

**DE JURE NEXUS LAW JOURNAL**

Author:

Ananya Pandey

Symbiosis Law School, Noida

2<sup>nd</sup> Year, BBA LL.B.

**A CRITICAL ANALYSIS OF CONSUMER IN E- COMMERCE IN  
INDIA**

**ABSTRACT**

*E-commerce has grown at a tremendous speed with approximately 150 million users in 2020 and are expected to reach 220 million by 2025 in India but this growth also portrays the growth of frauds in the e-commerce sector. The kinds of fraud that usually happens with the consumer are exploiting them. "The effect of the new technological advancements and the massive convergence of e-commerce exchanges, have grabbed the eye of individual consumers, business enterprises, governments and international associations not as just working with the development of business endeavor yet in addition representing a variety of challenges and faces to different segments of social and individual interests like information protection, consumer protection, security infringement etc."<sup>1</sup> This research paper critically analyses the situation of consumer in e-market and also tries to seek the loopholes in the legal system of India by analyzing the Consumer Protection Act, 2019 and Information Technology Act, 2000.*

**Keywords-** consumer, e-commerce, Consumer Protection Act, 2019, India

---

<sup>1</sup> Jong Woo Kang, Tengfie Wang and Dorothea Ramizo, "The Role of Technology in Business-to-Consumer E-Commerce: Evidence from Asia" 632 ADB Economics Working Paper Series 7 (2021)

## INTRODUCTION

The rise of Information and Technology in India has promoted several activities that can be done over Internet like transfer of money, face timing with people living afar, electronic data exchange and buying and selling of products is no less than a boon looking at the current scenario of how people perceive it. "E-commerce is defined as buying and selling of goods, services, ideas and many more over any electronic platform, for example, the Internet."<sup>2</sup> The development of electronic commerce has been the fastest among the all the various facets that the Internet has provided. Currently in India there are more than 19000+ e-commerce companies and around 636.77 million Internet users. Consumer in this situation has a vast variety to choose from but lack the technical know-how as to how efficiently and effectively use the platform of Internet for doing commerce.

## LITERATURE REVIEW

Prof. Rajiv Khare and Gargi Rajvanshi (2012)

E- Commerce and Consumer Protection: A Critical Analysis of Legal Regulations. In this research paper they have profoundly analyzed the loopholes in the e-commerce from the view of consumers and how consumers in the online market are in the hands of sellers and can be subjugated easily by the huge online commerce companies and various other websites. The analysis doesn't end here they also critically analyze the legal framework of India that is Consumer Protection Act, 1986, necessary rights are not mentioned and no legal recourse is there for online frauds and Information Technology Act, 2000 where seller is given some rights which can be easily used to scam the consumers in online market. Towards the end, the authors have given their point of view in the whole situation and have provided with some suggestions as to how the game of scamming and fraud can be put to end and what changes should be brought in the legal framework of India so that e-commerce can be smoothened and all the risks can be avoided.

## E- COMMERCE- WIDENING PROBLEMS

E-commerce has fundamentally changed the way of carrying of business in various terms. It has changed the conventional outlook of how buying and selling used to be done. Earlier the

---

<sup>2</sup> Available at <https://www.techtarget.com/searchcio/definition/e-commerce> (last visited on July 20, 2022)

physical monetary transactions used to take place whereas now it is completely done via the help of Internet. Although changing the entire concept of buying and selling invites various threats to the buyers as well as sellers. “The threat can be in the form of transactional frauds, defective item, theft of personal data, hacking and is a huge potential breeding ground for cyber crimes.”<sup>3</sup>

### **THREATS TO CONSUMERS IN E- COMMERCE**

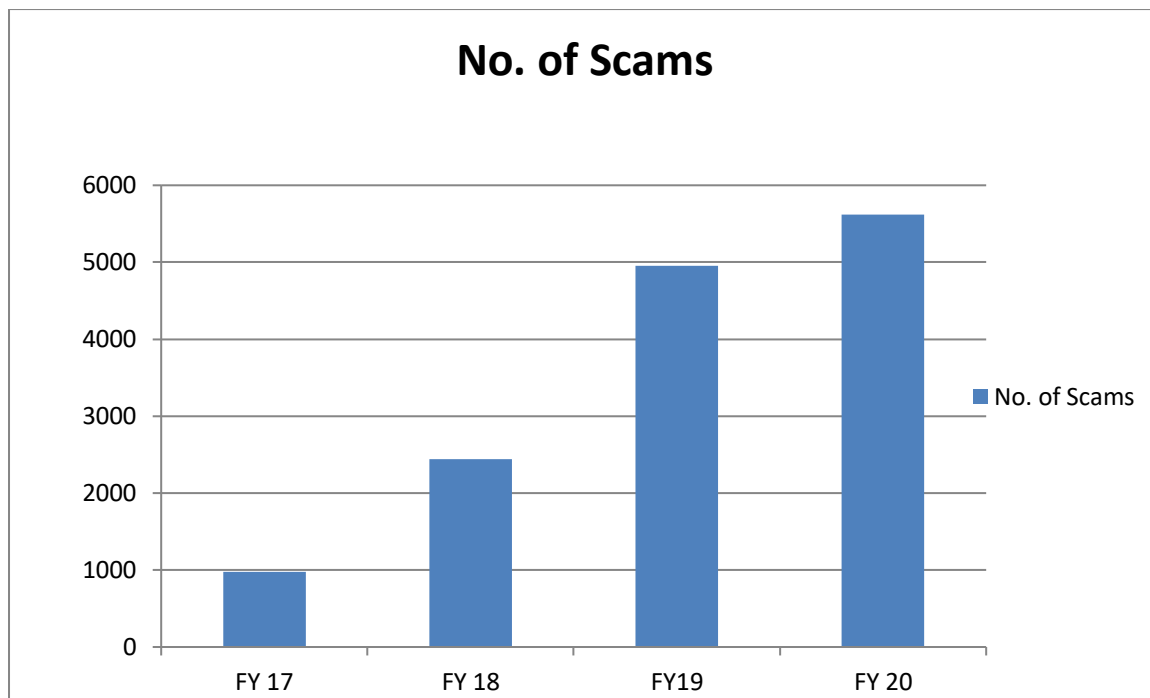
Under the perspective of consumer protection in e-commerce exchanges, the essential consumer concerns include:

1. Consumer's exposure to out of line marketing practices:
2. Unsafe/ deceptive item
3. Identity of the seller
4. No effective legal recourse or remedy if anything goes wrong
5. Highly competitive market may lead to differential pricing of same product
6. Goods delivered ought to correspond to the description, quality and amount for which consumer has effected paid for.
7. Mismanagement of delivery of goods as to considering time and place.
8. Unfaithful payment methods
9. Loss of personal information
10. Risk and misuse of personal data.

The chart below aids to understand the above mentioned point with more clarity. The chart shows the number of scams happening over e- commerce websites over a financial year and the rate with which the scams are increasing. The increase in the scams is 149%, 102% and 13%. The data has been taken from the number of complaints registered under *National Consumer Helpline*.

---

<sup>3</sup> Available at <https://www.techtarget.com/searchsecurity/definition/cybercrime> (last visited on July 21, 2022)



“The above conversation shows that e-commerce is scaring the gamble of the infringement of consumers' fundamental privileges in the lead of e-commerce transactions. As we have discussed earlier that to accommodate the need of giving, advancing and protecting consumers directly in the competitive markets, there is a need of legal regulatory mechanism, so is the case with the maintaining consumers' squarely in the era of e-commerce too.”<sup>4</sup>

## CRITICAL ANALYSIS OF INDIAN LEGAL SYSTEM IN RESPECT OF CONSUMERS

Below is the analysis of Consumer Protection Act, 2019

1. Consumer Protection Act, 2019 is not talking about the basic rights prescribed in International standards
  - The right of customer satisfaction
  - A safe and decent environment which are recognized in International standards
2. Secondly, it is found that the object of “Indian Consumer Protection Act is to advance and safeguard the purchasers' privileges and not to give the fundamental customers

<sup>4</sup> Sandeep Soni, E-commerce fraud: Whopping nearly 500% jump in online shopping fraud cases in just 3 years Financial Express, Dec. 11, 2019.

freedoms to shoppers as are being contended at International standards.”<sup>5</sup> This suggests that other contemporary regulations might give essential buyer privileges to the purchasers however purchaser insurance will just serve the instrument to advance and safeguard the purchasers' right at its purview.

3. Thirdly, that however “the law accommodates purchaser court framework for the upgraded advancement and insurance of customers' right, the implementation instrument given by Consumer Protection Act, 2019”<sup>6</sup> experiences the accompanying drawbacks that:

- Only from time to time do organizations focus on the purchaser court and their reports, requests and request are ordinarily disregarded. Subsequently, most purchaser cases delay superfluously with practically no outcome.
- Frequently the organizations don't stick to the decision, and subsequently once the decision is articulated the procedures to execute the decision take significantly additional time than that of arranging the objection.

### **INFORMATION TECHNOLOGY ACT, 2000**

In the past conversations, we have seen that in a web based business transaction, there are issues that raise purchasers' anxiety with respect to customer assurance in administration of business transactions through electronic component. These purchaser security issues in web based business and the place of their particular legitimate arrangements might be summed up as follows:

1. “The Information Technology Act, 2000 (hereinafter alluded as IT Act, 2000)”<sup>7</sup> has been enacted with a target of working with the management of web based business transactions and to address and experience every one of the difficulties that might hamper the go through with of web based business transactions however its arrangements Act, 2000 are not fundamentally giving to resolve the issues of purchaser security in web based business transactions, yet it has a couple of

---

<sup>5</sup> Consumer Protection Act, 2019, Consumer Affairs, Food and Public Distribution Sector, Government of India, available at <https://www.jharkhand.gov.in/PDepartment?department=f6cce92549c349a9953bd877f4860f32>

<sup>6</sup> Available at <https://clap.nls.ac.in/wp-content/uploads/2021/01/E-COMMERCE-AND-CONSUMER-PROTECTION-A-CRITICAL-ANALYSIS-OF-LEGAL-REGULATIONS.pdf> (last visited on July22,2022)

<sup>7</sup> Information Technology Act 2000, India, available at [https://www.indiacode.nic.in/bitstream/123456789/13116/1/it\\_act\\_2000\\_updated.pdf](https://www.indiacode.nic.in/bitstream/123456789/13116/1/it_act_2000_updated.pdf) (last visited on July 22, 2022)

arrangements which mirrors the customer driven way to deal with safeguard shoppers' right in web based business.

2. Needless to make reference to that Consumers' openness to uncalled for showcasing practices, which for the most part incorporates unreasonable practices like, insufficient information revelation. “Additionally, Section 10A of the Act just affirms the legitimacy of contracts being placed however electronic medium, yet doesn't accommodate the items in contractual terms that should be remembered and followed for guaranteeing purchaser assurance for web based business transactions. What's more, Chapter V (segment 14 to 1690) of IT (Amendment) Act, 2008 discussions about the got transactions by expounding that electronic transactions will be considered as gotten transactions or installment component, however it doesn't discuss the cure on the off chance that an individual endured the side-effects of unstable transactions and installment instrument.”<sup>8</sup>
3. Unsafe item: IT Act 2000 gives no arrangement to forcing any commitment on web based business organizations to guarantee wellbeing of the item sold by them in web based business market.
4. Effective complaint framework and legitimate cures, on the off chance that anything turns out badly: Though IT Act has accommodated Cyber Appellate Tribunal (Section 48) for tending to the questions of the contradiction of its arrangements Act 2000, matters of purchaser insurance are explicitly to be implemented under the customer redressal discussion made under Consumer Protection Act. So it makes disarray with respect to where one should supplication the question of the infringement of purchaser assurance in web based business transactions.
5. Protection from the evil impacts of high aggressive business sectors which might incorporate selling of same item at various costs: IT Act, 2000 contains no guideline: for confining web based business organizations from selling similar item at various costs. In this manner web based business organizations need not follow uniform costs for similar item they are offering to the purchaser. This may terribly disregard purchaser assurance in web based business.
6. Goods conveyed ought to compare to the depiction, quality and amount for which purchaser has paid for: IT Act, 2000 contains no arrangement requiring the relating portrayal, quality and amount of labor and products bought in web based business

---

<sup>8</sup> Sec 10A: Validity of contracts formed through electronic means (Inserted vide ITAA- 2008)

transactions, and it very well may be guaranteed exclusively through the contractual terms of web based business organizations, if in any case they give this cure. Consequently on the off chance that cure is given, it very well may be guaranteed under break of contract and not under IT Act, 2000.

7. Insecure installment strategies: IT Act, 2000 doesn't discuss the harms via remuneration, where harms being endured by the unreliable installment techniques.
8. Other worries incorporate PC misrepresentation, hacking, infection, capture attempt and modification of monetary information, and abuse of individual information. In this arrangement, no particular least and most extreme restriction of remuneration is being given and how much pay will rely on legal understanding. Segment 43-A96 which accommodates the obligation of body corporate to give remuneration to the individual impacted by the deficiency of individual and delicate information is additionally restricted to the verification of illegitimate misfortune and improper increase to the impacted individual. In any case, this cure can be profited just where it is demonstrated that harm is being done either untrustworthily or deceitfully, and assuming harm is brought about by the programmed supported framework, there will be no cure. Segment 66C98 of IT Act manages the offense of "Identity Theft."

# De Jure Nexus

## CONCLUSION

On the basis of entire research carried out by me I believe that e-commerce can be a huge boon for our country. The system with which it works, the services it provides which are so much cost efficient and time efficient but because of the drawbacks it carries with itself should make us think twice before investing ourselves in e-commerce. The number of frauds and scams cannot be avoided and the situation of the consumer is not safeguarded, buyers are in no restriction and can do whatever to exploit the customers and customers are also not protected from the side of the government and authorities responsible. Throughout the research I observed one main thing which is most of the scams and frauds that consumer suffers are because of the malicious transactions gateways, most of the time website may be bona-fide but the transaction gateway they opt are malicious, so if the problems of transaction gateways can be resolved by bringing in requisite regulation the use of e-commerce will be a boon to the consumers.