

# CONSUMER PROTECTION IN E -COMMERCE TRANSACTIONS

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## **Abstract**

E-commerce transactions are rapidly growing with demonetization. Now a days people prefer to buy online rather than offline. As online sellers give huge discounts people get attracted to this. E-commerce means electronic commerce in simple words buying and selling through electronic medium. While entering in to such type of transactions someone should be very cautious as there are more chances that you will be cheated So there is immense need of regulatory jurisdictions that provide consumer protection. Consumer protection is a group of laws and organizations designed to ensure the rights of consumers as well as fair trade, competition and accurate information in the marketplace.

Consumer Protection Act in India was set up in 1986 that was set up by Parliament of India in lieu of protecting the interest of Indian consumers. With the implementation of this act, there arose the need for

establishing a consumer council and several other authorities who would work towards settling the disputes of the consumers and any other connected matters. With the advancement in technology and more practice of electronic transactions, there was a need of setting of proper standard policies and laws in linked to the electronic transactions done by the consumer and there were several disputed cases lodged that led to the establishment of E-Commerce Consumer Protection Act.

In this paper researcher tries to focus on various consumer protection laws which are applicable to e-commerce transactions

## **Introduction**

### **What is E-commerce?**

E-commerce -- electronic commerce or EC -- is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur

either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. So these are models of E-commerce through which we can enter in transaction

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The rights of the consumer are well defined in the established law that are defined by different agencies like Government, the established consumer courts and other voluntary groups that work hand-in-hand in the safeguard of the consumers. These agencies work in accordance to consumer protection act in India. These consumer protection laws have been designed for the safety and transparency of the information of the consumers in the market. These laws also help in any kind of fraud that

could happen in any type of business. Both the Consumer Protection laws and e-Commerce Consumer Protection Act that are formed by the government have also been designed in interest of the consumers.

Advantages of E-commerce

Faster buying/selling procedure, as well as easy to find products.

Buying/selling 24/7.

More reach to customers, there is no theoretical geographic limitations.

Low operational costs and better quality of services.

No need of physical company set-ups.

Easy to start and manage a business.

### **What are the functions of electronic commerce?**

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### **Importance of Consumer Rights**

Protection against the manipulation caused due to means of unfair trade.

Protection of health and safety of the consumers for the goods that either the purchase or are offered as free.

Protection of the rights wherein the consumers must be informed

about the quality and standards of the product, its freshness etc.

Right to receive the sincere gripes that have been registered.

Right to make selection from the varied offers.

E-Commerce Consumer Protection Act

This act refers to electronic trade done using the electronic technology that is majorly completed using the internet services. The establishment of e-commerce is a new way of implementing transactions that implement the fast transaction service and also require higher protection and security. There are three types of e-commerce:-

1. Business to Business
2. Business to Consumer
3. Consumer to Consumer

Business to business transactions are carried out normally by Wholesaler to retailer. Where both the parties are indulging in trade activities

Business to consumer transactions means where consumer directly purchase something either from wholesaler or retailer

Whereas Consumer to consumer transactions are those where one consumer buys something and sale it to another OLX is the best example of these type of transactions

While dealing with e-commerce consumer may faces few problems as these are not face to face transactions and you are doing business with one whom you have not seen or even not knowing much about it. So there are

some issues which may arise while dealing with e-commerce

Few of the issues that are linked to e-commerce are:-

- Privacy
- Access
- Security
- Terms and Conditions
- Dispute resolutions
- Fees
- Fraud
- Jurisdiction definition

The consumer Act must be beneficial to all the three different sections that include government, business and the consumers.

In many cases parties use to decide there own terms and conditions and even the jurisdictional issues are decided before entering in to transactions.

Normally when we shop online we use to enter in to 2 types of contracts

1. Click wrap contract
2. Shrink wrap contracts

A clickwrap agreement is a type of contract that is widely used with software licenses and online transactions in which a user must agree to terms and conditions prior to using the product or service.

shrink-wrap" agreements in which users of software products are deemed to accept license terms by opening or using packaged software

Online shopping cart

Shopping cart software is an operating system used to allow consumers

to purchase goods and or services, track customers, and tie together all aspects of ecommerce into one cohesive whole. While there are many types of software that you can use, customizable, turnkey solutions are proven to be a cost effective method to build, edit and maintain an online store. How do online shopping carts differ from those found in a grocery store? The image is one of an invisible shopping cart. You enter an online store, see a product that fulfils your demand and you place it into your virtual shopping basket. When you are through browsing, you click checkout and complete the transaction by providing payment information

Technology is facilitating the creation of new approaches to service delivery and permitting the introduction of new electronic products. Internet is a primary delivery channel. No proprietary software or private communication network is necessary. Customers can use industry standard Web browser software and must arrange their own access to the Internet through an Internet service provider.

The use of such on-line contracts requires consideration of the extent to which such conduct by an applicant can legally constitute "acceptance" and of various writing and signature requirements applicable to certain types of transactions.

Consumer Issues: - Major consumer

issues raised by Internet transaction systems include:

- Security
- Privacy
- Terms and Conditions
- Access
- Dispute Resolution
- Fees and Charges
- Fraud

Jurisdiction issue is most important issue in E-commerce.

### **Drawbacks of e-commerce**

We see electronic commerce as a profoundly pro-consumer development. It offers consumers a range and variety of products, and a source of relevant information with which consumers can protect their own interests, that exceeds anything we have seen before. As with all radical economic developments, there are potential downsides:

1. The Internet has become a fertile field for fraud. It allows fraud promoters to mimic legitimate business more convincingly, reach potential victims efficiently, elude detection by maintaining anonymity, and frustrate enforcement officials by locating (or relocating when detected) in remote jurisdictions that have no relevant law or no serious enforcement.
2. The technology of the Internet -- its ability to marshal and sort vast amounts of information, sometimes without the online consumer even

knowing information is being collected -- is a new and potent threat to traditional privacy values.

3. Because electronic commerce respects no borders, cooperation and coordination in international law enforcement -- a set of problems not really very pressing in more conventional forms of marketing -- becomes increasingly essential to protect consumers and protect the medium.

4. Finally, there is a subject no one should neglect. The electronic commerce revolution, for all its promise, may widen the divide between the haves and have not's, between nations and even within nation states. As we celebrate the promise of the digital revolution, we must also acknowledge the threat it poses to individual welfare and to the stability of international order.

### **E-Commerce on a Global Scale**

Globalization offers businesses a vastly larger market and consumers more choice, but it also presents complexities and greater risks. The dilemma can be stated quite simply:

1. When a business goes online, it may subject itself to the jurisdiction and systems of law of every country around the world. Is that fair?

The seller's connection with the jurisdiction of the purchaser may be tenuous and remote. It may have

limited control over who accesses its advertising and sales messages once they are launched in cyberspace, and it may have no intention to make a sale in particular jurisdictions. Laws about permissible targets of marketing, discounts, product safety and required disclosures vary greatly from country to country -- even within countries -- and are fairly constantly in flux. Can sellers, especially mom&pop operations, do business in an environment that is so unpredictable and imposes such substantial burdens? Or should the law and courts of the seller, and only the seller, govern?

2. On the other hand, when consumers go online, they may lose the benefit of domestic consumer protection laws. Is that fair?

Consumers are accustomed to domestic law that tends to protect their interests, and they are accustomed to having this law apply when they do business from home with distant companies, like mail-order sales. They may be astonished at how little protection they are accorded in the country of the seller (assuming the consumer even knows the seller is located in a foreign country, let alone which country). Given the costs of travel, delay, lack of familiarity with local law, a system of remedies that depends on the law and courts of the seller, and not the law where the consumer lives, may mean no remedy at

all. Arguably the law that applies in the location of the buyer should control.

I.T. Act 2000 and E-commerce transactions

The Information Technology Act 2000 essentially deals with the following issues:

- Legal Recognition of Electronic Documents
- Legal Recognition of Digital Signatures
- Offenses and Contraventions
- Justice Dispensation Systems for cyber crimes.

#### **E-commerce includes-**

A) Electronic trading of physical goods and of intangibles such as information.

B) All the steps involved in trade, such as on-line marketing, ordering payment and support for delivery.

C) The electronic provision of services such as after sales support or on-line legal advice.

D) Electronic support for collaboration between companies such as collaborative on-line design and engineering or virtual business consultancy teams.

#### **Electronic data interchange (EDI):-**

•Electronic data interchange (EDI) is the structured transmission of data between organizations by electronic means. It is used to transfer electronic documents or business data from one

computer system to another computer system, i.e. from one trading partner to another trading partner without human intervention. It is more than mere e-mail; for instance, organizations might replace bills of lading and even cheques with appropriate EDI messages.

•EDI and other similar technologies save a company money by providing an alternative to, or replacing, information flows that require a great deal of human interaction and materials such as paper documents, meetings, faxes, etc. One very important advantage of EDI over paper documents is the speed in which the trading partner receives and incorporates the information into their system thus greatly reducing cycle times.

#### **UNCITRAL MODEL LAW ON E-COMMERCE**

United Nations Commission on International Trade Law (UNCITRAL) Model Law on E-Commerce, the Government of India enacted the Information Technology Act in June 2000. The Act facilitates E-commerce in the country.

The United Nations General Assembly adopted the United Nations Commission on International Trade Law (UNCITRAL) Model Law on E-Commerce through a Resolution passed on 30 January 1997. The UNCITRAL Model Law on E-commerce was drafted in order to serve as a document that the various countries

of the world could use and evaluate and amend their own laws and practices and by providing a common legal platform on which all countries could model their domestic legislations allow the countries of the world to move towards a uniform international law on E-commerce.

### **Overview of the Indian law**

The Information Technology Act, 2000 (“IT Act”) deals with contractual aspects of use of electronic records. The validity of electronic transactions is established under the IT Act. The act establishes that an ecommerce transaction is legal if the offer and acceptance are made through a ‘reasonable’ mode. The objectives of the Information Technology Act, as outlined in the preamble, are to provide legal recognition for E-commerce transactions. The Act lays down procedures for networking operations and for civil wrongs and offences. The Indian Information Technology Act does not have any express provision regarding the validity or formation of online contracts.

The IT act governs the revocation of an ecommerce offer and acceptance. An ecommerce transaction is said to be complete when the offeror receives acknowledgment of the receipt of the offer. Besides, an offeror has the liberty to terminate an offer, provided its acceptance has not been communicated by the offeree.

### **The Information Technology**

(Amended) Act, ITAA, was amended in 2008 to increase security of e-commerce transactions, with special provisions for legal recognition of digital signatures and electronic documents. Section 43A of ITAA holds ecommerce companies accountable for protection of personal data. When an ecommerce company fails to protect personal data of its customers or is negligent in maintaining and implementing reasonable security practices, and if this results in wrongful loss of an online buyer, the laws are clear that its body corporate is wholly liable to pay the damages by means of monetary compensation. Consumer protection and E-commerce

The guidelines for consumer protection, and e-commerce by United Nations Conference on Trade and Development

Guideline 63 encourages member States to enhance consumer confidence through transparent and effective policies, and underlines the principle of ensuring a level of protection not less than that afforded in offline commerce. This is reinforced in guideline 5 (j), among other consumer issues, as a legitimate need that the guidelines intend to meet. Guideline 64 calls for a review of existing consumer protection policies to accommodate the special features of e-commerce, and stresses the need for awareness among consumers and businesses of their rights and obligations.

Guideline 65 refers to the relevant international guidelines and standards on e-commerce, particularly the OECD Guidelines for Consumer Protection in the Context of Electronic Commerce.

Guideline 65 also emphasizes the importance of adapting international standards and guidelines into national contexts, to facilitate collaboration between member States in their implementation across borders

### **Conclusion:-**

Today's world is the generation of internet. The whole work whether it is small or big is done through the internet, online education to shopping everything is now a day's easily accessible via internet. This internet is growing day by day. People are more prone to buy online. E-commerce is an inseparable part of internet. Growing of internet has also lead to the growth of e-commerce. It has entered in the stage of its rapid development. Almost every kind of business is being conducted via the modes of e-commerce.

Todays trend is just click a button on smart phone and get everything at your door step. But while dealing in such transactions one should be very vigilant as rightly said "**JAGO GRAHAK JAGO**"

In USA the legislature made in regard to it is UNCITRAL model law and in India we are having a specific provision namely Information Technology Act which provides the enactments

mainly regarding the e-commerce. It is a great piece of work done by the legislatures in order to control and regulate the e-commerce.

But still there are number of cases reported every day regarding cyber fraud or online cheating So before doing any of such transaction one should have full knowledge of what he is doing and should know the remedy. More you literate people about e-transactions less will be number of cheating cases filed

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