises cannot alter the prices of the products or services they sell to profit.

CONCLUSION

India's journey toward consumer protection has paved the route for appropriate regulations for e-commerce and the protection of consumers' rights concerning it. Therefore, the purpose of the E-commerce Rules of 2020³² is to promote transparency in the information supplied to customers and in the disclosure made through e-commerce platforms. The regulations also seek to end the practice of favouring certain dealers. This guarantees that individual and small vendors are treated properly and gives them a position on such platforms. Additionally, it reduces the possibility of large vendors engaging in unethical business practices.

The E-commerce Rules also govern e-commerce platforms with international and Indian bases. Legislation cannot keep up with the pace of technological advancement, and this trend will not change. As famously said by Charles Clark, "the solution to the machine is in the machine," we must rely on technology to keep up with technological progress. In other words, the best way

³² Ministry of Consumer Affairs (n 1)

to combat technology abuses is to use technological innovation. The lack of a proper restitution mechanism for the e-commerce industry, particularly in the online retail sector, is another major problem for consumers. Customers should exercise greater caution when entering the e-commerce industry and adhere to the caveat emptor maxim for increased security. They must exercise more prudence when making purchases and doing financial transactions online.