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Recommendations to Amend the Consumer Protection (E-Commerce) Rules, 2020

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Why in News

Recently, a parliamentary panel on the **Consumer Protection (E-Commerce) Rules, 2020** has recommended that the government should amend the rules to provide better protection to consumers rights and stop unfair practices.

Electronic commerce or e-commerce is a business model that lets firms and individuals buy and sell things over the Internet.

Key Points

- **Issues:**

- **Predatory Pricing:**

Predatory pricing as a **short-term strategy**, adopted by some of the market giants, may lead to wiping out competition from the market and could be **detrimental to the consumers in the long run.**

Predatory Pricing: It is the pricing of goods or services at such a low level that other firms cannot compete and are forced to leave the market.

- **Unfair Practices:**

- While e-commerce enterprises offer many benefits, the development of the segmentation has rendered consumers vulnerable to new forms of **unfair trade practices, violation of privacy and issues of unattended grievances.**
- There are increasing cases of **fake reviews** and **unfair favouritism** in the display of goods.

- **Major Recommendations:**

- **Clear Definition:**

- There should be a more clear-cut definition of what constitutes **Unfair Trade Practice** and **practical legal remedy** to tackle such circumventing practices by e-commerce entities specifically Multinational Companies (MNCs) and Kirana Small Vendors.
- Clearly define '**drip pricing**' wherein the final cost of the product goes up due to additional charges, and provide for protecting consumers against this by including penal provisions for violation.

- **Fixing Delivery Charges:**

- The Ministry of Consumer Affairs, Food and Public Distribution should **issue broad guidelines for the fixation of delivery charges charged** by the e-commerce entities along with a cap on the highest limits of the delivery charges in peak hours of service.
- It should clearly **distinguish in the Rules itself the cases of misinformation, no information and the information** which is otherwise correct but creates a false impression and provides for penal provision for each case in the Rules itself.

- **Categorization of Personal Data:**

For protection of privacy of users and security of their data, the panel has recommended that **users' personal data may be categorised as per the level of sensitivity** and appropriate protection may be assigned for each level.

- **Payment Security:**

A secured and robust system of payment gateway should be made available to the consumers so that the transaction-related data of the users is not compromised in any way.

- **Local Data Centres:**

All major e-marketplace entities **should establish their data centre in India**, so that consumer data are not hosted on a server outside the borders of the country, which may be misused by an enemy country.

- **Customer Care:**

E-commerce entities should provide a dedicated customer care number as well as a mechanism to monitor the time taken by customer care executives to resolve an issue.

- **Protection to Small/Local Vendors:**

There is a need to devise some regulatory mechanism to protect the local vendors/kirana, therefore, **sufficient protection to such small/local vendors and ways in which such small retailers may also become part of e-commerce** should be given by the Ministry.

- **Discourage Deceptive Techniques:**

Some corrective mechanisms to discourage deceptive tactics including manipulation of algorithms, fake product reviews & ratings must be created so that the consumer interest is not harmed in any way.

Consumer Protection (E-Commerce) Rules, 2020

- **About:**

The Consumer Protection (E-commerce) Rules, 2020 **are mandatory** and are not advisories.

- **Applicability:**

Apply to all e-commerce retailers, whether registered in India or abroad, offering goods and services to Indian consumers.

- **Nodal officer:**

E-commerce entities need to appoint a nodal person, resident in India **to ensure compliance with the provisions of the act or rules.**

- **Prices and Expiry Dates:**

- The sellers through the e-commerce entities will have to **display the total price of goods and services offered for sale along with the break-up of other charges.**
- **Expiry date** of the good needs to be separately displayed.

- **Importer and Relevant Details:**

All relevant details about the goods and services offered for sale by the Seller including **country of origin** and in case of imported goods the **name and details of the importer, and guarantees related to the authenticity or genuineness of the imported products** need to be provided to enable the consumer to make an informed decision at the pre-purchase stage.

- **Grievance Redressal Mechanism:**

Marketplaces, as well as **sellers**, need to appoint a **grievance officer.**

Marketplace Model of E-commerce: It means providing an **information technology platform** by an e-commerce entity on a digital and electronic network **to act as a facilitator between buyer and seller.**

- **Restriction on Unfair Trade Practice, Manipulation and Discrimination:**

No e-commerce entity shall manipulate the price of goods or services to gain unreasonable profit or discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights.

- **Should not Post Fake Reviews or Mislead:**

No seller or inventory e-commerce entity shall falsely represent itself as a consumer and post reviews about goods or services or misrepresent the quality or the features of any goods or services.

- **No Cancellation Charges:**

- No e-commerce entity shall impose cancellation charges on consumers.
- **Sellers should not refuse to take back goods**, or withdraw or discontinue services if such goods and services are defective, deficient or spurious.

- **Record Information of Sellers Selling Counterfeit Products:**

E-commerce entities need to maintain a record of information for the identification of all sellers who have repeatedly offered goods or services that have previously been removed or restricted under the **Copyright Act, 1957**, the **Trade Marks Act, 1999** or the **Information Technology Act, 2000**.

- **Penalty:**

The violation of the rules will attract penal action under the **Consumer Protection Act, 2019**.

Source:TH