



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

## 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](#).

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