



CONSUMER PROTECTION (E-COMMERCE) RULES IMPROVING THE POSITION OF A CONSUMER HAVE BEEN APPROVED

Background

The Consumer Protection Act 1986 (“**Old Act**”) has been superseded by the Consumer Protection Act 2019 (“**Act**”). The Ministry of Consumer Affairs, Food and Public Distribution (“**Ministry**”), issued a notification (“**Notification**”) on 15th July 2020, stating that the Act would come into effect from 20th July 2020, by this same notification the Old Act was repealed. Pursuant to this notification and under the Act, the Ministry released the Consumer Protection (E-commerce) Rules (“**Rules**”) on 23 July 2020, to be effective from Monday 27 July 2020.

Major Changes

The Rules aim to ensure that an e-commerce entity/ marketplace is providing a consumer with sufficient information to make an informed purchase. They also clearly provide that the seller would be liable to provide the e-commerce marketplace operator with the required information when listing his goods on such a marketplace. The information to be listed on an e-commerce website includes:

1. Total price of goods alongwith a breakdown of other applicable charges.
2. Country of origin must be clearly listed – this is clearly in line with the current policy of the Government to support home grown brands and products rather than something imported. Depending on where the goods are from, a consumer may choose to spend more, rather than going for the cheapest option on the market.

3. Expiry date of the products – this would only be relevant for goods which have an expiry date. Considering the current habit during this pandemic of ordering both food and medicine via e-commerce platforms, this appears to be an appropriate inclusion.
4. Details about return, refund, exchange, warranty, guarantee, delivery, shipment etc. – While most e-commerce platforms already provide this information, the government by making it a statutory requirement, has ensured that each and every e-commerce platform does so.
5. No cancellation charges may be levied on consumers after booking a product unless sellers are willing to pay similar charges on cancellation of the order from their side – This rule seems to have been incorporated in the interest of equality and fairness and to ensure that the seller does not attempt to gain advantage from his dominant position in the buyer seller relationship.
6. No price manipulation, no discrimination between consumers of the same class and no arbitrary classification of consumers shall be permitted – This rule is particularly apt, as it is meant to ensure that modern technology is used responsibly. There have been studies which proved that some of the algorithms run by major companies end up being biased against particular people/communities. To ensure that this does not happen and that only intelligible differentia (if any) are used, this anti-discrimination rule has been incorporated.
7. Information on available payment methods and the security of each method – Cybersecurity is also becoming more and more important with every passing day, especially during the Covid crisis period, where most people are transacting online. Guiding people on the relative differences in safety of payment methods may help avoid any unfortunate instances.
8. Sellers details including name of their business, whether registered or not, sellers' geographic address, customer care number, and any rating or other aggregated feedback must be available – this is particularly important as it ensures every seller on the e-commerce platform is an actual/ verified entity. This will help cut down on frauds in the e-commerce space.
9. Provide a ticket number for each complaint lodged, through which the consumer can track the status of a complaint.

These rules were finalized after taking inputs from the Department for Promotion of Industry and Internal Trade to ensure that they are in consonance with the overall e-commerce policy.

A violation of the rules would attract penal action under the Act, some of the provisions of which prescribe upto seven years of imprisonment and a fine. Interestingly, while the value of the fine and the period of imprisonment may vary the Act seems to state that a fine must be imposed whenever a sentence of imprisonment is passed.

The Rules are available on the website of the Ministry and can be found [here](#).

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For further clarification and details on the above, you may write to Mrs. Statira Ranina (Partner) at sranina@almtlegal.com and Mr. Meherdad Kavarana at mkavarana@almtlegal.com.