



UPDATE ON THE CONSUMER PROTECTION (E-COMMERCE) RULES,
2020 EFFECTIVE FROM 23 JULY 2020

The Central Government's Department of Consumer Affairs *vide* Notification dated 23/07/2020 has notified the introduction of the Consumer Protection (e-commerce) Rules, 2020 (hereafter, the "**e-commerce Rules**") which has come into force from 23 July 2020. With e-commerce and digital transactions becoming integral in the present economy, the Consumer Protection Act, 1986 was repealed to make way for the new Consumer Protection Act, 2019 ("**2019 Act**"), and several of the provisions of the 2019 Act were brought into force on 20 July 2020. In aid of the 2019 Act, the e-commerce Rules have now been brought into force to provide for the statutory framework in relation to consumer protection with respect to e-commerce and digital transaction.

NOTABLE PROVISIONS OF THE E-COMMERCE RULES

Rule	Particulars
2	Scope & applicability of e-commerce Rules.
3	Definitions, notably, for e-commerce entity, inventory e-commerce entity, marketplace e-commerce entity, platform, seller & user.
4	Duties of e-commerce entities: Specifically pertaining to display of information on its platform, establishment of grievance redressal mechanism etc.
5	Liabilities of marketplace e-commerce entities: Dealing with information of products sold on e-commerce platforms, information of sellers, refund policy, complaint registration

Rule	Particulars
	system, payment method etc.
6	Duties of sellers on marketplaces: Prohibitions on False representation, unfair trade practices, refusal to refund (subject to certain conditions), seller-e-commerce entity requirements, information of seller to be displayed, etc.
7	Duties and liabilities of inventory e-commerce entities: Information to be displayed to users, genuineness of advertisements, prohibition on false representation, refund & return policy, liability as far as authenticity claim.
8	Amenability of violations of e-commerce Rules vis-à-vis the 2019 Act

HIGHLIGHTS OF THE E-COMMERCE RULES

- ***Wide statutory framework encompassing all aspects of e-commerce***

The Rules have specifically taken into consideration, the changing technological world and have included all aspects of e-commerce beginning with e-commerce businesses, sellers on these platforms and most importantly, the consumer/user itself. The relationship between the e-commerce entity and the sellers and users have been explained clearly.

- ***Transparency & honesty between user/consumer and the e-commerce entity, seller, and the marketplace.***

- ❖ The rules assure the consumers a transparent and honest relationship with the e-commerce entity and the sellers in the

marketplace. Information about the e-commerce entity must be mandatorily displayed on the platform. Information such as legal name, geographic address of its address and branches, contact details & name and details of its website are required. Along the same lines the rules talk about information of the importer & imported goods to be displayed for the user/consumer.

- ❖ Similarly, a seller must also disclose information about the nature of goods, price, seller's name and address, importer's name, and address, contact number of grievance officer and taxes, laws etc applicable to the said good.
- ❖ The rules also state that original product must resemble the picture/videos/appearance of the product displayed on the platform/website. The marketplace e-commerce entity must display all Information about the refund policy, payment methods & details of all sellers (including their names, addresses, customer care number etc.).
- ❖ The rules want the consumer to feel safe when the access such e-commerce platforms and gives importance on the idea of required/necessary information to be given to a consumer before a purchase is made.

➤ ***Establishment of Grievance Redressal Mechanism/ Complaint Registration platform***

If a consumer has an issue with the quality of goods sold or their authenticity/originality or if they are defective, then the rules require the creation of a Grievance Redressal Mechanism/platform. Thus, a consumer who has any issue/complaint about the goods sold, the seller or the e-commerce entity can take his concern on the very same platform/website.

- ❖ A Grievance Redressal Officer is the concerned authority who deals with such complaints of the consumer. Information such as the name, designation & contact details of such officer have to be mandatorily displayed.
 - ❖ When a complaint is registered, then the officer must acknowledge the receipt of such complaint within 48 hours and address the issue/find a solution within 1 month. The status of such complaints can be accessed by the user and a ticket number will be generated for every complaint.
 - ❖ The above-stated requirements are to be followed by the sellers as well. Hence a consumer/user can easily know whether his complaint has been addressed and a solution has been found with ease.
- ***Unfair trade practices are not allowed or permitted***
- ❖ The rules expressly state that the e-commerce entities & seller must not engage in any unfair trade practices such as manipulate the prices of goods for unreasonable profit & shall not discriminate between consumers. Sellers must also not falsely represent themselves or their products and shall not review their own products which ultimately is an effort to deceive consumers.
 - ❖ Inventory e-commerce entities must ensure that the advertisements are consistent and depictive of the actual quality of the goods sold. Thus, a consumer/user must not be cheated or deceived on the quality of such goods by viewing these advertisements.
- ***Quality and Originality of goods must be assured***

- ❖ The marketplace e-commerce entities must take an undertaking from the sellers that all goods sold by them highly similar to the advertisements depicting these goods.
 - ❖ A seller must display all guarantees and warranties applicable to such goods as well. Hence a consumer has all the assurance required before purchasing a good on such e-commerce platforms.
- ***Refund policy, Cancellation charges and Return of goods must be stated***
- ❖ As is customary with a marketplace, there are bound to be refunds demanded by users/consumers, cancellation charges for cancelled orders, return of goods and other associated problems.
 - ❖ The rules state that the e-commerce entity & sellers must effect all payments towards accepted refund requests of the consumers within a reasonable period of time. They must not refuse to take back goods that are defective, deficient spurious, or if the goods or services are not of the characteristics or features as advertised or as agreed to, or if such goods or services are delivered late from the stated delivery schedule.

➤ ***Conclusion***

To sum it up, the rules have not just taken the aspect of e-commerce into consideration but have gone to the extent of making it favour the consumer. Consumer welfare is the most important objective, the rules seek to achieve. The rules are the first step in the right direction to bring

technological changes under the umbrella of the Act in order make the law adapt to modern changes.

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