

E-COMMERCE: ITS LEGAL IMPLICATION AND CONSEQUENCES IN SOCIETY

Dissertation submitted to National Law University and Judicial Academy, Assam
in partial fulfilment for award of the degree of
MASTER OF LAWS/ ONE YEAR LL.M. DEGREE PROGRAMME

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(June, 2023)

CERTIFICATE

This is to certify that SHOUVIK NATH has completed his dissertation titled “**E-COMMERCE: ITS LEGAL IMPLICATIONS AND CONSEQUENCE IN SOCIETY**” under my supervision for the award of the degree of MASTER OF LAWS/ ONE YEAR LL.M DEGREE PROGRAMME of National Law University and Judicial Academy, Assam.



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DECLARATION

I, SHOUVIK NATH, do hereby declare that the dissertation titled “**E-COMMERCE: ITS LEGAL IMPLICATIONS AND CONSEQUENCE IN SOCIETY**” submitted by me for the award of the degree of MASTER OF LAWS/ ONE YEAR LL.M. DEGREE PROGRAMME of National Law University and Judicial Academy, Assam is a bonafide work and has not been submitted, either in part or full anywhere else for any purpose, academic or otherwise.



Date: 6th July, 2023

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ACKNOWLEDGEMENT

First and foremost, I am extremely grateful to my supervisor Dr. Shailendra Kumar for his invaluable advice, continuous support, and patience during my Master's Program. His immense knowledge and plentiful experience have encouraged me in all the time of my academic research and daily life, had he not been available for such support my dissertation would have been incomplete. Finally, I would like to express my gratitude to my parents and my sisters. Without their tremendous understanding and encouragement in the past few years, it would be impossible for me to complete my study. I have been able to reach this stage due to my brother who always believed in me and my capabilities. Finally, I would also like to thank the Librarian, Officials, System Administrator, and staff of the NLUJA library, Guwahati for their help and cooperation in making available the relevant materials required for the study. I would also like to appreciate my university friends for helping me in completing my dissertation work in time.

Date: 6th July 2023



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11. *State of Tamil Nadu v. Suhas Katti*
12. *State of Maharashtra v. Bharat Shanti Lal Shah*
13. *Union of India v. Agarwal Iron Industries*

TABLE OF STATUES

2000- INFORMATION TECHNOLOGY ACT

2008- INFORMATION TECHNOLOGY (AMENDMENT) ACT

2016- GENERAL DATA PROTECTION REGULATION

2018- DATA PROTECTION ACT

2019- CONSUMER PROTECTION ACT

2020- CONSUMER PROTECTION (E-COMMERCE) RULES

2022- DIGITAL PERSONAL DATA PROTECTION BILL

TABLE OF ABBREVIATION

1	&	And
1	AVS	Address verification Service
2	B2B	Business-to-Business
3	B2C	Business-to-Customer
4	BNPL	Buy Now Pay Later
5	C2B	Customer-to-Business
6	C2C	Customer-to-Customer
7	CAGR	Compound Annual Growth Rate
8	CCPA	Central Consumer Protection Authority
9	CVN	Card Verification Number
10	E-COMMERCE	Electronic Commerce
11	EU	European Union
12	GDPR	General Data Protection Regulation
13	GMV	Gross Merchandise Value
14	GSTIN	Goods & Service Tax Identification Number
15	HTTPS	Hypertext Transfer Protocol Secure
16	IBEF	India Brand Equity Foundation
	ibid	Ibidem
17	LPG	Liquefied Petroleum Gas
18	M-COMMERCE	Mobile Commerce
19	MNC	Multi-National Corporation
20	NCH	National Consumer Helpline
21	OLX	OnLine eXchange
22	OSCOLA	Oxford University Standard for the Citation of Legal Authorities
23	OTP	One Time Password
24	OTT	Over The Top
25	P2P	Peer-to-Peer
26	PAN	Permanent Account Number
27	SEC	Section
28	SSL	Secure Sockets Layer

29	U/S	Under Section
30	UK	United Kingdom

CHAPTER 1

INTRODUCTION

“If we knew what it was we were doing, it would not be called research, would it?”

-Albert Einstein

1.1. Introduction

E-commerce is the purchasing & selling of various products over the internet. It is short for electronic commerce. It means any kind of operations or transaction done through internet; simply speaking it is the purchasing & selling of products & services through the help of internet. Although there isn't a single accepted definition of e-commerce as of yet, many intelligent prominent figures have provided their own definitions. Roger Clarke defines e-commerce as “the conduct of business including the exchange of goods and services via the use of communications and instruments based on communications.”

“E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organisations, as well as between organisations and individuals.” E-commerce is the concept that came into being with the help of modernization and digitalization. In another light, e-commerce is the traditional form of business but in electronic space. E-commerce is the internet portal site which provides with the facilities of buying and selling of products or services. In today's world everyone would opt for easy and convenient way of living, and e-commerce proved just that; with the use of the electronic gadgets and internet such easement in life has become a reality. E-commerce is nothing but the execution of retail business in the online space.

E-commerce offers a variety of features and services to its consumers. But before stepping into the features and services that the e-commerce provide let us look into the main features of e-commerce, to know what is so special about it that it has garnered so much of popularity. E-commerce has come a long way since its first existence, in this 21st century, we have seen a lot of rapid development especially in the field of technology, and with such help e-commerce has also seen its growth.

Nevertheless, as the world, technology and society is moving ahead and developing the development of the e-commerce is inevitable. The main reason for the popularity of e-

commerce among the public is because it provide convenience, easy access to the products and service that one may need, with fast delivery and the options of online payment or cash on delivery, frequent offers and discounts, and also friendly user interface to help the customer with the issues and problems that they are facing relating to e-commerce. E-commerce is able to reach each and every one by simply by the press of few taps in the smart gadgets that the people possess.

1.2. Statement of Problem

By this research on ‘E-commerce: It’s Legal Implications & Consequences to the Society’, the researcher seeks to address the socio-legal issues pertaining to e-commerce. Though the e-commerce has seen exponential growth, but with this, number of social and legal challenges has also risen. While e-commerce provides convenience and accessibility, it also raises a range of legal questions and concerns around issues such as consumer protection & data privacy. In order to fully understand the issue and challenges of e-commerce a detailed analysis is needed. This research aims to identify the socio-legal challenge associated with e-commerce and explore ways to address such issues with their possible solutions so as to maximize the potential of e-commerce and minimizing the negative consequence for the people.

Talking about the problems of legal and social nature pertaining to the e-commerce sector, Consumers are often fall victims to fraud and scam of the goods & services and breaching data. The common fraud & scams that the customers fall prey to are of delivery frauds, fake websites, phishing scams, payment frauds and fake customer support. The delivery frauds are where the scammers may send fake products or low quality product to customers or may not send any products at all; in fake website the scammers create fake websites that resemble the original website but offer products with cheaper price and scam the customer by stating “payment on delivery not available”; payment fraud is a common type of e-commerce fraud where scammers use stolen credit cards or fake payment details to make purchases online, this type of fraud can be difficult to detect, especially when the scammers use high-tech methods to hide their tracks; in fake customer support fraud the scammers may set up fake customer support lines to steal personal information or to convince customers to make payments for non-existent products, these fake support lines may be difficult to identify as they may appear to be legitimate; in phishing scams the cybercriminals steal the personal information from unsuspecting victims, these scams

typically involve sending emails or messages that appear to be from a trusted source and asking recipients to provide their personal information or by just clicking of the links provided by the scammer, a malware attack happens in the customers software, without them even knowing.

The reputation of e-commerce companies and society's opinion of e-commerce as a whole have suffered as a result of these issues. Customers may lose money or personal information when they become the target of scams or frauds, which fosters a feeling of betrayal and mistrust for e-commerce businesses. This may lead to a loss of trust in online buying, which might result in lower sales for e-commerce businesses. Additionally, e-commerce scams and frauds might make prospective consumers afraid to use e-commerce services, making them forgo online buying completely out of concern that they could become victims of fraud or scams. This may reduce India's e-commerce sector's ability to flourish. Customers may be reluctant to provide their personal information online, such as their name, address, and payment information, out of fear of scams and fraud. As a consequence, fewer consumers may be ready to utilise e-commerce services because they feel uncomfortable disclosing personal information online.

Though laws, like, Information & Technology Act of 2000; Consumer Protection Act of 2019; Consumer Protection (E-Commerce) Rules 2020; Data Protection Bill 2022, are established to protect the customer from such fate, but it have been seen that even with such laws, the challenges of e-commerce are still prevalent. The issues and challenges of the e-commerce relating to the data protection of consumer is that, India is yet to have any specific law relating to data protection, which is a huge challenge for protecting the data of customer in the e-commerce sector. The e-commerce industry in India collects and processes massive amounts of data from customers, which raises concerns around data privacy and security. Previously the provisions under the Information Technology Act and Indian Contract Act dealt with few aspects of data protection; but at this day and age it is the need of the hour to pass specific data protection act. Though the legislature have introduced bills in the parliament i.e., The Personal Data Protection Bill 2019 was initiative aimed to regulate the personal data so collected and the usage of it in India, but again it was reverted back. The same happened to the data protection bill of 2021 which was given back for amendments which covered datasets, both personal as well as non-personal. In 2022 the Digital Personal Data Protection Bill 2022 which was introduced would have covered the personal identifiable information both the online as well as offline, i.e., those which have been converted from offline to online, however, the bill was withdrawn from

the parliament in August 2022. The government introduced a distinct regulation for e-commerce, namely the Consumer Protection (e-commerce) Rules 2020, in the year 2020 under section 101 (1) (zg). Despite the inclusion of several provisions addressing the obligations of e-commerce entities, liabilities of marketplace e-commerce businesses, obligations of marketplace sellers, obligations and liabilities of inventory e-commerce entities, and rules pertaining to violations of these obligations, the government overlooked the incorporation of other crucial provisions concerning jurisdiction, specific redressal mechanisms, inadequate enforcement, and sufficient data privacy.

1.3. Hypothesis

Even with established laws and regulations, e-commerce businesses in India continue to struggle with addressing legal and social issues, highlighting the need for more comprehensive solutions. The legal implications and consequences of e-commerce in society can have both positive and negative impacts on society, be it economically, to consumers, to businesses. The benefits of e-commerce include increased convenience and accessibility, while the challenges include issues related to privacy, security, and fraud. Consumers may be hesitant to share personal information online, and businesses must ensure that they are complying with data protection laws.

1.4. Literature review

1. The book “Dynamics of Electronic Commerce” provides a thorough review of the most important e-commerce-related problems and ideas, including information on infrastructure, security, payment methods, and legal difficulties. The writers place a strong emphasis on how dynamic e-commerce is and how organisations must continue to be changeable. The book was written in 2007, therefore it may be too dated and too complex for certain readers. It also doesn't address more current advancements in the industry, including blockchain technology or virtual currencies. However, it is still a useful tool for companies and people that want to grasp e-commerce completely.

2. The book “A-Z E-commerce”¹ by Sumit Sethi, published by Centrum Press in 2009, is a thorough manual on internet commerce that addresses a variety of subjects, such as supply chain management, website design, online marketing, and payment methods. With helpful guidance and case examples, the book gives an outline of the essential components of a successful e-commerce firm. It also emphasises the legal and regulatory challenges that companies in the e-commerce environment confront, making it especially pertinent for companies operating in nations with strong regulatory regimes. The book’s drawbacks, however, are the lack of in-depth treatment of certain issues and the publishing date, which implies that some of the knowledge and counsel may be out-of-date. Overall, it is a helpful tool for company owners and managers who want to launch or grow an online venture.

3. The book “Laws on E-commerce”² by S.R. Sharma provides a thorough explanation of India's legislative and regulatory environment regulating internet commerce. It studies case law and court rulings and covers the Information Technology Act of 2000, the Consumer Protection Act of 2019, and the Competition Act of 2002. The book provides advice on how companies should abide by rules governing competition, consumer protection, and data privacy. The book’s primary concentration on the Indian legal system restricts its applicability to enterprises operating in other countries, and its technical substance might be difficult for readers without a background in law. In general, the book is a helpful tool for companies doing business in the Indian e-commerce market.

4. “E-COMMERCE: An Indian Perspective”³, 4th ed. P.T. Joseph, 2012, is a detailed overview of the Indian e-commerce industry, including information about its background, legal framework, business models, payment options, security, and effects on numerous sectors. The book offers insights into the problems specific to the Indian e-commerce business, such as poor internet penetration, many cultural and language variations, and a mostly cash-based economy. The book’s 2008 release date may make some of the content out of date, and it may be too technical for readers without a background in e-commerce or technology. In general, the book is a useful tool for businesspeople and entrepreneurs wishing to join or grow in the Indian e-commerce sector.

¹ Suman Sethi, *A-Z E-Commerce* (1st Edn, Centrum Press, 2009)

² S.R. Sharma, *Laws on e-commerce* (1st Edn, Anmol Publication, 2004)

³ P.T. Joseph, *E-commerce- An Indian perspective* (4th edn, PHI, 2012)

5. “Law Relating to Computers Internet & E-Commerce⁴” by Nandan Kamath is a useful handbook on the laws governing internet usage, e-commerce, and computer use in India. The book covers a broad variety of subjects, such as intellectual property rights, online contracts, data protection, and cybercrime. Readers with all levels of legal skill may access it since it includes case studies and actual legal conflicts involving computers, the internet, and e-commerce. The book’s shortcoming, meanwhile, could be that it was published in 2014 and might not reflect current legal changes. Overall, the book is a useful tool for legal experts, businesspeople, and entrepreneurs who want to comprehend the legal ramifications of computers, the internet, and e-commerce in India.

6. “The Economic and Social Impacts of E-Commerce”⁵ by Sam Lubbe and Johanna Maria van Heerden is a thorough investigation of the impact of e-commerce on the community and economy. The book gives readers statistical information, case studies, and insights on the difficulties traditional retail firms are having due to the expanding of the e-commerce sector. The writers also pay attention to the particular difficulties that South African e-commerce companies confront, such as restricted access to technology and digital infrastructure and cultural differences. The book is a valuable resource for academics, policymakers, and business professionals seeking to better understand the economic and social impacts of e-commerce, particularly in the South African context, even though it may be too technical for readers without a background in economics or business. A disadvantage of the present study is that the author concentrates on the South African setting of e-commerce.

7. The “E-commerce: Business, Technology, Society”⁶ book by Carol Guercio Traver and Kenneth C. Laudon provides a thorough manual for the world of e-commerce. The history of e-commerce, technology, business models, moral and regulatory concerns, international e-commerce, and new developments like mobile, social, and artificial intelligence in e-commerce are all covered. The book's strength is in its comprehensive approach, which gives readers insights into how society, business, and technology interact in the context of e-commerce. To assist readers

⁴ Nandan Kamath, *Computers Internet & E-commerce* (5th Edn, Universal Law Publishing Co. Pvt. Ltd., 2012)

⁵ Sam Lubbe and Johanna Maria van Heerden, *The Economic and Social Impacts of E-commerce* (Idea Group Pub., 2003)

⁶ Carol Guercio Traver and Kenneth C. Laudon, *E-commerce: Business, Technology, Society* (Pearson, 2016)

understand the tactics used by successful e-commerce enterprises, the writers also provide case studies of successful and unsuccessful e-commerce businesses. For readers without a background in business or technology, the book can be overly technical, and its degree of detail might not provide a thorough grasp of any one subject.

8. “Consumer Protection Law and Procedure”⁷ by R.N.P. Chaudhary is a thorough book that offers an in-depth overview of the laws regulating consumer protection in India. It covers a variety of topics, including consumer rights, remedies, and complaint processes. It provides a thorough explanation of the 2019 Consumer Protection Act as well as other pertinent legislation including the 1930 Sale of Goods Act and the 1872 Indian Contract Act. The book places a strong emphasis on the need of adequate consumer protection legislation and the value of consumer knowledge in defending their rights. More real-world examples and case studies, however, might have been included to help readers better comprehend how consumer protection laws are put into practice in practical settings.

9. “Consumerism and Legal Protection of Consumers: With a Critical and Explanatory Commentary and Latest Case Law”⁸ by Rifat Jan is a thorough study of India’s legal system and its problems with consumer protection. The need of consumer education is discussed, along with current rules and regulations, the function of regulatory agencies and consumer courts. The book’s examination of recent consumer protection case law, which offers a critical study of court judgements and their effects on consumer protection legislation, is one of its strong points. In order to provide readers the capacity to make informed decisions and hold firms responsible, the book emphasises the need of consumer awareness and education.

10. In their scholarly article titled “Impact of E-commerce on the Indian Market: Social and Economic Implications” authors Shebazbano Salim Khan, S. N. Borhade, and Mainuddin S. Shaikh explore the profound implications of electronic commerce (e-commerce) as a key element of the current IT revolution, with an emphasis on its significant impact on international trade and the Indian economy. In the study report, the tremendous effects of e-commerce on the economy and society as a whole are shown. The article emphasises the e-commerce industry’s strong 30%

⁷ R.N.P. Chaudhary, *Consumer Protection Law Provisions and Procedure* (Deep and Deep Publications, 2011)

⁸ Rifat Jan, *Consumerism and Legal Protection of Consumers: With a Critical and Explanatory Commentary and Latest Case Law*, (Deep and Deep Publications, 2007)

yearly growth rate. Notably, eBay Inc., a shopping website, has had an astonishing 60% growth rate. The clients of the e-commerce business has increased to 2.5 million from 1 million since the past 4 years in India. Additionally, the piece highlights the sizeable imports made by Indian customers, highlighting well-liked sectors including home decor, branded and unbranded apparel, accessories, and technological goods.

11. “Cyber Law: An Indian Perspective⁹” by Pavan Duggal. The book is a significant advancement in Indian cyber law. The book offers an in-depth analysis of the Indian regulatory structure controlling cyberspace and offers helpful insights into the legal issues brought on by technology and the internet. Duggal, a renowned specialist in cyber law, highlights his knowledge so that readers may comprehend India’s distinctive legal system. The Information Technology Act, 2000, the primary piece of law governing online activities in India, is thoroughly examined in this book, which also covers a variety of topics including e-commerce, digital signatures, intellectual property, data security, and cybercrime. It provides clear explanations of the act’s provisions for both common readers and legal specialists. The book discusses new concerns such social media policies, cyberbullying, online defamation, and jurisdictional difficulties in order to handle the constantly developing nature of cyber dangers. Duggal’s book is beneficial to academics, lawmakers, and legal professionals since it provides thorough assessments and workable answers to these challenging legal issues. Both professionals and non-lawyers can understand the terminology, along with having the real world examples by studying different cases, which in turn helps with understanding. The topic of cyber law is continually expanding, thus it’s important for readers to be informed of new developments.

12. “Data Protection: A Practical Guide to UK and EU Law”¹⁰ by Peter Carey, 2009 edition. It is a complete guide on UK and EU data protection laws. The book addresses data protection ideas, rules, and practicalities. Practicality is the book's strength. It clarifies the UK Data Protection Act and EU GDPR’s legal requirements. It discusses personal data rights and duties of organisations that gather, handle, and keep it. The book covers the UK Data Protection Act and GDPR. It may also reference other UK and EU legislation. Lawfulness, fairness, transparency, purpose limitation, data reduction, accuracy, storage restriction, and security are discussed. It may also cover data subjects’ rights to access, amend, and delete

⁹ Pavan Duggal, *Cyber Law: An Indian Perspective* (1st Edn, Saakshar Law Publications, 2002)

¹⁰ Peter Carey, *Data Protection: A Practical Guide to UK and EU Law*, (5th Edn, OUP Oxford, 2018)

personal data. Data protection impact assessments, privacy by design and default, and data protection policies and processes are recommended for data protection compliance. The book discusses standard contractual agreements, binding business regulations, and the Privacy Shield framework for transferring personal data outside the EU. It covers data breach notification and penalties. Discussed include data protection agencies and law enforcement. The book also provides practical guidance and examples for data security in healthcare, banking, and marketing. It guides organisations and people through UK and EU data protection legislation.

1.5. Significance of the study

E-commerce transactions involve the online transaction of goods and services. Conducting a conceptual analysis of e-commerce can help understand the legal framework governing e-commerce, including laws related to data protection, consumer protection, and electronic signatures. This paper examines the rights and obligations of the various parties engaged in electronic commerce transactions. The research paper on E-commerce: Its legal implication and consequence to society can help understand the legal framework governing e-commerce and also the negative consequence it has on society and finally provide few recommendations and suggestion for bettering the e-commerce sector in India for the customers.

1.6. Objective of the paper

By this research on ‘E-commerce: It’s Legal Implications & Consequences to the Society’, the researcher seeks to address the socio-legal issues pertaining to e-commerce. Though the e-commerce has seen exponential growth, but with this, number of social and legal challenges has also risen. While e-commerce provides convenience and accessibility, it also raises a range of legal questions and concerns around issues such as consumer protection & data privacy. In order to fully understand the issue and challenges of e-commerce a detailed analysis is needed. This research aims to identify the socio-legal challenge associated with e-commerce and explore ways to address such issues with their possible solutions so as to maximize the potential of e-commerce and minimizing the negative consequence for the people.

1.7. Scope & Limitation of the Study

The scope of conceptual analysis of e-commerce includes examining and understanding concept of e-commerce and its legal implications and consequences in society. This involves analyzing the legal and regulatory framework that governs the Indian e-commerce sector, as well as consequence of e-commerce on the society.

The present paper is confined with the e-shopping sector of e-commerce, its legal implication and impacts of society, in India. Due to time constrain, empirical research was not used in preparation of this paper. Another limitation is that, this paper has not presented legal comparison of India with other countries.

1.8. Research questions

- What is the e-commerce?
- Whether the current legal framework is sufficient for regulating the e-commerce sector.
- What are the impacts of e-commerce to the society?
- How the negative aspects of e-commerce in society can be dealt with?

1.9. Research Methodology

The legal research approach is limited to Doctrinal Legal Research, Analytical and Descriptive Methodology. Primary and secondary sources of data have been used. Primary sources such as Legislations, official documents, reports have been referred to relating to the topic of research. Secondary sources such as books, journals, articles, online database have been relied upon relating to the research topic. The citation style being adhered to in this paper is The Oxford University Standard for Citation of Legal Authorities (OSCOLA) 4th edition.

1.10. Research Chapterisation

The first chapter provides the entire introduction in brief relating to the subject matter of the topic. It provides the research problems, significance, objectives, and research

methodology along with the literature review. The hypothesis has been drawn out and the scope and limitation of the research work is highlighted herein the chapter.

The second chapter provides the concept of e-commerce, its definition, the evolution of e-commerce. Moreover, this chapter includes the categories of e-commerce along with merits and demerits of the e-commerce sector.

The third chapter provides the legal frame work of the e-commerce with their amendments. Along with this, the challenges and opportunities facing businesses operating in the e-commerce industry are also discussed.

The fourth chapter provides the boon and bane on e-commerce in the society, how it is affecting the society and its people.

The final chapter concludes the research paper and also highlights suggestions for improving the e-commerce in relation to the legal aspects and the society.

CHAPTER 2

E-COMMERCE

2.1. Concept of E-Commerce

E-commerce refers to the commercial transactions involving the buying and selling of a diverse range of goods and services conducted through the internet.¹¹ E-commerce, derived from the term electronic commerce, refers to the buying and selling of goods and services conducted over electronic systems, such as the internet. E-commerce refers to a broad range of operations and transactions conducted via the internet. In essence, it encompasses the buying and selling of goods and services facilitated by online platforms. Numerous esteemed individuals within the public sphere have offered their own interpretations of e-commerce. According to Roger Clarke, “electronic commerce is defined as the conduct of commerce in goods and services, with the assistance of telecommunication and telecommunication-based tools.”¹²

“E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals”¹³. E-commerce stands for electronic commerce, is the concept that came into being with the help of modernization and digitalization. In another light, we can say e-commerce is the traditional form of business but in electronic space. E-commerce is the internet portal site which provides with the facilities of buying and selling of products or services. In today’s world everyone would opt for easy and convenient way of living, and e-commerce proved just that; with the use of the electronic gadgets and

¹¹ Andrew Bloomenthal, ‘E-commerce Defined: Types, History, and Examples’ (Investopedia, 2023) <<https://www.investopedia.com/terms/e/e-commerce.asp>> accessed on 2 June 2023

¹² Dr. R. S. Pawar, Kalyani Dattatraya Ausekar, ‘a study of impacts of e-commerce on economy’ (Oct, 2020) IOSR <http://www.airjournal.com/uploads/Articles/2020/10/4741_11.Dr.%20R.%20S.%20Pawar%20&%20Kalyani%20Dattatraya%20Ausekar.pdf> accessed 31 March 2023

¹³ Shahid Amin & Keshav Kansana, ‘A review Paper on E-commerce’ (Researchgate, 2016) <https://www.researchgate.net/publication/304703920_A_Review_Paper_on_E-Commerce> accessed 2 April 2023

internet such easement in life has become a reality. E-commerce is nothing but the execution of retail business in the online space.

According to P.T. Joseph, he stated “e-commerce comprises core business processes of buying selling of goods, service and information over the internet”. According to IBM, who, in 1997 had defined the concept of e-commerce as “e-business can be the key in transforming business processes using internet technologies.”¹⁴ E-commerce is categories into – (i) B2B (business-to-business), (ii) B2C (business-to-consumer), (iii) C2C (consumer-to-consumer), and finally (iv) C2B (consumer-to-business).

According to the definition in Webster dictionary e-commerce is “commerce conducted via the internet”¹⁵. E-commerce has come a long way since K. Vaitheeswaran introduced the first e-commerce website, called ‘fabmart.com’ in India in 1999¹⁶. With now, the e-commerce having a global reach, one can buy or sell products to and from anywhere in the world. E-commerce has set the market free from the only being in the physical market. One is now avail to order anything in the comfort of his place without going to the shop. And even for selling, as e-commerce has made it possible for businesses to target sizable clientele. The worry for quality and the fear of being duped, however, dramatically increases with the diversity in the online market area. And among other things, it is for these reasons that the Consumer Affairs Department has prioritized consumer protection. The Information Technology Act of 2000, the Consumer Protection Act of 2019, and the Consumer Protection (E-commerce) Rules of 2020 each contain provisions relating to e-commerce.

The internet is responsible for the growth of e-commerce and for providing consumers with its ease. When Tim Berners-Lee developed the internet in 1983, e-commerce started to develop¹⁷. The founding of the first online retailer, CompuServe, in 1969 marks the beginning of the e-commerce era. The development of online shopping by Michael Aldrich in 1979 and the launch of the first e-commerce platform by the Boston Computer Exchange in 1982 are later milestones.

¹⁴ Puneet Jain, Kritika Jain, Pushpendra Kumar Jain, ‘electronic commerce and its global impact’ (May 2016)ISOR <<https://www.researchgate.net/publication/305641549>> accessed 31 April 2023

¹⁶ Merriam-Webster, Inc., ‘e-commerce’, webster Dictionary (11th edition, 2003) <<https://www.merriam-webster.com/dictionary/e-commerce>> accessed on 2 June 2023

¹⁷ Shilpa S Ranipeta, ‘Ahead of time: Meet the man who started India's first e-commerce site in the 90s’ The News Minute (Bengaluru, 21 July 2017)

¹⁸ Lemelson-mit, ‘Tim Berners The World Wide Web Computing And Telecommunications’ <<https://lemelson.mit.edu/resources/tim-berners>> accessed on 8 June 2023

E-commerce was initially introduced in India in 1991.¹⁸ In 1995, a number of important competitors, including Amazon and eBay, joined the industry. While the country's first e-commerce site, Fabmart.com, debuted in 1999. Alibaba Online was established in 1999.¹⁹ In order to promote e-commerce businesses, Google Adwords was established in 2000²⁰, while Amazon Prime was introduced in 2005 in order to provide members more advantages.

In the years that followed Apple launched Apple Pay in 2014, Instagram Shopping was introduced in 2017. The launch of Jio, which reduced the cost and increased the accessibility of internet connections, aided in the expansion of e-commerce in India. India's e-commerce business has been further improved by the introduction of 4G technology, which has expanded both client base and income²¹.

The economy and society have both been significantly impacted by e-commerce. A sizable consumer base has been drawn by foreign companies that have entered the Indian market. E-commerce has advanced to provide better user interfaces and consumer experiences as a result of technological and artificial intelligence breakthroughs.

Every kind of e-commerce has benefits and drawbacks. B2B e-commerce enables direct customer engagement, targeted sales promotion, increased client loyalty, scalability, and cost-effective distribution. Globalization, lower operating costs, consumer convenience, and information management are all benefits of B2C e-commerce. C2C e-commerce offers cheaper costs, a wide variety of options, quick service, and security. C2B e-commerce enhances automation, product creation, brand exposure, and customer knowledge. P2P e-commerce makes it possible for users to share files, while m-commerce allows for e-commerce through mobile devices.

The development of e-commerce has highlighted its significance and practicality, notably during the COVID-19 epidemic and the ensuing lockdowns²². In trying times, e-commerce has been a lifeline for many people, meeting their requirements and helping

¹⁹Aarohi Pathak, 'The History and Evolution of eCommerce' (Translate by Human, 10 May 2023) <<https://translatebyhumans.com/blog/history-and-evolution-of-ecommerce/>> accessed on 20 June 2023

²⁰Alibaba Group, 'Introduction to Alibaba Group' (Alibaba Group) <<https://www.alibabagroup.com/en-US/about-alibaba>> accessed on 10 June 2023

²² ibid.

²³IBEF, 'E-commerce Industry Report' (IBEF, April 2023) <<https://www.ibef.org/industry/ecommerce>> accessed on 10 June 2023

²⁴ Jayshree Navin Chandra and Nitika Bakshi, 'E-Commerce In India: Regulatory Framework Update' (Live Law, 7 Nov 2022) <<https://www.livelaw.in/law-firms/law-firm-articles/-e-commerce-dpiit-fdi-policy-consumer-protection-e-commerce-rules-213461>> accessed on 14 June 2023

both consumers and companies. The industry has seen rapid expansion, luring new participants and providing what conventional retail often falls short of. Along with its clientele, e-commerce has grown in scope.

The benefits of online shopping may be summed up as follows. First, it provides convenience by making fast and simple online ordering possible, saving consumers' time, and enabling them to purchase from the comfort of their homes. This ease is extended to retailers as well, who may bypass physical shop restrictions and connect through a broader local and international client base. From taking orders to delivering goods, the fulfillment process gives merchants the chance to refill their inventory and support the local economy. E-commerce also guarantees client accessibility around-the-clock. Customers may buy goods and services anytime they want since websites and platforms are always open. This accessibility, together with the simplicity of making orders, allows for flexibility and accommodations for hectic schedules. Thirdly, e-commerce benefits from comparison and review opportunities. Customers may shop around and compare costs from other vendors to discover the greatest deals. Before making a purchase, individuals may also read reviews and client testimonials, which might provide insightful information. Fourth, e-commerce has to offer a multi variety of products, be it goods or services, and rich product information. Customers have access to comprehensive explanations, use guidelines, and details on refunds and replacements. The extensive selection of goods and services offered online meets a broad variety of requirements and tastes. Additionally, because clients may discover bargains and reduced pricing online, e-commerce often results in cheaper expenses for them. Compared to conventional storefronts, e-commerce benefits merchants by lowering operating costs and enhancing customer service. Both parties gain from this win-win arrangement, which also frees up resources for organizations to concentrate on client targeting, efficiency improvements, and growth initiatives. E-commerce also benefits society as a whole. Customers no longer need to go out and physically look for things since they can browse e-commerce websites from the comfort of their own home, which reduces mobility. E-commerce expands its market to isolated locations with internet connection, making it accessible to a larger audience. All socioeconomic groups are catered to by the wide range of items and price points offered.

E-commerce does have its pitfalls, too. First, shoppers are unable to test things before purchasing, losing out on the opportunity to gauge quality and experience firsthand. Reviews may be arbitrary and restricted in scope. Some clients, especially those who are

older, prefer the in-person service and haggling possibilities provided by physical establishments. Second, delivery times might be problematic, particularly if same-day delivery is not an option. Customers could choose physical shops if they want a product immediately or if they worry about damage while shipping. Thirdly, e-commerce lacks the tactile pleasure of in-person product comparison and interaction. It is unable to replicate the social contact that comes with buying in actual shops, which appeals to our social nature and enables engagement. Fourthly, e-commerce might make it difficult to resolve problems right away. Services are available to resolve consumer complaints, however they might be limited or restricted, which would frustrate customers. Additionally, clients' faith and confidence in utilising e-commerce platforms are threatened by technological problems such as cyber security worries, scams, and frauds. Last but not least, one of the biggest drawbacks of e-commerce is its dependency on internet access. People are unable to use online buying platforms and services without a working internet connection.

E-commerce offers a variety of features and services to its consumers. But first, let's examine the basic characteristics of e-commerce to understand what is so unique about it that it has attracted so much attention. Then we can move on to the features and services that it offers. E-commerce has come a long way since its first existence, in this 21st century, we have seen a lot of rapid development especially in the field of technology, and with such help e-commerce has also seen its growth. With these in mind, let us glimpse at the features of e-commerce²³:-

a. It is available for access anywhere and at any time, with the help of internet. One can use the e-commerce at their own convenience or at their own time, be it at the late hours of the night or the early hour of the day.

b. It is available to all, regardless the distance of territories or boundaries. One can avail e-commerce nationally and even internationally. E-commerce provides its services and facilities across nationally and internationally.

c. E-commerce is quite easy to use, and all different e-commerce sites are similar to one another, in such so, to not create confusion for its users. Almost all the e-commerce site uses same standard to provide easement of service for its users.

d. The customers of e-commerce can avail various products and services at a cheaper rate than usually with the same or greater quality than that of the market. A lot of

²⁵ M. Danish Khan, Farmeena Khan, Mohd. Ehmer Khan, 'Importance of E-Commerce in Global Market' (2014) IKM < <https://core.ac.uk/download/pdf/234671668.pdf> > accessed 31 March 2023

customers look for product at discounted price but expect the quality of that product remain the same or better than the product they might buy from the market space.

e. In e-commerce sites the relationship of buyer and seller is inter-changeable i.e., to say, in e-commerce, a buyer can become a seller and a seller can become a buyer.

f. The user or customers has the option to personalize their item according to their taste and choice. E-commerce provides varieties in design of the same products.

g. Few other features of e-commerce are that of one must create an account in the e-commerce site, and one account can be used by many, for example; if one family member has an account in one particular e-commerce site then other family members can use the same account of that particular site. One can also order/buy products or services on behalf of other and will be delivered to the recipient's address. The user/customer is free to cancel or replace or even return the product if it is damaged or unsatisfactory.

h. Recently, due to the pandemic and lockdown, few e-commerce sites have also introduced OTT (over-the-top) platform with the aim of providing streaming services which deliver entertainment content over the internet for their customers. Best example of these is Amazon's Prime Video.²⁴

The Indian e-commerce market is controlled by a number of laws that protect consumers' rights. The efficacy of these rules is questioned, however. Lack of a clear enforcement mechanism and ambiguous penalties for non-compliance are two main problems. This casts question on the implementation and enforcement of the restrictions. Additionally, the absence of an effective dispute resolution procedure makes it difficult for customers to settle disputes with e-commerce companies.

The authenticity & certification of goods & services in the e-commerce industry are a further worry. Even though businesses must provide correct information, fraud and the delivery of subpar items nonetheless happen often. For customers, especially those who are less tech-savvy or have less access to information, this presents challenges. Furthermore, despite privacy and data protection being critical problems in e-commerce, the legislation does not address the protection of consumer data.

²⁴ Jayaseelan Rathinaswamy, 'Covid-19 Lockdown, Entertainment and paid OTT video- Streaming Platforms: A Qualitative study of Opinions on Preference, Theatre or home' (Researchgate, Dec 2020) < https://www.researchgate.net/publication/348929029_Covid-19_Lockdown_Entertainment_and_Paid_OTT_Video-Streaming_Platforms_A_Qualitative_Study_of_Opinions_on_PreferencesTheatre_or_Home> accessed on 10 June 2023

It is difficult for consumers to seek protection against fraud and scams since the mission and power of consumer protection bodies are not clearly defined. Both consumers and businesses are left in the dark and confused by the legislation's lack of clarity about the duties and responsibilities of e-commerce corporations. Additionally, the restrictions do not provide protections against false or counterfeit brands that are marketed on internet marketplaces.

Additionally, there is a shortage of consumer knowledge, particularly in rural regions where e-commerce is growing. This increases the chance that fraudsters may target vulnerable customers. Although the laws provide some amount of consumer protection, they may not be enough to stop dishonest or misleading business practices. It is difficult to hold online retailers responsible for any violations due to the lack of transparency in their operations.

It is essential to make rules more clear, make enforcement procedures better, and raise consumer awareness and education levels in order to solve these problems. The Information Technology Act also needs to be updated to adequately handle issues with cyber security, privacy, and data protection in the e-commerce industry. By emphasizing the management of personal data and increasing data protection and privacy rights for customers, the latest Digital Personal Data Protection Bill, 2022 offers answers to these problems. Cross-border data transfers and the cost of compliance are two possible effects that should be carefully evaluated. In general, there is space for advancement and improvement to guarantee efficient consumer protection in the sector of e-commerce in India.

The rise of e-commerce in India had significantly altered society and had an influence on many facets of everyday life. Consumers benefit from its accessibility and ease, yet there are worries about its effects. Online platforms are fiercely competing with traditional retail firms, forcing closures and creating job losses. In addition to having an impact on the economic, this also has socio-cultural ramifications that weaken neighborhood markets and local marketplaces. Furthermore, the abundance of fake items in e-commerce undermines customer confidence and legitimate companies, underscoring the need for tougher laws and consumer protection measures.

Despite the difficulties, e-commerce has had beneficial effects. Small businesses and entrepreneurs now have access to markets and opportunities, allowing them to compete and advance economic growth. Through increased access to the

variety of products & services, the empowerment of rural artisans, and the preservation of local arts and crafts, e-commerce has benefitted rural communities. The development of e-commerce platforms has also increased job prospects across a range of sectors, promoting both economic growth and professional improvement.

But there are disadvantages to take into account. An over dependence on technology might result in a loss of human interaction and decreased community engagement. Concerns about online fraud and cyber security dangers also call for strong security measures and user education. Local customs and culture may be impacted by the dominance of e-commerce platforms, and wealth gaps may be made worse by employment polarization. Furthermore, the prevalence of false and subpar goods erodes consumer trust and harms reliable enterprises. It's also important to address the digital gap, privacy issues, and environmental effects of e-commerce. E-commerce in India offers advantages as well as drawbacks. For small businesses and rural communities in particular, it provides convenience, market access, and job prospects. But its repercussions on conventional shopping, fake items, and many social facets need consideration. To guarantee a sustainable and equitable digital commerce environment in Indian society, it is necessary to have a balance between the upsides and downsides of the e-commerce.

Nevertheless, as the world, technology and society is moving ahead and developing the development of e-commerce is inevitable. The main reason for that e-commerce is popular among the public is because it provide convenience, easy access to the products and service that one may need, with fast delivery and the options of online payment or cash on delivery, frequent offers and discounts, and also friendly user interface to help the customer with the issues and problems that they are facing relating to e-commerce. E-commerce is able to each and every one by simply by the press of few taps in the smart gadgets that the people possess.

2.2. Evolution of E-commerce

Without the internet, e-commerce would not have been able to see the day light. Today e-commerce has come a long way and with each and every significant development, e-commerce is made more and more convenient to every user. It all started with the creation of the internet in the year 1983 by Tim Berners-Lee, without which, e-commerce and this modern time would have ceased to exist. The timeline of the evolution of e-commerce can be traced as under²⁵:-

1969, it was Dr. John R. Glotz and Jerrey Wilkins who introduced to the world the first ever e-commerce company, named as, CompuServe.

1979, a man named as Michael Aldrich invented e-shopping, i.e., electronic shopping, where people can buy products and service online itself.

1982 it was the Boston Computer Exchange, who introduced to the world the first ever e-commerce platform.

1991 in India, the concept of e-commerce was first introduced. Though it was in the year 1999, which gave India its first e-commerce platform called Fabmart.com.

1992, Charles M. Stacks also contributed to the evolution of e-commerce by creating online bookstore called Book Stacks Unlimited.

1994, M. Andreessen and Jim Clark, created web browsing tool.

1995, even Jeff Bezos and Pierre Omidyar, introduced Amazon, and AuctionWeb (later changed to e-bay).

1998, PayPal was launched as a tool of payment system for e-commerce. a year later, with the funding of more than 25 million dollars, Alibaba Online was created.

2000, as a way to advertise the e-commerce companies, Google Adwords was created.

2005, Amazon introduced to the world with Amazon Prime, for catering with extra benefits for people who have amazon membership.

2011, Google launched another of its service called as Google wallet with the purpose of being a method of payment digitally. And with the aim of maximizing the products and services, the entire social media platform started with advertisement.

2014 and 2017 respectively, Apple launched Apple Pay as a mode of online payment and Instagram Shopping was introduced too.

²⁵ Vaibahv P. Mujmule, 'A History of e-Commerce' (NEID, 2021)
<<https://www.researchgate.net/publication/353718685>> accessed 14 April 2023

While talking about the evolution of e-commerce in this paper, I cannot simply ignore stating the e-commerce evolution in India. In the year 1991, the concept of e-commerce was introduced to India. By the year of 1995, India got internet and with that technological develop was developing stably²⁶. However it was in the year of 1999 that Vaitheeswaran launched India's first ever e-commerce site, named as, Fabmart.com. During such era of the 90s, have internet or even cellular network was considered to be a luxury to people. Slowly and steadily at that, India accepted the new technological development and started using e-commerce for financial and business transaction purpose. With Amazon entering to the market in India, a life of convenience started to take pace. In 2007, two IIT students made and launched India's e-commerce platform to compete with Amazon and named it Flipkart. This new e-commerce platform took to the sky and became one of the very popular among all. In the reports of IBEF, it is assumed that by the year 2030 flipkart will become third largest market in the world.²⁷

A noteworthy credit goes to the businessman, Mukesh Ambani, with introduced India to Jio and made internet connection cheap and available to all and every parts of the country. With the help of Jio network, the e-commerce market in India took a boom in getting huge customers and even more in revenue. The development of 4G network in the internet space has help ease things in the e-commerce business, not just for the customer and existing e-commerce sites, but also for the new player entering this market segment. E-commerce has impacted both the society and also uplifted the economy. With the international player setting their already established business in India and gaining a huge number of customer, e-commerce has shown everyone that it with cater to the service of the people for a very long time in the future. With the development in technology and Artificial Intelligence, the e-commerce has evolved drastically, providing better interface and customer experience to its user.

²⁶ Deepali Moray, '20 Years of Internet in India: On August 15, 1995 public internet access was launched in India' *News 18* (India, 15 Aug 2015)

²⁷ IBEF, 'Flipkart Internet Pvt Ltd' (IBEF, 2022) <
<https://www.ibef.org/industry/ecommerce/showcase/flipkart-internet-pvt-ltd>> accessed on 10 June 2023

2.3. Categories of E-Commerce

While talking about e-commerce, even in general sense, it has been categorised into many types, which were mentioned in the introduction portion of this paper, and now we shall see it in details.

1. **B2B²⁸**:- B2B stands for Business-To-Business. As the name suggest, in this model of e-commerce, the transaction is between to businesses or companies. In other words, when two businesses do transaction via online such commerce is known as B2B. Example of such can be that of the transaction between one party which may be a manufacturer and another party may which may be wholesaler, or, between a party of wholesaler and another of retail seller. Another example can be of the transaction between one companying providing raw material and another company who is manufacture such raw material into goods. The perfect example of such is of Apple's iphones features are gathered from different other company like Samsung, Intel, micron technology, etc. Few of the advantages B2B is that it save times, cost of operation is minimal, and it is add to the convenience of the parties. Major Advantages of B2B are given as below:

a) Direct interaction with customers: The biggest benefit of e-business is this. The faceless and anonymous customer who purchases goods from a major MNC like HLL or Procter & Gamble through retailers, distributors, and other outlets suddenly has a name, a face, and a profile. Large MNCs shell out a premium for this knowledge of consumer purchasing trends.

b) Focused sales promotion: This data provides accurate insight into the preferences, likes, and dislikes of customers, enabling the business to launch targeted sales promotion campaigns that are directed at the appropriate demographic.

c) Building customer loyalty: Online clients have been found to be more devoted than other customers if they are treated with respect, made to feel special, and their privacy concerns are acknowledged. Additionally, it has been discovered that once customers form a strong bond with a website and its offerings, they find it difficult to switch their allegiance to competing offerings.

d) Scalability: This indicates that the Web is accessible at all times and is open. The customer is given access they have never had before. There is worldwide access to this service. Therefore, if a company uses an e-business model, it can

²⁸ P.T. Joseph, E-commerce- An Indian perspective (4th edn, PHI, 2012)

manage many more customers across a much wider geographical spread. The business can create regional domains and a global parent site to accommodate these needs. Microsoft has had great success with this model. Once a critical mass is attained, the additional cost of serving a wider segment of customers dramatically decreases.

e) Savings in distribution costs: By utilizing e-business methods, a business can significantly reduce its distribution, logistics, and after-sales support costs. Computer, aviation, and telephone firms are common examples. Due to the degree to which e-business models involve the customer in the business interaction, businesses are able to avoid establishing the substantial sales and support infrastructure that would otherwise be required.

2. **B2C²⁹**:- This stands for Business-To-Consumer. Consumers are called as the end-users of any product or services and in this category, the transaction is between two parties i.e., the business and the consumer. In this category a manufacture or a business deals directly with the customers relating to the buying and selling of the product or the service, it is quite different from the B2B model, since, we can say there is no middle person from which the customer will get or buy the product or service like from manufacturer to the wholesaler to the retailer then to the customer. Some of the merits of B2C are-

a) Inexpensive costs, big opportunities: Opportunities abound once a company is online since it is relatively inexpensive to sell their goods to a global audience.

b) Globalization: The Internet may make you look to be a major player even if your business is modest, which just proves that e-business has leveled the playing field. Millions of individuals use the Internet worldwide, and they are all undoubtedly prospective clients.

c) Reduced operational costs: By selling online, you can reduce your expenses for paper, customer service, advertising, and order processing.

d) Customer convenience: The convenience of customers is facilitated through searchable material, shopping carts, promotions, and interactive, user-friendly interfaces, which increases sales. Online access to order status, delivery status, and receipts are also available to customers.

²⁹ P.T. Joseph, E-commerce- An Indian perspective (4th edn, PHI, 2012)

e) Knowledge management: You can learn who visited your website using database systems and information management, and you can figure out how to improve consumer value by doing so.

The process of B2C can be simply explained with the help of the figure below³⁰

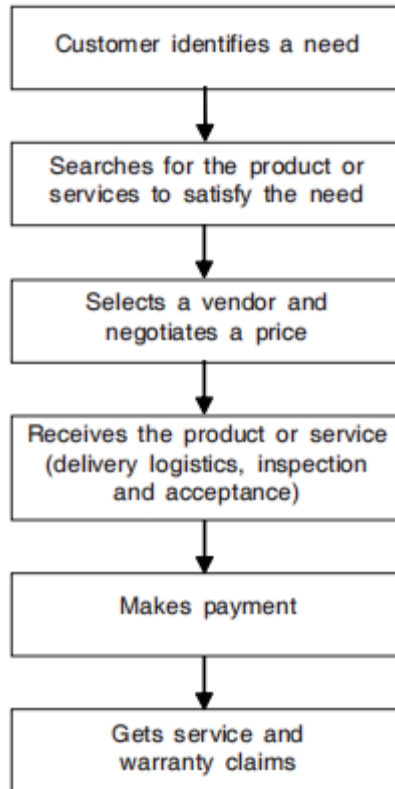


Fig: process of B2C

3. **C2C:** It stands for Consumer-To-Consumer. Here the e-commerce transaction is done between two parties who are both consumers. The perfect example of this will be the e-commerce application called as OLX, e-bay, and also quicker.com; of course even when the commerce transaction is done between two consumer, one will be the seller and the other will be the buyer, and here even the buyer is a consumer and not a registered seller, he/she is just selling what he/she has brought. Few advantages of such is the cheaper cost of the product, the product does not go to waste but instead goes to another consumer. C2C hold merits as well as demerits for both sellers and buyers, now we will look into few of such merits and demerits

³⁰ P.T. Joseph, *E-commerce- An Indian perspective* (4th edn, PHI, 2012)

Merits to the Sellers³¹:

a) Higher profit- There is no middlemen used in the C2C e-Commerce business model. Profitability rises as a result of the product or service being offered having a reduced cost. The additional expenses related to physical store rent, employee pay, website hosting, marketing, and the usage of third parties for product distribution are not a concern for C2C merchants. The C2C e-Commerce marketplace makes it easier for sellers and buyers to communicate directly and conduct business without additional fees.

b) Increase of Customer Reach – In a physical store, luck, shop proximity or convenience, adequate advertising, marketing, and repeat business from existing consumers all play a role in determining the number of patrons and visitors. A C2C e-Commerce marketplace stall, however, has a significantly higher chance of receiving visits and transactions because customers go to that platform specifically to hunt for the goods and services it provides. Additionally, the C2C e-Commerce marketplace's online nature makes your goods and services available to a global clientele, increasing the likelihood that a conversion will occur.

c) Credibility – The ability to support their own e-Commerce platform or the reputation of a well-known seller are frequently lacking in sellers that opt to sell their products or services through a C2C platform. Making use of space on an established C2C e-Commerce platform will therefore relieve them of the responsibility of developing and maintaining their platform and provide them credibility under the umbrella of the C2C platform.

Demerits for Seller are:

a) Competition – It may be scary for some vendors or business owners to compete in a market when many vendors are providing equivalent products or services, particularly when they have to compete with goods and services that are more expensive, have better ratings, or are of higher quality.

b) Payment Issues – A guarantee of payment for the transactions conducted may or may not exist depending on the marketplace platform provider. According to the platform's policies, it may be challenging to contest and resolve accusations from C2C e-Commerce businesses that clients have conned them.

³¹ Ayushi Y. Vadwala, 'E-commerce: Merits and Demerits A Review Paper' (2017) IJTSRD <https://www.researchgate.net/publication/320547139_E-Commerce_Merits_and_Demerits_A_Review_Paper> accessed on 10 June 2023

c) Platform Fees – A regular, recurring fee or a percentage of earnings are two options that platform owners may use to charge vendors (and occasionally purchasers) for using the platform.

Merits to the Buyers are:

a) Lower Prices – Buyers may find the provided goods and services more reasonable since sellers can cut out the costs of middlemen.

b) Variety of Choice – There is more options for prospective customers to pick from when there are numerous sellers selling particular goods or services grouped in one virtual location. To determine what is ideal for the consumer, factors including the price of the goods or services, whether there is an option for customization, the mood of delivering such goods or services, the quality, the amount of time which will take to be delivered, whether such items are one time supply in the inventory or there are multiple supply of such and others can be given priority. Customers are more likely to be satisfied and feel like they are receiving their money's worth when they can get exactly what they are looking for.

c) Faster Service – Since there are so many possibilities on a single platform and there are no middlemen, transactions can move more rapidly, seamlessly process which saves time of both the customers and the business.

d) Security – the security of the platform depends largely on the policies of such platforms, the processes of security and checking the background may be used to protect clients from fake vendors who might pose as sellers.

4. **C2B³²**: This stands for Consumer-To-Business. Here the consumer trades his/her services to the business organisation. It may be a business or product idea or even his/her own invented product so that the business can mass produce it and sell it to the targeted consumers, and both of them may be profited. Some of the advantage and disadvantage of C2B are:-

Advantage:

a) Improving consumer insight: The benefit of a business-to-business strategy is that your customers are performing your marketing and connecting with a clientele that closely resembles your target market. Additionally, you can conduct market research using the data from the customer's campaign.

³² P.T. Joseph, E-commerce- An Indian perspective (4th edn, PHI, 2012)

b) Loyalty and awareness: Customers like to trust other customers' opinions than those of large corporations. C2B marketing can expand your business's market and inspire consumer trust.

c) Product development: Customers in a C2B business model have more opportunities to offer feedback on the goods and services that they have used and value the brand of such goods and services. This enables startups and small enterprises to determine which products are in the highest demand among customers and modify their product offerings accordingly.

d) Automation: For a C2B business, some services, including direct payments, can be automated to streamline interactions with clients.

Disadvantage:

a) Might be unpredictable: B2B and B2C are two trustworthy business formats that have been in use for a long time. Since they are so new, C2B models can be unstable. Since you, as a business owner, have little control over how effectively your clients market to you, relying only on a C2B approach may eventually prove to be problematic.

b) Negative consumer responses: one run the risk of receiving unfavourable comments if he/she relies on a client's services for the business. Be prepared to respond to criticism while maintaining relationships with the clients that provide your company value.

Two other eminent categories of e-commerce is that of P2P (Peer-To-Peer) and m-commerce (mobile-commerce). The first one is where e-commerce helps two users to transfer files or digital information with one another using the internet. And the latter is just the mobile version of the e-commerce; simply putting, when the process of e-commerce is done in the potable, cellular network, which now-a-day we all have i.e., our mobile phone, this is what we call as m-commerce.

2.4. Merits and Demerits of E-commerce

Since the coming up of e-commerce, and because of the recent lockdown over the Covid-19 pandemic, we have seen the importance and need of e-commerce. Due to the e-commerce store life was not too hard in those hard times, rather, e-commerce had carted to the need of the people. Not just the customers but also the sellers, businesses, organization had been benefited by the e-commerce, because of which, the sector of e-commerce rose to new heights. New players came in market, what the traditional retail failed to provide, e-commerce provided just that; the market scale of e-commerce also kept on increasing with the increase in the customers size.

The benefits or advantages of e-commerce can be summarized as below:-

1. **Convenience**³³: while using e-commerce, it doesn't take much of our time to place an order and, in no doubt, it has become a popular mood of shopping. Technology has made our life so easy that we can order products or services with simply with the help of few taps. With such easement and with the variety of products and services available online it has become quite convenient to us. With the old saying like if we save time, we are saving our money; e-commerce has proved this to be true, we can order products and services in the comfort of our home without any physical constraints.

We must also see that e-commerce did not just bring convenience to the customer but it has also brought a great deal of convenience to the seller as well. Firstly being that, e-commerce has broken the restraints of retail seller by giving them the wide cyber space where they can sell their product and services and not limiting them to their physical stores. With the help of e-commerce the sellers are able to tap into even large group of customers available not just in their physical marketplace but countrywide and even worldwide making their earning even more than before. The seller after receiving their order through the e-commerce site and parcel the product to the customers address which gives them ample of opportunities to restock their supplies and help increase the economy of the country.

³³ Ghada Taher, 'E-commerce: Advantage and Limitations' (2021) HRMARS <https://hrmars.com/papers_submitted/8987/e-commerce-advantages-and-limitations.pdf> accessed on 04 May 2023

2. **24*7 Availability for Customers**³⁴: when talking about the availability of e-commerce to its customers, it is every clear that it is available all year long, no matter at what time one might want to order, e-commerce site is accessible to its customers indifferent to time, an customer can purchase an item be it a product or service at the comfortable of his clock, be it at the late hours of the night or even the earliest hour of the day. One key component of its advantage is that it only takes few of our time to place an order, which helps us save our time so that even in our hectic schedule we will be able to avail such facilities as our own time.

3. **Comparison and reviewing**³⁵: Before ordering any product or service, one advantage the customer has because of e-commerce is the option of comparing of price of the same product among different seller in the e-commerce site, so as to get the best offer in the said product. With the advantage of comparing, e-commerce also gives us the facilities of review. Review is nothing but the feedback of the service and products that the customers gives in order to provide an idea to other customers before they buy and also to the seller so that he will know how much the purchaser liked it or didn't like it.

4. **Varieties and adequate information**³⁶: with e-commerce we have the meaning and all the required information before any purchases we make on all then varieties of product in their sites. E-commerce is full of information regarding the products and services that we need to know like that of, what the product does, how is it to be used, and with that we also get the replacement or return of the product or service provided by the e-commerce.

5. **Lower cost**: by lower cost, what I mean to say is that, in one hand the customer can avail the same quality of product as a discounted rate and even cheaper than the original market rate. And in the other hand e-commerce has helped the seller lower their operational cost of marketing and bettering their service quality than the actual physical store. E-commerce has introduced itself to the people as a win-win solution to both sides.

6. **Better operations**: with the lowering in their operational cost, the seller can focus their resources in different aspects such as, targeting a better range of customers,

³⁴ Ayushi Y. Vadwala, 'E-commerce: Merits and Demerits A Review Paper' (2017) IJTSRD <https://www.researchgate.net/publication/320547139_E-Commerce_Merits_and_Demerits_A_Review_Paper> accessed on 10 June 2023

³⁵ *ibid.*

³⁶ *ibid.*

increasing the efficiency of the company, initiating different plans for the growth of their business.

7. **Merits to the society:** due to the e-commerce, the customer does not have to go around the market place in search of the product he/she so desires or needs, the customer may just surf the e-commerce site looking for his appropriate product at the comfort of his space, reducing the customer's mobility.

E-commerce has extended its service to the outskirts of the towns and cities providing its accessibility to each and every places having internet network.

With the variety of options for different products and services, entities of e-commerce is also providing a variety range of price of such product so as to reach to all class of people.

With every aspects of life there must be both positive and negative to create a balance, likewise, in every field of study there will always remain merits and demerits. So as to speak, even this topic of my study has its drawbacks along with the above mentioned advantages. Now I shall introduce the readers to the disadvantage of e-commerce:-

1. **Unavailability to trying**³⁷: though a customer can return or replace the item that he/she has ordered, but the experience of trying out the item first hand and knowing the quality of the product before buying is not available in e-commerce. Yes, one may argue that one must always check the reviews before buying, but the reviews depend of many things such as the satisfaction, whether the item has been damage during transition among others. Many of the customers especially of the previous generation prefer the first hand interaction between them and the seller knowing the product, the person who sells it and even bargaining for a better price. E-commerce fails to delivery just experience to its customers.

2. **Delivery time**³⁸: In some metropolitan cities in India, like Bengaluru, Mumbai, Delhi there is a facilities called 'one day delivery', but in many other parts of the country, the customers have to wait a certain period of time before receiving the product they have ordered. Such delay and with the fear that then product might be damaged during transit which makes the customers, sometime opt for visiting the physical store rather than

³⁷ Ayushi Y. Vadwala, 'E-commerce: Merits and Demerits A Review Paper' (2017) IJTSRD <https://www.researchgate.net/publication/320547139_E-Commerce_Merits_and_Demerits_A_Review_Paper> accessed on 10 June 2023

³⁸ *ibid.*

ordering it online and having to wait. Another reason for such might be the urgency of the product which makes the e-commerce fall behind to the physical store.

3. **Comparison and humane:** there is a sense of satisfaction of buying a product only after we have touched it, personally compared the quality of the products in different store. And there is another reason why e-commerce is at disadvantage that i.e., the humane touch. We as a human being are a social animal, we cannot survive alone, visiting the physical store for buying gives us an opportunity to tap into our human nature and interact with society, which the E-commerce fails to provides.

4. **Immediate solution:** when such issue arises, every one of us wants an immediate solution without waiting too long. Though the e-commerce does provide its customers with services to resolve the issue that we face, it does many a time deny or restrict or even limits such services, which in turns, frustrates the customers.

5. **Technical issues**³⁹: technical issues such as cyber security is a issue worldwide, and with the advancement of technology, cyber security concerns has also risen, like that of fear of scammers, frauds while buying any product and services online through e-commerce, has made many of the customer aware and also afraid of using e-commerce for being scammed of their money and the product.

6. **Internet connectivity**⁴⁰: The main drawback of any e-commerce is that it depends on the internet connection. In this modern world, internet is the main component relating to everything online. If someone does not have internet connection, he/she won't be able to access e-commerce for products and services.

In conclusion, e-commerce is such a term that is used to describe the process of purchasing and selling of goods or services through the use of internet. With the development of technology, it has undergone substantial change, giving clients everywhere ease and accessibility. Experts have offered a number of definitions of e-commerce, highlighting its dependence on digital information processing technologies and electronic connections. E-commerce has changed the way firms run and widened the market beyond geographical restrictions. It has given people the convenience of purchasing from home and allowed firms to attract a wider demographic. The advent of the internet and the introduction of online retail platforms have aided in the expansion of e-commerce.

³⁹ Ayushi Y. Vadwala, 'E-commerce: Merits and Demerits A Review Paper' (2017) IJTSRD <https://www.researchgate.net/publication/320547139_E-Commerce_Merits_and_Demerits_A_Review_Paper> accessed on 10 June 2023

⁴⁰ *ibid.*

There are several e-commerce subcategories, such as B2B, B2C, C2C, C2B, P2P, and m-commerce, each of which caters to certain business-to-consumer connections and transaction types. These categories provide a number of advantages, including accessibility, scalability, cost-effective distribution, and direct client contact.

E-commerce has an influence on both the economy and society. Through technology breakthroughs, it has drawn international enterprises into new markets, enhanced user interfaces and customer experiences, and provided a lifeline during the COVID-19 epidemic. Convenience, accessibility, chances for comparison and reviews, a large range of products, lower pricing, and greater customer service are all advantages of e-commerce. Additionally, it has increased market accessibility for various socioeconomic levels and remote regions.

E-commerce does have its pitfalls, too. Longer delivery periods, a loss of tactile touch and social engagement, difficulty in solving urgent problems, cyber security issues, and dependency on internet connectivity are some of the difficulties. Authenticity, certification, and the safety of customer data may all be affected by how well consumer rights rules are implemented and enforced in the e-commerce sector. It is required to strengthen regulations and enforcement practices, increase consumer awareness and education, update pertinent laws, and boost cyber security and data protection measures in order to solve these difficulties. Clearer regulations, more effective consumer protection measures, and more company openness are needed for the Indian e-commerce economy. E-commerce offers advantages, but it has also presented problems for local markets, conventional retail, and cultural preservation.

E-commerce in India has mostly had a positive influence on society, providing chances for small enterprises, strengthening rural communities, and generating employment possibilities. The benefits and drawbacks of e-commerce must be balanced, nevertheless, in order to handle issues with social interaction, fraud prevention, cultural preservation, income inequality, the digital gap, privacy, and environmental sustainability.

CHAPTER 3

LEGAL IMPLICATIONS OF E-COMMERCE

3.1. Introduction

The legal responsibilities of e-commerce platforms towards customers have greatly grown as a result with the introduction of the Consumer Protection (E-Commerce) Rules 2020. Although new regulations represent a laudable step towards protecting consumer interests, several worries and unanswered questions still exist. These include concerns with the proper application and implementation of the rules, their applicability to organizations operating across international borders.

Before liability can be proven, it is also critical to ascertain if a violation of these guidelines qualifies as an “unfair practice” u/s 94 of the Consumer Protection Act. The issue of whether the platform may potentially be held liable for a seller’s violation also comes up.

The Consumer Protection (E-Commerce) (Amendment) Rules, 2021 were introduced by the Ministry in a notification dated May 17, 2021, in order to address some of these issues. In order to guarantee compliance with the act and regulations, this amendment mandates that enterprises based outside of India appoint an Indian resident nodal officer or an alternative senior designated functionary.

Although progress has been made, there are still some murky spots and space for improvement in these guidelines. Concerns are raised by the absence of a definite enforcement mechanism and an effective dispute resolution procedure. Challenges include the need for verification of products and services, privacy and data protection for customers, and the function and authority of consumer protection agencies.

The “Central Consumer Protection Authority” (CCPA) was founded by the Consumer Protection Act of 2019, which also intends to defend consumer rights in a number of other areas, including as e-commerce, deceptive advertising, and product liability. The CCPA is essential in resolving safety issues, bringing legal action, penalizing misleading advertising, and protecting consumers from dishonest business practices.

However, consumer protection worries continue, especially with relation to cyber security, privacy, and data protection. Consumers are vulnerable to unfair practices and lack legal protection since the current Information Technology Act of 2000 does not

adequately address these concerns particular to e-commerce. The difficulties are further exacerbated by the limited culpability of intermediaries and the ignorance of consumers.

The Digital Personal Data Protection Bill, 2022 intends to address data protection and privacy problems in India in light of these concerns. The measure places a strong emphasis on gaining permission, precise data management, and people's rights over their personal data. Additionally, it creates the Indian Data Protection Board to manage complaints, address data breaches, and impose fines, eventually boosting consumer confidence and the security of online transactions.

The bill's provisions improve consumer data security in the e-commerce industry, but compliance costs and restrictions on data transfers might have an effect on prices and global e-commerce trade. However, the goals of the law center on safeguarding customer personal data, enhancing privacy, and creating a strong foundation for data security in the modern day.

There are still areas that need attention and development, despite the fact that India has made major measures to protect consumer rights via the application of regulations and the enactment of the Digital Personal Data Protection Bill. For complete consumer protection in the quickly growing e-commerce industry, clearer enforcement mechanisms, effective dispute resolution procedures, more consumer awareness, and revised rules addressing jurisdictional problems and data security are required.

3.2. Consumer Protection (e-Commerce) Rules, 2020

The Government enacted this rules i.e., Consumer Protection (e-Commerce) Rules 2020 “u/s 101 (1) (zg) of the Consumer Protection Act 2019”⁴¹. These regulations lay out guidelines for the reach and applicability of laws in the e-commerce industry. The laws cover a range of e-commerce-related topics, including products & services which are purchased or sold through any digital networks, various e-commerce models, e-commerce retail, and practices of any trade which is unfair in all models of the e-commerce.

The 2020 e-commerce regulations are designed to control the operations of e-commerce businesses in India and guarantee consumer safety. Various words, including “Act”, “e-commerce entity”, “Grievance”, “GSTIN”, and others, are defined in the rules. For terms not defined in the regulations, compliance with the

⁴¹ Consumer Protection Act 2019, s 101 (1) (zg)

Consumer Protection Act of 2019 and the Information Technology Act of 2000 is necessary.

Rule 4 states that in order to be considered corporations, e-commerce businesses must register under the Companies Act of 1956 or the Foreign Exchange Management Act of 1999. A senior designated functionary or nodal person who lives in India must also be appointed by them. These organisations must disclose their legal name, addresses for their headquarters and branches, information about their websites, contacts for customer service, and the identity of their grievance officer. For goods and services imported through their platform, they must additionally publish importer details.

E-commerce businesses must set up a grievance redressal procedure and are forbidden from using unfair commercial practices. Customer concerns must be addressed by a grievance officer within 48 hours and resolved within a month. Customers should not be charged cancellation fees for cancelled orders unless the e-commerce company is responsible for them. They are urged to register with the National Consumer Helpline of the Central Government.

The obligations of marketplace e-commerce businesses are the main topic of Rule 5. They must make sure that the information offered for products and services on their platform is correct and matches their fundamental characteristics. Seller details must be provided, including business name, address, customer service contact information, rating system, and feedback system. It should be made plain how to use the return, exchange, refund, guarantee, warranty, shipping, payment options, and grievance redressal processes.

The obligations of vendors in the marketplace are outlined in Rule 6. Sellers are not allowed to deceive customers about the features or quality of their products, and unfair trade practices are strictly forbidden. Sellers should be willing to take back defective goods or offer reimbursements for subpar services. They must enter into a contract with the online retailer, designate a grievance officer, and offer precise details about their company, products and services, pricing, guarantees, and warranties.

Inventory-based online retailers are the focus of Rule 7. Regarding exchange, return, refund, guarantee, warranty, shipment and delivery, payment options, and grievance redress, they must offer clear and easily understandable information. They must accept returns or issue refunds for faulty or subpar products and they must not

misrepresent goods and services. The sold items and services must be guaranteed for authenticity by the inventory e-commerce firm.

Rule 8 states that the Consumer Protection Act of 2019's provisions may be used if the e-commerce standards are broken. These regulations make sure that e-commerce companies operating in India follow consumer protection principles and uphold ethical and transparent business practices.

The rules relating to the consumer protection (e-commerce) rules 2020, have had impact both on consumers and as well as the sellers. The rules have been given separated rules from the consumer protection act 2019, to ensure that the consumers are provided with the protection from the scams and fraud of the e-commerce sector. By entrusting with the consumer protection (e-commerce) rule 2020, the government has protected the consumer through this rules but fails to redress with the drawbacks that such rules include in itself, few of such drawbacks are provided as under:-

a. The e-commerce rules of 2020 outline the responsibilities and obligations of both marketplace and inventory e-commerce entities. However, there is a lack of clarity regarding the enforcement mechanisms for these rules. The penalties for non-compliance with the aforementioned rules are not explicitly outlined. Rule 8 of the e-commerce rules 2020 addresses contraventions of the rules, stipulating that any violation of the rule's provisions shall be subject to the provisions of the Consumer Protection Act, 2019.

b. No specific provision for dispute redressal mechanism: the rule also fails to provide for a proper dispute redressal mechanism. The rules provide for grievance officer for lodging the consumer's complaints and resolve it within one from the date of receipt of the complaint. Though the complaints lodged to the grievance officer acts as dispute redressal between the customer and the e-commerce entity, but there is a need for a specific and designated provision providing a detailed dispute redressal mechanism for fluent and effective way to resolve disputes.

c. Burden to consumer: The rule has put a significant burden on the consumer and trust on the e-commerce regarding the authenticity and verification about the quality of the goods and services provided in the e-commerce platform. Though it is the duties of the e-commerce entity to provide with all the description and information of the goods and services to their customer but in few cases it can be seen that the customer get scammed by receive a duplicate goods or services with is not at par with the authentic goods or services. This would be challenge to the

customers since many are not tech-savvy and have limited access to information; the recent report of statista⁴² indicates that the digital population of India is only 692 million, out the 1.41 billion populations according to the World Bank⁴³.

d. Lack of data protection provision: the rule on e-commerce 2020 has not provided any provision for protecting the customer's data and privacy, which is a major concern in the e-commerce sector. Though there are few provisions in the Information Technology Act for data protection, but there is a high time to have a designated legislature for data protection and data privacy, since breach of such data may lead to identity theft, and multiple types of fraud & scams.

e. Role of the consumer protection authority: the rule does not provide for role and power of consumer protection authority such as the Central Consumer Protection Authority, National & States Consumer Dispute Redressal Commission, for protecting the interest of the consumers, its jurisdiction, which could be a hassle for the general public to refer to different legislation for protecting their own interest from the fraud and scams in the e-commerce sector.

f. Lack of clarity: the rule provides for both the duties as well as the liabilities of the e-commerce entity i.e., inventory e-commerce entities and marketplace e-commerce entity, but there is not explicit clarity as the rules act as a guidelines for such entities which has to be followed and in violation of which are penalized according to the Consumer Protection Act 2019. Stating the liabilities and duties without any clarity may give rise to confusion, for example of which is the rule relating to the refund policy which must adhere to the procedure of the RBI, the rule fails to provide any clarity on the grounds and process of the refund, leading to which the jurisdiction and rules of RBI are to be followed which as a result create confusion to both the customers and the e-commerce entity.

g. Lack of provision to counter: there are various products and services provided in the e-commerce entities, and the various products and service are provided by various brands. With such variety of brands, it is difficult to determine genuinenity and authenticity of the goods and services. The rules fails to provide any form of counter measure against the duplicate and 'rip-off brand' which are being sold in the e-commerce entity.

⁴⁰ Staista, 'digital population of across India as of February 2023' (Statista, 2023)
<<https://www.statista.com/statistics/309866/india-digital-population-by-type/>> accessed 26 May

⁴¹ World Bank, 'Population, total India' (The World Bank, 2021)
<<https://data.worldbank.org/indicator/SP.POP.TOTL?locations=IN>> accessed 26 May

h. Lack of consumer education: with the overwhelming reach of the e-commerce business in various parts of India especially rural India, there seems to be a need for consumer education since those consumers who are not tech-savvy or have minimum technological knowledge are easily doped by fraud and scams. The rules doesn't provide for any kind of consumer education which can help consumer become aware of such.

i. Limited consumer protection & Lack of transparency: While the rules provide some protection to consumers, they may not go far enough to protect consumers from fraudulent or misleading activities. The rules also may not provide sufficient transparency into the operations of e-commerce entities, which can make it difficult to hold them accountable for any violations.

j. Compliance with others law: E-commerce companies are subject to a number of consumer protection laws and rules, including those pertaining to data protection, privacy, intellectual property, and advertising standards. If these rules are not followed, there may be fraudulent activity, unfair business practices, or abuse of customer data, which might cause consumers injury or loss. Thus, e-commerce rules, does not provides any guidelines to the e-commerce entities to what other laws the business of e-commerce must adhere to, making to a hassle for the e-commerce entities to keep themselves updated to such.

k. Lack of social responsibility: It is not mentioned explicitly in the rules, but all the e-commerce entities must adhere to the corporate social responsibility, such as environmental sustainability (wastes from packaging, excess consumption of or energy & carbon emission from logistics), labor standard (Fair labour practices, the maintenance of secure working conditions, and the prevention of exploitation of labour); and many others. The rules does not provide any clear provisions or rules regarding the social responsibilities as mentioned above but expects the e-commerce entities to follows as such.

The obligations placed on e-commerce platforms for their customers have greatly increased as a result of the establishment of these Rules. However, it is important to recognise that these Rules have flaws because some questions are still unanswered. These concern the proper implementation and application of the Rules, their potential divergence from the Act with regard to entities operating outside of national borders, the extensions of obligations imposed on Platforms that go beyond

the typical relationship of the buyer and seller and the precise classification of digital product offerings falling under their purview.

Furthermore, because the origin of these Rules can be found in Section 94 of the Act, it is important to determine whether any violation of these Rules must meet the criteria of a “unfair practice” before liability can be established, as well as whether a seller’s violation of these Rules can also subject the Platform to liability.

Hence, while these Rules undoubtedly represent a commendable stride towards safeguarding consumer interests, they nonetheless leave certain aspects open to ambiguity. As a result, these Rules serve as a boon for all consumers who have been adversely affected by the absence of these regulations, while simultaneously presenting a challenge for Platforms scrambling to ensure their implementation. The Consumer Protection (E-Commerce) (Amendment) Rules, 2021 were introduced by the Ministry in a notification dated May 17, 2021 in an effort to address some of the issues expressed in respect to these Rules. This amendment includes the requirement that businesses with headquarters outside of India or with an office, branch, or agency outside of national borders but under the control of an Indian resident appoint an Indian resident nodal officer or a backup senior designated functionary to ensure compliance with the Act’s and the Rules’ provisions.

In summary, The Consumer Protection (E-Commerce) Rules 2020, which seek to shield consumers from online fraud and scams, have an effect on both buyers and sellers in the e-commerce sector. These restrictions, meanwhile, are not without challenges and reservations. The lack of a clearly defined enforcement mechanism is a significant problem, since the rules do not outline how they will be applied or what would happen if someone does not comply. Despite the inclusion of a grievance officer for consumer complaints, the absence of an efficient dispute resolution procedure is a source of worry. Customer concerns might be resolved more easily with a clear and effective dispute resolution process. The regulations make it difficult for consumers to confirm the legality and certification of goods and services in the e-commerce industry, and they do not provide sufficient protections for client data and privacy. Customers find it difficult to seek protection against fraud and scams since the rules are unclear about the function and jurisdiction of consumer protection authorities.

Both customers and businesses are left in the dark about the duties and responsibilities of e-commerce corporations, which causes doubt and confusion.

Issues like return procedures and the existence of imitation or phony brands on online shopping sites are not covered by the legislation. Inadequate consumer knowledge is another issue, making people more susceptible to fraud, particularly in rural regions. Although the restrictions provide some consumer protection, they may not be enough to stop unethical behaviour. Concerns about e-commerce companies' openness arise since it is difficult to hold them responsible for violations. The obligations of retailers and e-commerce platforms, as well as their compliance with the Consumer Protection Act, also need to be clarified.

There is still space for improvement, even if the legislation is a step in the right direction for defending consumer rights in the e-commerce sector. It is critical to address the worries and doubts around its execution. A recent amendment requiring enterprises outside of India to designate an Indian resident nodal officer is a step in the right direction towards ensuring compliance with the law and regulations.

3.3. Consumer Protection Act, 2019

On July 20, 2020, the Consumer Protection Act of 2019 went into force. With the addition of new regulations for direct selling, e-commerce, the creation of the Central Consumer Protection Authority (CCPA), strict standards for deceptive advertising, and strict standards for product responsibility; Changes to the Pecuniary Jurisdiction; Easier Resolution of Disputes Addition of “Unfair Trade Practice”; “Unfair Contract”; and “Mediation as an Alternative Dispute Resolution” clauses. This legislation safeguards six consumer rights: (i) the right to safety; (ii) the right to information; (iii) the right to make a choice; (iv) the right to be heard; (v) the right to a remedy; and (vi) the right to consumer awareness.

Different phrases that are not defined in the 2020 e-commerce standards are included in the Consumer Protection Act of 2019. E-commerce is defined in Section 2 (16) as the exchange of commodities or services, including digital items, over a digital or electronic network.⁴⁴

According to Section 2 (28) “an advertisement is considered misleading if it (i) falsely describes a product or service, (ii) makes a false guarantee about the nature, substance, quantity, or quality of the product or service, or (iii) conveys an express or implied statement that, if made by the product’s manufacturer, seller, or service provider, would be considered an unfair business practice.”⁴⁵

The term “unfair trade practice” is defined in Section 2 (47) of the Act as “a trade practice that adopts any unfair method or unfair or deceptive practice for the purpose of promoting the sale, use, or supply of any goods or for the provision of any service.”⁴⁶

According to Section 2(6), a written assertion made by a consumer seeking redress for a variety of concerns, including unfair contractual terms, unfair or restrictive trade practices, defects in goods, inadequate services, or the provision of hazardous goods or services, is referred to as a complaint. A written allegation that seeks to prove liability on the part of the product manufacturer, vendor, or service provider may also be included in a complaint.⁴⁷

⁴⁴ Consumer Protection Act 2019, s 2(16)

⁴⁵ Consumer Protection Act 2019, s 2(28)

⁴⁴ Consumer Protection Act 2019, s 2(47)

⁴⁷ Consumer Protection Act 2019, s 2(6)

Section 17 of the Consumer Protection Act states that any complaints relating to a violation of a consumer's rights, whether caused by unfair business practices, false or deceptive advertising, or any other reason, may be sent in writing or electronically to the appropriate authority, such as the District Collector, the Regional Commissioner, or the Central Authority.⁴⁸

According to Section 20 of the Consumer Protection Act 2019, "necessary orders may be passed when the Central Authority is satisfied that a consumer's right has been violated, including (a) the recalling of goods or withdrawal of services that are dangerous, hazardous, or unsafe; (b) the reimbursement of the prices of such goods or services to purchasers; and (c) the cessation of practices that are unfair and detrimental to con."⁴⁹

The Central Authority has the authority to order traders, manufacturers, endorsers, advertisers, or publishers to stop running any false or misleading advertisements that are harmful to consumer interests or violate consumer rights, according to Section 21 of the Act⁵⁰ [sec 21(1)]. In addition to giving instructions, the Central Authority has the authority to fine producers or endorsers of fraudulent or deceptive advertisements up to 10 lakh rupees. The maximum fine for successive offences is fifty lakh rupees [sec. 21(2)]. If an endorser is proven to have promoted a fraudulent or misleading commercial, the Central Authority has the authority to forbid the individual from providing public support or approval for any product or service for a duration of up to twelve months. The duration of the restriction period has the potential to be extended by a maximum of three years for successive offences [sec. 21(3)]. The Central Authority may impose a fine of up to ten lakh rupees on a person if they are discovered to have published or contributed to a deceptive advertisement [sec. 21(4)]. If endorsers have taken reasonable steps to confirm the veracity of the statements stated in the endorsed advertisement, they will not be penalised in certain situations [sec. 21(5)]. If a person can show that publishing the advertisement was a regular part of their business, they will not be subject to a fine [sec. 21(6)], unless they were already aware that the Central Authority had ordered them to retract or amend the advertisement. The population and area impacted, the frequency and length of the offence, the vulnerability of the affected individuals, and the money from sales

⁴⁸ Consumer Protection Act 2019, s 2(17)

⁴⁹ Consumer Protection Act 2019, s 20

⁵⁰ Consumer Protection Act 2019, s 21

as a result of the offence will all be taken into consideration when deciding the punishment [sec. 21(7)]. Before making a decision under this provision [sec. 21(8)], the Central Authority must give the relevant party a chance to be heard.

According to Section 88 of the Consumer Protection Act of 2019, if someone disobeys the order issued by the Central Authority pursuant to Sections 20 and 21 of the aforementioned Act, they may be penalised with up to six months in prison, a fine up to 20 lakh rupees, or both.

According to Section 89 of the Act, “any manufacturer or service provider who intentionally helps create a false or misleading advertisement that is harmful to consumer interest faces up to two years in prison and a fine of up to ten lakh rupees. If the offence is committed again, the penalty could be up to five years in prison and/or a fine of up to fifty lakh rupees.”⁵¹

According to Section 90 of the Act⁵², “those who manufacture, store, sell, distribute, or import any product that contains an adulterant, either directly or through a representative, shall be subject to legal repercussions based on the following factors: (a) If the act does not harm the consumer, the offender may face up to six months in jail and a fine of up to one lakh rupees. (b) If the act results in non-violent injury to the customer, the penalty may include up to a year in jail and a fine of three lakh rupees. (c) If the act results in injuries that cause the consumer great harm, the perpetrator may face up to seven years in prison and a fine of up to five lakh rupees. (d) The criminal faces a period of imprisonment of at least seven years, which may be increased to life in prison, as well as a fine of at least ten lakh rupees [section 90(1)] if a consumer dies as a result of the contaminated goods. Crimes covered by paragraph (1)'s clauses (c) and (d) are regarded as cognizable and non-bailable [sec 90(2)]. In addition to the punishments listed in subsection (1), the court has the power to suspend the person mentioned in that section’s licence for a maximum of two years in the event of a first conviction. The court has the authority to completely revoke the licence for consecutive offences. It’s vital to note that “adulterant” refers to any substance, including foreign objects, used to make a product dangerous for this section, while “grievous hurt” has the same definition as stated in Section 320 of the Indian Penal Code [sec 90(3)].”

⁵¹ Consumer Protection Act 2019, s 89

⁵² Consumer Protection Act 2019, s 90

“Individuals who manufacture, store, sell, distribute, or import any spurious goods, either directly or through a representative, will face legal repercussions based on the following factors: (a) If the act results in injuries to the consumer that do not amount to grievous harm, the offender may face up to a year in prison and a fine of up to three lakh rupees. (b) If the act results in injuries that cause the consumer great harm, the punishment may include up to seven years in prison and a fine of up to five lakh rupees. (c) The criminal faces a period of imprisonment of at least seven years, which may be increased to life in prison, as well as a fine of at least ten lakh rupees [sec. 91(1)] if a consumer dies as a result of using such bogus goods. The offences covered by paragraphs (b) and (c) of subsection (1) are regarded as cognizable offences that cannot be released on bail [sec 91(2)]. In addition to the punishments listed in paragraph (1), the court has the power to suspend any license given to the person named in that section under the applicable legislation for a period of up to two years in the event of a first conviction. This power exists regardless of the sentence. The court may decide to completely revoke the license in the event of a second or subsequent conviction [section 91(3)].⁵³”

The Central Government is empowered to take the necessary actions under Section 92 of the Act to stop unfair business practices in e-commerce, safeguard consumer rights and interests, and prohibit direct selling.⁵⁴

The Central Consumer Protection Authority (CCPA), whose purpose is to promote, protect, and enforce the rights of consumers as a class, was established by the government on July 24, 2022 under Section 10 of the Consumer Protection Act 2019, with the intention of protecting consumers' rights. It will have the power to look into claims of consumer rights violations, submit complaints, take legal action, order the recall of potentially harmful goods and services, put an end to unfair corporate practices, and penalise marketers that engage in deceptive advertising strategies.

One top Commissioner, two commissioners, each of whom represents both products and services, make up the CCPA.⁵⁵ The Consumer Protection Act of 2019's

⁵³ Consumer Protection Act 2019, s 91

⁵⁴ Consumer Protection Act 2019, s 92

⁵⁵ PIB, ‘Central Consumer Protection Authority established to promote, protect and enforce the rights of consumers; will function from Indian Institute of Public Administration premises’ (Ministry of Consumer Affairs, Food & Public Distribution, 30 July 2020), <<https://pib.gov.in/PressReleasePage.aspx?PRID=1642422>> accessed on 10 June 2023.

Section 18⁵⁶ gives the CCPA a variety of tasks and authorities in relation to protecting the interests and rights of consumers. It is concisely summarised as follows:

a. The commission has the authority to investigate complaints of consumer rights violations, unfair business practices, and complaints made or taken at the central government's initiative or on its own initiative.

b. In the case of a prima facie breach of consumer rights, unfair business practices, or deceptive advertising that jeopardises the public interest of consumers, the commission may direct the District Collector or Director General to conduct an investigation.

c. The commission may summon the offender and order him to present the pertinent documentation after discovering evidence of the infractions.

d. "Section 22 of the Consumer Protection Act of 2019 gives the Director General or the District Collector the ability to search, confiscate, and request permission to produce any documents or data."⁵⁷

e. Any risky, hazardous, or unsafe goods or services may be recalled by the commission.

f. The commission in charge of advertisements has the authority to order retailers, manufacturers, advertisers, and publishers to stop running any advertisements that mislead customers or are otherwise incorrect or even harmful. In some circumstances, the commission may issue fines of up to 10 lakh rupees.

g. The commission may participate and offer assistance by filing grievances with the National Commission, State Commission, or District Commission established in accordance with the Act, taking part in their proceedings, recommending remedial actions, taking part in related research, promoting awareness, and advising consumers on safety precautions.

h. The commission has the authority to forbid any false advertising of any products or services for a term of one to three years.

Ms. Nidhi Khare is the chief commissioner of the CCPA, and as of 26 July 2022, the CCPA has dealt with a variety of cases involving the protection of consumers' rights and has issued 129 notices in total, 71 of which were for false advertising, 49 for unfair business practices, and 9 for consumer rights violations. Such that the initial safety warnings are for helmets, cooking gas cylinders and

⁵⁶ Consumer Protection Act 2019, s 18

⁵⁷ Consumer Protection Act 2019, s 22

pressure cookers, while the following warnings are for household items such as LPG gas burners for use in the home, immersion water heaters, sewing machines, etc.⁵⁸

The CCPA now has the power to impose enforceable orders thanks to legislative action. According to the Act of 2019, the CCPA has the power to issue the following orders: (a) Goods or services may be recalled or discontinued; (b) Customers may be compensated; (c) Unfair practices may be discontinued; (d) Advertisements may be discontinued; (e) Penalties may be imposed for misleading advertisements; (f) Prohibitory orders may be issued against endorsers of misleading advertisements; and (g) Publishers of misleading advertisements may be fined. The aforementioned instructions would necessitate a criminal penalty (such as a fine or a period of incarceration).⁵⁹

Additionally, the CCPA had warned consumers not to buy domestic items without the ISI designation. The CCPA has taken action suo moto against e-commerce on multiple occasions because it puts consumers' safety at danger of harm or injury. Prior to the Consumer Protection Act of 2019, there was no way to pursue class actions or address the problems of unfair trade practices and deceptive advertising.⁶⁰ The Central Consumer Protection Authority's formation has given rise to a structure for preventing violations and defending consumer rights. With the ability to impose penalties when the rights of consumers have been infringed by unfair trade, deceptive, or false ads, and to issue orders for the cessation of practices that are unfair and detrimental to consumer interests.⁶¹

The CCPA must therefore adopt broad parameters for assessing the presence of a prima facie case because the Act does not specify how preliminary inquiries should be performed; the only instruction that can be given is to use the phrase "existence of a prima facie case."⁶² So, after receiving a complaint, the CCPA must assess the claims' suitability for investigation in light of the record and evidence at hand. One could argue that denying the option for cross-examination would invalidate

⁵⁸ PIB, 'Central Consumer Protection Authority completes two years of glorious establishment' (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027>> accessed 1 June 2022

⁵⁹ Consumer Protection Act 2019, s 88

⁶⁰ PIB, 'Central Consumer Protection Authority established to promote, protect and enforce the rights of consumers; will function from Indian Institute of Public Administration premises' (Ministry of Consumer Affairs, Food & Public Distribution, 30 July 2020), < <https://pib.gov.in/PressReleasePage.aspx?PRID=1642422>> accessed on 10 June 2023.

⁶¹ PIB, 'Central Consumer Protection Authority completes two years of glorious establishment' (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027>> accessed 1 June 2022

⁶² *Nirmala J Jhala v State of Gujarat* [2013] 4 SCC 301

the entire process and prevent the accused or guilty person from having a chance to face the facts because the inquiry process is not followed by a formal trial or adjudication. Comparable tax authorities' investigative and quasi-judicial hearings, where a denial of the ability to cross-examine has been judged fatal to the entire assessment process, can be used to draw comparisons.⁶³ Given the ambiguous nature of the CCPA investigation process, it is imperative that the procedural rules governing such investigations achieve a delicate equilibrium between preserving the integrity of the investigative process and safeguarding the rights of the alleged offender.

The Act of 2019 expands the investigation powers given to the CCPA and the investigation wing by granting the Director General, authorised subordinate officers, or District Collector, as appropriate, powers of search and seizure. There must be "reason to believe" that consumer rights have been violated, unfair commercial practices have taken place, or deceptive advertising has been running in order to use the act's search and seizure authorities. Honorable courts of law have interpreted the phrase "reason to believe" in a variety of paramaterial statutes. It is a well-known legal principle that before consent to search and seize is given, cause for suspicion must be established using the available information and documented by the competent authorities.⁶⁴

The CCPA had dealt with such cases and had properly penalised those found guilty. False and misleading marketing had been on the rise during the pandemics. A pandemic breakout in 2020 made people afraid, which many companies took advantage of by running misleading advertisements. *Suo moto*, the CCPA acknowledged this and sent notices to such defaulting companies. Furthermore, Covid-19 has caused a major change in consumer behaviour towards internet retailers. Consumer anxiety over the Covid-19 outbreak has led to harsh action against several firms for false advertising. 15 businesses pulled their advertisements as a result, and 3 businesses released apology ads. The CCPA ordered the removal of Sensodyne product advertisements that make the claims "Recommended by dentists worldwide" and "World's No.1 sensitivity toothpaste" within seven days and "Clinically proven relief, works in 60 seconds"; the CCPA also ordered the payment of a penalty of Rs.

⁶³ *CCE v. Milton Polyplas (I) (P) Ltd.* [2019] SCC OnLine Bom 545

⁶⁴ *Union of India v. Agarwal Iron Industries*, [2014] 15 SCC 215.

10 lakh, which has already been done. Advertisements that incorporate endorsements from overseas dentists must halt in conformity with prior CCPA rulings.⁶⁵

The “Sure Vision” advertisement was also to be taken down, and Sure Vision was fined Rs. 10 lakh by the CCPA for making false and misleading statements. Sure Vision India received a court injunction because to false advertising for their product “Sure Vision”, which claims that it “improves eyesight naturally; eliminates eye strains; exercises the culinary muscles; and is the world’s best unisex correction apparatus.” The company was unable to provide evidence to support its assertions about the product’ effectiveness in the commercial. Additionally, Naaptol was fined Rs. 10,000 for making false claims about their items, such as the “Magnetic Knee Support,” “Acupressure Yoga Slippers,” “Acupressure Massage Slippers,” and “Gold Jewellery of Rs. 200,” without giving any supporting documentation.⁶⁶

The Consumer Privacy Protection Act (CCPA) has issued a recommendation for all electronic commerce (E-commerce) marketplaces to disclose comprehensive seller information and provide detailed product descriptions on their platforms. This measure aims to safeguard consumers utilising these websites. The California Consumer Privacy Act (CCPA) is currently engaged in the development of a methodology aimed at identifying fraudulent reviews on electronic commerce platforms. A committee comprising all relevant stakeholders has been established for this purpose. Despite the non-compliance of pressure cookers with the mandated BIS standards, Paytm Mall was subjected to a penalty of Rs. 1,000,000 by the CCPA, which was duly remitted.⁶⁷

The Central Consumer Protection Authority has issued a warning to Ola and Uber regarding potential violations of consumer rights and the employment of unethical business practices. Furthermore, the California Consumer Privacy Act (CCPA) brought attention to several significant concerns, including the substandard level of service, the disproportionate imposition of cancellation fees, and the equity of the pricing calculation methodology. The guidelines for preventing deceptive advertising and endorsing deceptive advertising for the year 2022 were also publicly disclosed. Regulations are implemented with the purpose of safeguarding clients

⁶⁵ PIB, ‘Central Consumer Protection Authority completes two years of glorious establishment’ (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027>> accessed 1 June 2022

⁶⁶ *ibid.*

⁶⁷ *ibid.*

against deceptive practices, such as unsupported assertions, grandiose assurances, inaccurate data, and overstated assertions.

The Central Consumer Protection Authority acts as a watchdog, protecting the rights of the consumers which are being violated. “For selling domestic pressure cookers in violation of the statutory standards outlined in the Domestic Pressure Cooker (Quality Control) Order, 2020, the Cloudbtail India Pvt. Ltd. has been ordered by the Central Consumer Protection Authority to discontinue such operations; while the household pressure cookers were on e-commerce platforms in violation of the CCPA’s mandatory criteria, the CCPA took immediate action against such platforms; major e-commerce sites including Amazon, Flipkart, Paytm Mall, shopclues, and snapdeal as well as the registered merchant in such platforms who had accounts for such violation, have received notification from the CCPA. Amazon Basics stainless steel outer lid pressure cooker, 4L was the pressure cooker that was sold by cloudbtail India Pvt Ltd which was available to the customer for their purchase on the Amazon e-commerce site. In its response to the CCPA, Cloudbtail stated that it had stopped importing pressure cookers after the QCO took effect. The CCPA noted that notwithstanding the suspension of imports, the company had continued to sell such pressure cookers to consumers. In reality, this response clearly showed that the corporation was continuing to offer such pressure cookers to general consumers while being aware of the QCO. After receiving notice from the QCO, Cloudbtail sold 1,033 units of pressure cookers through the Amazon e-commerce platform that did not meet the required specifications. According to the ruling, Cloudbtail must recall the 1,033 pressure cookers it sold, pay customers for the cost of the recalled pressure cookers, and provide a compliance report within 45 days. Additionally, the company was ordered to pay a fine of 1,00,000 for supplying household pressure cookers to customers in breach of the QCO's mandatory criteria and against their rights. Violation of standards mandated by the QCOs not only endangers public safety, but can make consumers vulnerable to severe injuries including loss of life. This is a critical cause for concern especially in case of domestic pressure cooker, which is a household good, present in most homes in the immediate vicinity of family members. In accordance with Section 18(2) (j) of the Act, the CCPA has also issued Safety Notices to inform and forbid customers from purchasing products that lack a genuine ISI Mark and contravene mandatory BIS standards. The second Safety Notice was published on household items such as electric immersion water heaters, sewing

machines, microwave ovens, domestic gas stoves with LPG, etc., whereas the first Safety Notice was released regarding helmets, pressure cookers and cooking gas cylinders. The CCPA keeps a close eye on the state of consumer protection in the nation. In a recent advisory to all e-commerce platforms, the CCPA stressed that the sale or facilitation of the sale of Ayurvedic, Siddha, and Unani drugs containing ingredients listed in Schedule E(1) of the Drugs and Cosmetics Rules shall only be done after a valid prescription from a registered medical practitioner is uploaded by the user on the platform.”⁶⁸

“The National Consumer Helpline (NCH) has received up to 85 complaints since new rules prohibiting hotels and restaurants from automatically adding service charges were announced on July 4. The Central Consumer Protection Authority (CCPA) reported this on Saturday and ordered all district collectors to take strict action against those who violate the new rules. To promote widespread dissemination of the new rules and to take appropriate action against violators to protect consumer interests, the consumer protection agency CCPA has written to chief secretaries and district collectors of states and union territories. The CCPA published new regulations on July 4 that forbid hotels and restaurants from adding service charges to meal bills automatically or by default. Additionally, it made it very obvious what actions customers may take if the rules were broken. In New Delhi, there were about 18 complaints; in Bengaluru, 15; in Mumbai, 11; in Pune; and in Ghaziabad, 4. The main complaints are that hotels and restaurants require customers to pay a service charge, embarrass them if they refuse, put the fee under a different name, and obfuscate the fact that this price is optional. Between April 1, 2021, and June 20, 2022, the levying of service costs was the subject of about 537 consumer complaints, according to the CCPA. The CCPA is authorized to issue the appropriate guidelines to prohibit unfair business practices and safeguard consumers’ interests under Section 18(2) (1) of the Consumer Protection Act, 2019. Because of this, the CCPA has written to the chief secretaries and district collectors of every state with the explicit directive that levying a service charge in violation of the rules constitutes an unfair business practice and affects consumers’ rights generally, and that such complaints must be given top priority. The Consumer Protection Act 2019, which went into force in July 2020,

⁶⁶ PIB, ‘Central Consumer Protection Authority passes Order against Cloudfair for selling domestic pressure cookers in violation of mandatory BIS standards’(PIB, Delhi, 5 Nov 2022) <<https://pib.gov.in/PressReleasePage.aspx?PRID=1873903>> accessed on 4 June 2022.

superseded the former Consumer Protection Act, 1986, which is what makes the new rules released by the CCPA different from the prior guidelines. It established the CCPA, a new statutory organization given authority by Parliament to investigate unfair business practices. As a result, any infringement of the rules will be handled severely, and legal action will be taken against those who engage in unfair business practices or violate customers' rights. Consumers can request that a hotel or restaurant remove a service charge from their bill if they discover that the establishment is charging one in contravention of the rules, according to the CCPA. Call the number 1915 or use the NCH mobile app to file a complaint with the NCH, which serves as a pre-litigation dispute resolution procedure. The Consumer Commission also accepts complaints from consumers. For quick and efficient remedy, the complaint may be submitted electronically through the e-daakhil portal at www.edaakhil.nic.in. Additionally, consumers can file a complaint with the District Collector of the relevant district for the CCPA to investigate and take appropriate action. The CCPA can also receive complaints via email at com-ccpa@nic.in.”⁶⁹

In summary, On July 20, 2020, India passed the Consumer Protection Act, 2019 to protect customers' rights. E-commerce, misleading advertising, product liability, unfair business practises, and dispute resolution are just a few of the many topics it covers. Six consumer rights are established by the law: safety, information, choice, hearing, seeking redress, and consumer awareness. It attempts to shield customers from risky goods, provide them accurate information, give them the ability to choose, hear their concerns, and know their rights. The legislation offers mechanisms for consumers to raise complaints and specifies phrases like “e-commerce”, “misleading advertising”, and “complaint.”

To safeguard consumer rights, the Central Consumer Protection Authority (CCPA) was established under the statute in July 2022. A chief commissioner and two commissioners who represent goods and services make up the CCPA. It has the authority to look into infractions, file lawsuits, demand product recalls, put an end to unfair business practices, and punish false advertising. The CCPA is crucial in addressing safety concerns, providing alerts about dangerous goods, and taking legal action against misleading advertising. It promotes e-commerce platform openness,

⁶⁹ Press trust of India ‘CCPA Says 85 Complaints Received After Issuance Of New Guidelines On Service Charge’ (Outlook, July 2022) < <https://www.outlookindia.com/business/ccpa-says-85-complaints-received-after-issuance-of-new-guidelines-on-service-charge-news-208049>> accessed on 5 June 2023.

combats fraudulent reviews, and makes sure that standards are followed. The CCPA has filed lawsuits against significant businesses, fined offenders, and protected customers from fake goods.

The CCPA and other channels should be used by consumers to register complaints and look for solutions. The Consumer Protection Act, 2019, establishes the CCPA, sets rules for advertising and product liability, enhances dispute resolution, addresses unfair practices, and raises consumer awareness in order to completely safeguard consumer rights in India. In order to protect consumer interests, fight misleading practices, and guarantee the security of Indian consumers, the CCPA's enforcement, including issuing notices and taking legal action, has been essential. The statute offers consumers ways to seek remedies while holding offenders responsible.

3.4. Information Technology Act, 2000

In this era where privacy and data is the utmost importance when it comes to cyber security and data protection, the e-commerce industry in India has grown significantly in recent years, changing how companies run and how customers shop. Data security and cyber security are now of utmost importance due to the growing reliance on digital platforms for online transactions and the acquisition of personal data. Both e-commerce companies and consumers need to protect sensitive information and maintain a secure online environment.

Customers' names, addresses, contact information, payment details, and buying patterns are all collected in great quantities by e-commerce platforms. The goal of data protection laws like the Digital Personal Data Protection Act of 2022 is to guarantee that this personal data is gathered, handled, and stored securely. By preserving client rights and privacy, compliance with these laws promotes consumer confidence in e-commerce platforms. Cybercriminals frequently target the e-commerce industry because of the vast amounts of valuable client data it holds. For e-commerce companies, a data breach may result in monetary losses, harm to their reputations, and legal repercussions. Businesses may reduce the risk of data breaches and safeguard both their customers and themselves from potential harm by installing strong cyber security measures, such as secure payment gateways, encryption methods, and firewalls. Also, E-commerce systems are susceptible to phishing attempts, fraudulent transactions, and other types of cybercrime. Businesses must continuously keep up with the most recent cyber security procedures since cybercriminals are constantly changing their strategies. By using fraud prevention tools like real-time transaction monitoring, fraud detection algorithms, and user authentication processes, businesses and customers are protected against fraudulent activity.

In order to ensure the appropriate management of personal data, India has implemented data protection legislation. E-commerce companies can avoid fines and regulatory scrutiny by following these laws, such as the Digital Personal Data Protection Act. It shows a dedication to upholding consumers' rights and positions the company as a trustworthy participant in the e-commerce market. In India's e-commerce industry, data protection is a key component. E-commerce companies may increase customer confidence, avoid data breaches, guarantee secure transactions, stop

fraud, uphold their reputations, and adhere to legal obligations by placing a high priority on the security and privacy of client data. For long-term success and sustainability, it is becoming more and more crucial to invest in reliable data protection practices and safeguards as the e-commerce sector expands.

The Information Technology Act 2000 came into force on the 17th of October 2000 and had been amended on 2008 by introducing Section 66A of the Information Technology (Amendment) Act 2008 which made sending offensive information via a computer or other electronic device a crime that is punished.⁷⁰

The aim or objective of the Act is:

- a. To give E-commerce, which consists of transactions made via electronic data exchange and other electronic communication methods, legal status.
- b. To understand why bankers should store their books of accounts in electronic form: the bankers' books of accounts have always been a source of proof and have been examined, holding the banks accountable.
- c. The Information Technology Act recognized electronic evidence in a court of law, amending the Indian Penal Code, Indian Evidence Act, Banker's Book Evidence Act, and Reserve Bank of India Act to make access to justice simpler and the Indian legal system more dynamic throughout time.
- d. To identify documents produced to the government: e-Government has greatly benefited society as a whole since resources are more easily accessible online and because it successfully eliminates the need for middlemen, which in turn lessens the necessity for corruption.
- e. The DigiLocker, where citizens may access their important documents like voter IDs, PAN cards, driving licenses, etc., is recognised by the government. E-Government acceptance of electronic data storage. The government's demand that internet service providers save data for India was another topic of great interest.
- f. E-banking has infused a velocity never before seen in the banking business, making it important to recognise electronic fund transfers between banks and financial institutions. There is a case to be made that the advent of online banking has essentially put the bank in the account holder's hands.
- g. To verify the validity of a digital signature used for the legal authentication of any information or object.

⁶⁸ Information Technology (Amendment) Act 2008, s 66A

The provisions of the Information Technology Act which are related to the e-commerce sector are shared as under:

a. Section 43: By imposing severe penalties up to one crore, this clause protects against unauthorized access to the computer system. The same punishment applies to data extraction, copying, and downloading that is done without permission. The penalty for unauthorized introduction of is specified in Clause of this section.

b. Section 65: The source code for computers is provided in this section. Anyone who willfully conceals, destroys, alters, or forces someone to do so will be punished with up to two years in prison or a fine of two lakh rupees. In order to prevent the alteration of computer source documents, protection has been implemented.

c. Section 66: Under this section, security against hacking has been offered. This section defines hacking as any action that is taken with the intent to harm another person without their consent or with knowledge that such harm will be done, as well as any action that results in the loss, alteration, or degradation of information stored in computer resources. According to this clause, the hacker faces a three-year prison sentence, a fine of up to two lakh rupees, or both.

d. Section 72: “This provision offers defense against data privacy and confidentiality violations. According to this, anyone who has been given authority under the IT Act and related rules to secure access to any electronic record, book, register, correspondence, information document, or other material violates the law by disclosing it to another person and may be punished with up to two years in prison, a fine up to one lakh rupees, or both.”

In the given case⁷¹, the court has issued a directive to Telegram, referred to as Defendant No. 1, to provide certain information without delay. This information includes the details of channels and devices that were involved in sharing the infringing content, as well as associated mobile numbers, IP addresses, and email addresses. The court has requested Telegram to disclose this information based on the list of channels provided along with the application. Furthermore, the court has asked Telegram to submit any additional lists of infringing channels within one week. Telegram is required to provide data related to these infringing channels, including

⁷¹ *Neetu Singh and Another V. Telegram FZ LLC and Others* [2022] SCC OnLine Del 2637 : (2023) 93 PTC 515

information about the devices, servers, and networks used to create them. Additionally, details about the creators and operators, such as phone numbers, IP addresses, and email addresses, must be disclosed. Telegram is given a timeframe of two weeks to comply with this directive. To maintain confidentiality, the court has instructed that the aforementioned information should be submitted in a sealed cover. Once the court reviews this information, it will proceed to consider any necessary actions or further directions after hearing all involved parties.

The case⁷² involved a complaint filed by the victim under Sections 67 of the Information Technology Act and 469 and 509 of the Indian Penal Code, 1860. To inflict humiliation upon the woman, the accused disseminated explicit comments of a sexual nature pertaining to the victim across multiple online communities. To tarnish her reputation, he additionally divulged her cell phone information and initiated the establishment of a deceptive account under her identity. Based on the sections mentioned above, the court rendered a verdict of guilt against the accused.

In the case⁷³, the petitioner alleged that his telecommunications service provider had surreptitiously recorded his telephone conversations. As per his assertion, the purported surveillance infringed upon his fundamental right to privacy as guaranteed by Article 21 of the Indian Constitution. The service provider stated that it was implementing the instructions issued by the authorities, specifically the government of the National Capital Territory (NCT). This case holds significance in view of the provisions outlined in Sections 69, 69A, and 69B of the Information Technology Act, 2000. The Court observed that a telecommunications service provider engages in a public-facing operation. The inherent inclination is to exhibit rational and conscientious conduct. Furthermore, the court ruled that the service provider is obligated to verify the authenticity of any governmental directives pertaining to the interception of telephone communications in cases where significant inaccuracies are present. To mitigate the occurrence of illegal call interception, the court additionally mandated the central government to formulate explicit guidelines and regulations.

⁷² *State of Tamil Nadu v. Suhas Katti* C No. 4680 of 2004

⁷³ *Amar Singh v. Union of India* WRIT PETITION (CIVIL) NO.39 OF 2006

In 2021 case⁷⁴, the Union Government issued a series of regulations. These regulations supersede the Information Technology (Intermediaries Guidelines) Rules, 2011, in accordance with the powers conferred upon them by Section 87 of the IT Act of 2000. The regulatory measures seek to exert governmental control over internet streaming services, social media intermediaries, and digital news outlets. In accordance with the aforementioned regulations, social media intermediaries are required to comply with the established internal grievance redressal process. In instances of substantial transgressions, these intermediaries are additionally obligated to furnish the government with the particulars of the individual responsible for transmitting the objectionable communication. According to the stipulations, intermediaries that contravene these guidelines relinquish the safeguard provided to them under Section 79 of the IT Act. According to the stipulations outlined in the guidelines, intermediaries who contravene these regulations relinquish the safeguard provided to them under Section 79 of the IT Act. Furthermore, the regulations stipulate that digital news media must establish an internal mechanism for addressing grievances and strictly adhere to an ethical code of conduct. In the present scenario, a number of corporations, namely WhatsApp, Quint, LiveLaw, and the Foundation for Independent Journalists, have raised objections against the aforementioned regulations. The future trajectory of Indian information technology law will be influenced by the consequences of the judgement, which is presently awaiting listing before the Supreme Court.

In *R. Rajgopal v State of T.N*⁷⁵, the Apex recognized the individual's entitlement to protect their privacy across a wide range of concerns.

In *Ram Jethmalani v UOI*⁷⁶, The Supreme Court acknowledged the recognition of the Right to Privacy as an inherent component of Article 21. The Right to Privacy is considered a fundamental right that falls under the purview of the Right to life and personal liberty as outlined in Article 21. This right may be limited through

⁷⁴ *Praveen Arimbrathodiyil v. Union of India*

⁷⁵ *R. Rajgopal v State of T.N* 1994 SCC (6) 632.

⁷⁶ *Ram Jethmalani v UOI* (2011) 8 SCC 1

a legally established procedure that is deemed to be just, fair, and reasonable, as prescribed in *Maneka Gandhi v UOI*⁷⁷.

In *State of Maharashtra v Bharat Shanti Lal Shah*⁷⁸, The Supreme Court has established that the Right to Privacy may be limited in accordance with legally established procedures.

In *Govind v. State of MP*⁷⁹, It has been determined that the fundamental right explicitly guaranteed to a citizen encompasses numerous aspects, including the right to privacy, which is also considered a fundamental right. However, it is important to note that the right to privacy may be subject to limitations in cases where there are compelling public interests at stake.

Indian law, known as the Information Technology Act of 2000 (IT Act 2000), regulates several facets of internet business, including consumer protection. While the legislation has been helpful in encouraging the expansion of e-commerce, there are certain problems and difficulties with regard to consumer protection in the e-commerce industry. Here are some crucial points about the IT Act 2000 and how customers in the e-commerce industry will be affected:

1. **A lack of thorough consumer protection provisions:** The IT Act 2000 focuses mainly on problems with digital certificates, electronic signatures, and cybercrimes. Comprehensive clauses addressing e-commerce's concerns about consumer protection are absent. Consumers are exposed to a variety of hazards due to this gap, including fraud, deception, and unfair business practices.

2. **Problems with jurisdiction:** Because e-commerce crosses international borders, it is difficult to establish jurisdiction in situations of consumer complaints. When engaging with international e-commerce platforms, customers may find it difficult to obtain redress since the IT Act 2000 doesn't clearly define the rules for cross-border disputes.

3. **Inadequate dispute resolution procedures:** The IT Act 2000 makes no clear mention of dispute settlement procedures in the context of e-commerce. Although there are other options for resolving issues, including mediation and

⁷⁷ *Maneka Gandhi v UOI* AIR 1978 SC 597

⁷⁸ *State of Maharashtra v Bharat Shanti Lal Shah* (2008) 13 SCC 5.

⁷⁹ *Govind v. State of MP* 1975 SCR (3) 946.

arbitration, their usefulness and accessibility for handling consumer grievances in e-commerce transactions are still restricted.

4. **The terms and conditions are not uniform:** E-commerce platforms often impose their own terms and conditions, which may be biased in favour of the platform rather than defending the rights of consumers. The lack of explicit regulations in the IT Act 2000 that govern the fairness and openness of these terms and conditions disadvantages customers.

5. **Concerns about data protection and privacy:** The IT Act 2000 does provide measures for these issues. But as e-commerce has expanded quickly and the amount of personal data being collected and processed has risen, customer worries about data security and privacy have grown. To address new issues in this area, the act has to be revised.

6. **Limited responsibility of intermediaries:** The IT Act 2000 protects intermediaries from liability for third-party material or transactions by including a safe harbour clause. Although this clause promotes the development of e-commerce platforms, it may also lead to insufficient responsibility on the part of intermediaries when customers encounter problems with fake goods, fraud, or other unfair practices.

7. **Lack of consumer education and awareness:** Despite the IT Act 2000, many customers are still not aware of their legal rights or the options for pursuing legal action in connection with online purchases. To give consumers more power and guarantee they can use their rights efficiently, the act should be complemented by consumer awareness programs and education activities.

In summary, Concerns concerning consumer protection, especially in relation to privacy, data protection, and cyber security, has been raised by the growth of India's e-commerce business. Comprehensive safeguards for consumer protection are absent from the Information Technology Act of 2000 (IT Act 2000), which governs numerous facets of online business in India. The statute overlooks the particular difficulties of consumer protection in e-commerce in favour of concentrating more on digital certificates, electronic signatures, and cybercrimes. As a consequence, customers are exposed to unfair business practices, deception, and dishonest practices without sufficient legal protection. Additionally, the international scope of e-commerce raises questions about jurisdiction, making it difficult for consumers to file complaints for cross-border consumer concerns under the IT Act 2000.

Additionally, the statute does not clearly include any effective dispute resolution practices for the e-commerce industry. Despite the existence of alternatives, such as mediation and arbitration, their use in settling consumer disputes involving online transactions is very low. Consumers are further harmed by the lack of consistent terms and conditions in e-commerce platforms since these clauses may serve the platform's interests rather than that of the consumers. Due to e-commerce platforms' substantial gathering and analysis of personal data, data security and privacy issues are also quite important. The IT Act 2000 has certain regulations on data security and privacy, but they need to be updated to reflect the new issues that have arisen as a result of the explosive expansion of e-commerce and digital transactions.

The restricted liability of intermediaries under the IT Act 2000 is another area of concern. A safe harbour provision in the legislation exempts intermediaries from liability for third-party material or transactions. While this section encourages the development of e-commerce platforms, it may also result in intermediaries' lack of responsibility when clients experience problems like fraud or phony products.

Finally, there is a lack of consumer awareness and understanding of their legal alternatives and rights while making online transactions. Many consumers are not aware of the IT Act 2000's provisions or how to use their rights in an efficient manner. The statute has to be reinforced by consumer awareness programs and education initiatives to give consumers more power and guarantee that they can preserve their rights.

In conclusion, serious worries about consumer protection persist despite the expansion of India's e-commerce sector made possible by the IT Act 2000. There are not enough comprehensive provisions in the act to deal with jurisdictional concerns, effective dispute resolution, standard terms and conditions, data protection, intermediary accountability, and consumer awareness. For the act to provide effective consumer protection in the fast-paced world of e-commerce, it must be updated and supplemented.

3.5. Digital Personal Data Protection Bill, 2022

The legislation was designed to be relevant for the digital processing of personal data in India, encompassing situations where data is acquired through online or offline means and subsequently converted into a digital format. The bill extends its applicability beyond the borders of India to encompass instances where products, services, or profiles originating from individuals in India are provided. The processing of personal data is permissible solely in accordance with legal regulations and provisions, contingent upon obtaining the explicit consent of the data subject. Data fiduciaries are required to ensure the accuracy, security, and deletion of data once it has fulfilled its intended objective. The legislation conferred upon individuals a multitude of entitlements, encompassing the ability to request access to information, seek redress and deletion, and file grievances. Government agencies may be granted exemptions from the restrictions imposed by the Bill for reasons pertaining to state security, public order, and crime prevention, as determined by the central government. The establishment of the Data Protection Board of India by the national government would have been intended to address instances of non-compliance with the standards outlined in the Bill.

Information that can be used to identify or contact a specific person is referred to as personal data. In order to deliver goods and services, as well as to comprehend user preferences for the purpose of customization, targeted advertising, and suggestion development, businesses and governmental organizations collect personal data. The processing of personal data may also be advantageous to law enforcement agencies. The right to privacy of persons is acknowledged as a fundamental right, yet unchecked processing can endanger that right.⁸⁰

For the time being, India has no particular or separate legislature for data protection and instead the provisions of Information Technology govern the personal data of the individuals. With the ever evolving era of technology and the immense need for protecting the personal data, the Information Technology Act 2000 fails to keep up with such.⁸¹ It was seen a high time to establish a designated an act or

⁶⁹ Justice K.S. Puttaswamy (retired) vs. UOI, [2017] 10 SCC 1

⁷⁰ Report of the Joint Committee, *the Personal Data Protection Bill, 2019* (Seventeenth Lok Sabha, 2021)

legislature precisely for data protection and data security. It was due to which a committee of experts were formed in 2017 for data protection, which was headed by Justice B.N. Srikrishna. By the year 2018, the said committee submitted its report and the Personal Data Protection bill, 2019 was introduced in the Lok Sabha in December 2019. Unfortunately, the bill was reverted back and after which a joint parliamentary committee was formed entrusting with the formulation of the Bill, which was then named the Digital Personal Data Protection Bill, 2022, which was completed and presented the report in December 2021, but it was again withdrawn from the Parliament in August 2022. Then after, the Ministry of Electronics and Information Technology released to the public for their valuable feedback.⁸²

The Digital Personal Data Protection bill, 2022, though has been withdrawn⁸³; still hold a good amount of information for this current research as it can be useful in having an insight for the data protection of consumer in e-commerce sector. Keeping this in mind, the Digital Personal Data Protection Bill, 2022⁸⁴ has been summarized briefly as under:

1. **Applicability:** The Bill will be applicable if personal data is processed in India and falls into either of the following categories: (i) data that is acquired online or (ii) data that is obtained offline and subsequently converted into digital format. If the act of processing is conducted with the intention of generating profiles of individuals in India for the purpose of commercialising those products or services, it will similarly encompass processing activities conducted beyond the borders of India. The term “personal data” encompasses any information that can be used to identify an individual or is associated with their identity. Processing refers to the execution of automated actions or a sequence of operations on personal data that is stored digitally. The process involves the collection, retention, utilisation, and dissemination.

2. **Consent:** The utilisation of personal information is restricted to lawful purposes, contingent upon the consent of the data subject. Prior notification should be provided prior to requesting approval. The notification ought to include comprehensive information regarding the specific personal data that will be gathered, as well as the intended purpose for which it will be processed. The possibility of

⁷¹ PRS, Draft Digital Personal Data Protection Bill, 2022 (Ministry of Electronics and Information Technology, Nov 2022) < https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2 > accessed on 5 June 2023

⁷² *ibid.*

⁷³ *ibid.*

revoking consent is always present. Consent shall be considered as granted in instances where processing is deemed necessary for any of the subsequent rationales: (i) compliance with a legal obligation, (ii) provision of a service or benefit on behalf of the State, (iii) addressing a medical emergency, (iv) pursuit of employment opportunities, or (v) fulfilment of specific public interest objectives such as information security, fraud prevention, or national security. In the case of individuals who are under the age of 18, it is necessary for their legal guardian to provide consent on their behalf.

3. **Rights and obligations of the data principal:** The individual whose data is undergoing processing, referred to as the “data principal”, possesses certain entitlements, including: (i) the right to receive information pertaining to the processing of their data; (ii) the right to have their personal data erased; (iii) the right to designate a representative to act on their behalf in the event of death or incapacity; and (iv) the right to seek resolution for any grievances. Data principals are bound by certain obligations. Individuals are prohibited from engaging in the following actions: (i) submitting a complaint that is fabricated or lacks justification; (ii) providing false information; (iii) withholding information; or (iv) assuming the identity of another individual in certain circumstances. The prescribed penalty for violating legal statutes entails a monetary sanction of a maximum of Rs 10,000.

4. **Data fiduciary obligations:** The entity responsible for determining the objective and approach of data processing, commonly known as the data fiduciary, is obligated to fulfil the following requirements: (i) employ reasonable measures to ensure the accuracy and comprehensiveness of the data; (ii) implement reasonable security measures to prevent any breaches and promptly inform the Data Protection Board of India and affected individuals in the event of such an occurrence; and (iii) cease retaining personal data once the intended purpose has been accomplished and retention is no longer legally or commercially necessary. The imposition of storage limits will be exempted in cases where government entities are responsible for the processing activities.

5. **Transmit of personal data outside of India:** It is imperative for the federal government to provide notification to any nations that may receive personal data from a data fiduciary. The aforementioned terms and conditions shall be applicable to the process of transfers.

6. **Exemptions:** The exemptions to the rights of the data principal and the obligations of data fiduciaries, excluding data security, are applicable in certain circumstances, including the identification and examination of criminal activities, as well as the implementation of legal rights or claims. The central government has the authority to designate certain activities as exempt from the prohibitions outlined in the Bill. The two primary purposes for information processing are: (i) the utilisation of data by government entities to ensure public safety and maintain state security, and (ii) the gathering of information for the purposes of research, preservation, or statistical analysis.

7. **Data Protection Board of India:** The establishment of the Data Protection Board of India will be undertaken by the national government. The primary responsibilities of the Board encompass three key aspects: (i) the imposition of sanctions to address instances of noncompliance, (ii) the requirement for data fiduciaries to take appropriate action in response to data breaches, and (iii) the consideration of complaints lodged by affected parties. The composition of the Board, the procedures for selecting its members, the terms of appointment and service, and the process for removal are all subject to regulations established by the central government.

8. **Sanctions:** The Bill's schedule lists sanctions for a number of infractions, including (i) fines of up to Rs. 150 crore for neglecting children and (ii) fines of up to Rs. 250 crore for failing to take security measures to prevent data breaches. After conducting an inquiry, the Board will impose fines.

Consumers who participate in Indian e-commerce will be significantly impacted by the Digital Personal Data Protection Bill 2022. The measure intends to protect consumer personal data, safeguarding their privacy and security in light of the increasing dependence on digital platforms for buying. Regarding the gathering, storing, and processing of personal data, it establishes rules and duties for companies and governmental bodies. The measure increases openness in the e-commerce industry by giving customers more authority to make educated choices about their personal information.

Consumers will have greater control over their personal data in the e-commerce industry under the Digital Personal Data Protection Bill 2022. Before handling customers' personal information, businesses must get their express permission. This implies that customers will have more privacy and control over how

their data is used since they will have the freedom to make such decisions. The measure also gives customers the right to request details about the data being gathered, ask for changes or deletions, and lodge complaints in the event that their privacy rights have been violated. With the help of these regulations, consumer and corporate confidence in the e-commerce industry should be strengthened.

The law also tackles issues with security and data breaches in the e-commerce industry. Businesses are required to take reasonable security precautions to safeguard customer data from unauthorised access and breaches. Businesses are expected to immediately inform the Data Protection Board of India and any impacted parties in the case of a data breach. This clause makes sure that customers are aware of any possible threats to their data so they may take the necessary precautions. The measure seeks to boost consumer trust and create a safer environment for online transactions by providing a framework for data protection and breach reporting.

Consumers in India's e-commerce industry would be significantly impacted by the Digital Personal Data Protection Bill 2022. The following are the main connections that were found, during the research, between the bill and customers in e-commerce sector:

1. **Safeguarding personal information:** The measure attempts to protect consumer personal data. In terms of the gathering, storing, and processing of personal data, it defines rules and duties for enterprises and governmental bodies. This safeguard is necessary to preserve customer privacy and stop unauthorized access to or exploitation of their data.

2. **Control and consent:** The law places a strong emphasis on the need of getting customers' permission before processing their personal data. Customers now have the power to manage and choose how their personal information is used. Customers have the option to provide or withdraw permission, make information requests, ask for the correction and deletion of data, and lodge complaints.

3. **Transparency and information:** The legislation mandates that companies educate customers in a transparent manner about the collection, use, and processing of their personal data. This clause increases openness and gives customers the opportunity to choose their privacy with knowledge.

4. **Data security and breaches:** The legislation requires companies to put in place adequate security measures to shield customer information from theft and unauthorised access. Businesses are expected to immediately notify the Data

Protection Board of India and any impacted parties in the event of a data breach, ensuring that customers are made aware of any possible threats to their personal information.

5. **Redress of grievances:** The legislation creates procedures for consumers to raise complaints about the improper use or treatment of their personal data. Addressing these complaints and taking necessary action against non-compliant organisations is the responsibility of the Data Protection Board of India, which was established in accordance with the statute. In the event of data protection abuses, this clause guarantees that customers have a platform to seek justice and redress.

6. Regulations under the law may have an impact on how customers are treated individually while shopping online. Consumer data is often used by businesses to provide specialised advice, focused advertising, and tailored services. The bill's restrictions on permission and data processing may have an influence on how much personal data firms may use to provide customers customised experiences.

7. **Costs of compliance and its effect on small businesses:** The provisions of the law may result in higher expenses for e-commerce companies, especially for small and medium-sized firms (SMEs). The requirements of the law could need financial expenditures in personnel training, data security infrastructure, and legal assistance. The affordability of goods and services for customers, particularly from smaller enterprises, may be impacted by these prices.

8. **Cross-border transactions and global competitiveness:** The bill's restrictions on data transfers and cross-border processing may make cross-border e-commerce transactions more difficult. The smooth flow of data and services may be impacted by the necessity for businesses operating globally to guarantee compliance with both home and foreign data protection legislation. This may have an impact on cross-border e-commerce customer experiences and Indian e-commerce enterprises' capacity to compete internationally.

In summary, with a focus on the digital management of personal data, the Digital Personal Data Protection Bill, 2022 seeks to solve data protection and privacy issues in India. The law is applicable to products, services, and profiles made for Indian citizens, even if they are provided outside of the nation. It includes data that has been digitally transformed from both online and offline sources. The proposed legislation places a strong emphasis on the need of abiding by the law and getting permission from data subjects before processing personal data. It requires data

fiduciaries to keep information accurate, safe, and deleted after its intended use has been achieved. People are given a number of rights, including the capacity to lodge grievances and the rights to view, amend, and delete personal data.

For governmental organisations engaged in state security, peacekeeping, or crime prevention, the statute provides a few exceptions. Any information that may be used to locate or get in touch with a specific person is considered personal data. Personal data is gathered by businesses and political organisations for a variety of reasons, including providing goods and services, comprehend customer preferences, and assist law enforcement. The Information Technology Act of 2000's regulations, which were previously in place, no longer adequately meets the requirement for data security and protection.

The bill's breadth, consent requirement, obligations of data fiduciaries, cross-border movement of personal data, exemptions, creation of the Indian Data Protection Board, and sanctions for non-compliance are some of its most important features. By setting rules and requirements for companies and governmental bodies to follow in order to secure personal data and provide consumers more control over their information, it has a substantial influence on customer data protection in the e-commerce sector. The law places a strong emphasis on transparency, permission, and data principals' rights, empowering users to make informed decisions about their personal data. By requiring companies to employ security measures and disclose breaches as soon as they occur, it also addresses security and data breach issues. The Indian Data Protection Board is essential in imposing penalties, dealing with data breaches, and resolving complaints, boosting consumer trust and ensuring the security of online transactions.

The expenses of compliance, however, particularly for small and medium-sized enterprises (SMEs), may have an effect on the pricing of goods and services. The limitations on data transfers and cross-border processing may also have an impact on global e-commerce trade and the competitiveness of Indian e-commerce companies. The overall goals of the Digital Personal Data Protection Bill, 2022, with an emphasis on the e-commerce sector, are to protect consumer personal data, improve privacy, and build a framework for data security in the digital age.

CHAPTER 4

SOCIETY AND E-COMMERCE

4.1. Introduction

The emergence of e-commerce has caused a wave of social change in India, changing how individuals communicate, shop, and does business. E-commerce has unquestionably made it easier to acquire a broad variety of things, but it has also had far-reaching effects on Indian culture. The effects of e-commerce have spurred debates and discussions on the shifting landscape of commerce in India, from the influence on conventional retail businesses and local marketplaces to the difficulties created by counterfeit goods and the digital divide. The effects of this change are becoming more obvious as e-commerce in India continues to grow. Traditional retail businesses, which have long served as the foundation of local economies, now face intense competition from online marketplaces. The result is the closure of several small companies, which causes employment losses and a decrease in the dynamism of neighbourhood markets. E-commerce's effects on conventional retail go beyond only economic ones; they also have wider socio-cultural repercussions for Indian culture. The proliferation of fake goods in Indian society is another important effect of e-commerce. Due to the growth of online marketplaces, dishonest vendors have discovered new methods to take advantage of gullible buyers by providing fake or inferior products. This not only erodes customer confidence but also puts genuine enterprises at danger. Beyond financial losses, the effects of counterfeit goods may also impair customer health and safety and ruin the image of legitimate businesses. There have been requests for greater laws and stronger consumer protection measures as a result of the need to address this effect.

The way society conducts business in India has changed as a result of e-commerce, or internet buying. For both enterprises and consumers, it has brought forth previously unheard-of ease, accessibility, and opportunity. People may browse through a huge selection of items, compare prices, and make purchases from the convenience of their homes with just a few clicks. E-commerce platforms are expanding, giving entrepreneurs, small enterprises, and craftsmen new opportunities to access a larger client base and succeed in the online market. However, there have

been difficulties and negative effects as a result of India's fast e-commerce growth. The effect on established retail businesses is one of the main worries. Local markets and traditional brick-and-mortar establishments are in fierce rivalry with e-commerce behemoths as internet shopping becomes more and more popular. This has resulted in employment losses and the deterioration of long-standing markets that have been a vital part of Indian society for centuries. It has also contributed to the closure of many traditional retail companies.

E-commerce has positively influenced economic growth and employment development. It has opened up job prospects in a number of industries, including customer service, digital marketing, warehousing, and logistics. E-commerce platform development has boosted entrepreneurship by enabling people to launch their own online enterprises with inexpensive startup expenses. Small and medium-sized businesses (SMEs), especially those in rural regions, now have the ability to promote their goods and compete on the domestic and global marketplaces. E-commerce in India is not without its drawbacks, however. The widespread use of fake and inferior goods is one of the major problems. Due to the simplicity of internet transactions, dishonest vendors might trick unwary customers by selling them phony or inferior items. In addition to harming customers, this erodes confidence in the e-commerce industry. To solve this problem and safeguard the interests of consumers and genuine enterprises, more rules and effective quality control methods are required.

Additionally, e-commerce has been crucial in bridging the urban-rural gap and empowering people in distant places. E-commerce has made a variety of goods that were previously unavailable to rural areas with their restricted access to physical businesses and services available. It has also provided rural craftspeople with a forum to display their traditional talents and network with a worldwide clientele, protecting and promoting indigenous arts and crafts.

4.2. Boon of e-commerce in Society

1. **Convenience and Accessibility:** Indian customers now have unparalleled convenience thanks to e-commerce. People may shop for a variety of things from the convenience of their homes with just a few clicks, saving them time and effort. This accessibility has changed everything, particularly for those who lead busy lives or

have restricted mobility since it gives them access to goods they otherwise may not have had.

2. **Market Access for Small enterprises:** Indian entrepreneurs and small enterprises now have new prospects because to e-commerce. Small-scale vendors don't need to have a physical presence to access a large client base thanks to a digital shop. Due to the fair playing field, they are able to compete with bigger companies and increase their reach locally, nationally, and even internationally, which promotes economic development and innovation.

3. The rise of e-commerce platforms in India has led to the creation of countless job possibilities. E-commerce has generated a wide variety of occupations, which have helped to increase the nation's total employment rate, ranging from delivery drivers and warehouse workers to customer care agents and digital marketers. The young and those with low educational credentials have profited most from this employment development.

4. **Competitive Pricing and Discounts:** E-commerce platforms often provide customers with items at competitive rates and alluring discounts. Price-conscious consumers benefit from being able to compare costs across many platforms and choose the best offers. Additionally, the development of flash sales, holiday discounts, and promotional events has been made possible by e-commerce, allowing customers to save money on their purchases.

5. **Growth of Rural Markets:** E-commerce has been a major factor in bridging India's urban-rural divide. Rural customers now have access to a variety of goods and services that were either scarce or nonexistent in their local marketplaces before. By putting rural business owners and craftspeople in direct contact with consumers, e-commerce has given them the capacity to market their distinctive goods and make a living.

6. **Consumer ratings and Feedback:** E-commerce platforms provide consumers a place to post ratings and comments regarding merchant's and item's performance. Because of this openness, consumers are better equipped to base their purchases on the insights and experiences of other customers. It promotes an accountability culture and pushes merchants to maintain product quality and customer happiness.

7. **Product Choice and Variety:** Online stores provide a wide selection of goods and services that may not be readily available in local marketplaces. Customers

have the chance to look over and pick from a large assortment, which includes niche or specialised goods. Consumers may select particular items that suit their requirements and tastes thanks to the diversity, which increases their range of options.

8. **Cashless Transactions and Digital Payments:** The growth of digital payments in India has been significantly influenced by e-commerce. It has pushed towards cashless transactions, lessening the need for actual money and increasing financial inclusion. The growth of mobile wallets and payment applications has made online shopping more convenient and safe, supporting the government's ambitions for a digital India.

9. **E-commerce systems provide convenience** beyond only buying, giving customer flexibility. They often provide extra services like liberal return policies, door-to-door delivery, and round-the-clock customer assistance. By making shopping hassle-free and offering help when required, these features increase consumer pleasure and convenience.

10. **Market Expansion for Artisans and Craftsmen:** Traditional artisans and craftsmen now have a platform to promote their goods and connect with a worldwide market thanks to e-commerce. E-commerce helps craftsmen to directly interact with buyers, protecting and promoting indigenous arts and crafts by doing away with the need for middlemen and physical markets. This direct market access has given artists new chances to continue their ancient practices and make a decent living.

4.3. **Bane of e-commerce in society**

1. **An excessive reliance on technology:** The widespread use of e-commerce has resulted in a rise in the use of technology for routine tasks like purchasing. This dependence may restrict social relationships and may cause a drop in community involvement by causing a lack of personal touch and human contact.

2. **Refunds and Returns Problems:** Although e-commerce platforms include return and refund policies, the procedure is sometimes complicated for customers. Customers may get frustrated and inconvenienced by protracted return processes, long wait times for reimbursements, and challenges getting in touch with customer service.

3. **Online fraud and cyber security threats:** E-commerce platforms are vulnerable to online fraud and cyber-attacks, which may jeopardise customer's personal and financial information. Online purchases come with hazards including

phishing, identity theft, and credit card fraud. To combat these risks, effective security measures must be put in place, and users must be educated about safe online behaviour.

4. Degradation of Local Culture and Traditions: The dominance of e-commerce platforms may cause the degeneration of regional customs and culture. Traditional markets and regional craftspeople may find it difficult to maintain their operations and protect their distinctive cultural heritage when customers turn to internet shopping. Long-term socio-cultural repercussions may result from this loss of cultural variety.

5. Job Polarisation: While e-commerce has boosted employment prospects in certain industries, it has also polarised the labour market. Jobs in conventional retail and other industries may be on the wane, while the need for competent individuals in logistics, digital marketing, and technology-related activities has expanded. Certain employment categories may be impacted and income disparities may be made worse by this polarisation.

6. Effect on Traditional Retail: Traditional retail enterprises, particularly small-scale stores, have faced difficulties as a result of the expansion of e-commerce. Brick-and-mortar retailers sometimes find it difficult to compete with the extensive product range and low pricing provided by e-commerce giants. This has caused several small shops and marketplaces to close, which has caused employment losses and the demise of traditional retail culture.

7. Fake and Poor-Quality items: The predominance of fake and poor-quality items is a major issue in e-commerce. Online marketplace's anonymity allows dishonest vendors to take advantage of customers by peddling counterfeit or inferior goods. This not only erodes customer confidence but also has an impact on reliable brands and enterprises. To properly address this problem, more laws and strong quality control methods are required.

8. Digital gap: In India, there is a digital gap since e-commerce depends so largely on internet access and digital literacy. There are still many rural locations and underprivileged populations without dependable internet connection or the requisite infrastructure. This restriction restricts their participation in e-commerce and prevents them from taking use of its advantages, escalating already-existing socio-economic inequities.

9. Privacy and Data Security: Since e-commerce transactions include the exchange of financial and personal information, data privacy and security are a concern. There have been reports of identity theft, data breaches, and unauthorised uses of consumer information. To mitigate these dangers, it is essential to strengthen data protection laws, make sure payment channels are secure, and raise user knowledge.

10. Environmental Impact: As e-commerce has grown, packing waste and carbon emissions have increased. The frequent delivery of individual goods adds to the surplus of packing materials and raises the transportation sector's carbon footprint. To lessen these negative effects on the environment, e-commerce platforms must include sustainable practices, such as eco-friendly packaging and efficient delivery routes.

To summarize, in India, the rise of e-commerce has resulted in profound societal transformations that have altered how individuals interact, shop, and do business. E-commerce has unquestionably made it simpler for people to acquire a variety of things, but it has also had a significant impact on Indian culture. E-commerce's presence has spurred concerns and arguments about the evolving nature of commerce in India, including its effect on conventional retail establishments, the prevalence of counterfeit products, and the digital divide. The effects of this transition are starting to show as e-commerce in India continues to expand.

E-commerce's impact on conventional retail enterprises, which have long been the foundation of local economies, is one of the key issues that it raises. Due to the increased competition brought on by online markets, many small businesses have closed, which has resulted in the loss of many jobs. This has broad socio-cultural ramifications for Indian culture in addition to having an influence on the economic health of local marketplaces.

Due to the expansion of internet marketplaces, counterfeit products have also grown to be a serious problem in Indian culture. Dishonest sellers have developed innovative techniques to take advantage of gullible customers by offering phony or subpar goods. This undermines consumer confidence and endangers legitimate enterprises. In addition to causing financial losses, counterfeit products may also endanger the health and safety of consumers and damage the image of real businesses. In order to solve this problem, appeals have been made for harsher rules and more robust consumer protection measures.

E-commerce has completely changed how business is done in India, offering both consumers and businesses a level of ease, accessibility, and opportunity that has never before been possible. With only a few clicks, people can now shop from the convenience of their homes, explore a huge assortment of goods, and compare costs. E-commerce platforms have grown, giving small enterprises, craftsmen, and company owners the possibility to reach a wider client base and succeed in the internet market. As a consequence, jobs have been created in a number of industries, such as customer support, digital marketing, warehousing, and logistics. Additionally, e-commerce has made it easier to establish an online company, which is especially advantageous for small and medium-sized firms (SMEs) in rural regions. This gives them the ability to market their goods and compete on both national and international markets.

E-commerce in India is not without its problems, however. The pervasiveness of fake and subpar items continues to be a serious problem. Due to the simplicity of internet transactions, dishonest vendors may now defraud unwary buyers. This affects customers and damages consumer confidence in the e-commerce sector as a whole. Stricter laws and efficient quality control procedures are required to handle this problem and safeguard the interests of customers and legitimate enterprises.

E-commerce has also been very important in bridging the urban-rural gap and empowering those who live in isolated locations. Rural areas that previously had limited access to physical businesses and services now have easy access to a large range of commodities. E-commerce platforms have also given rural artists and craftsmen a platform to display their traditional talents and connect with a worldwide customer, preserving and promoting indigenous arts and crafts.

E-commerce has numerous advantages for Indian society, such as unmatched customer convenience, market access for small businesses, job creation, competitive pricing and discounts, expansion of rural markets, consumer ratings and feedback, product choice and variety, cashless transactions and digital payments, additional services, and market expansion for artisans and craftsmen.

E-commerce, however, also comes with certain difficulties. The degradation of regional culture and traditions, job polarisation, effect on traditional retail, proliferation of fake and low-quality goods, digital divide, privacy and data security concerns, and environmental impact are a few of these. Other issues include an excessive reliance on technology, problems with refunds and returns, online fraud and cyber security threats, degradation of local culture and traditions, and job polarisation.

The rise of e-commerce in India has significantly altered society and had an influence on many facets of Indian culture, the economy, and lives. E-commerce has improved convenience, market accessibility, and employment prospects, but it has also brought up problems including fake products, job losses in conventional retail, and environmental effects. For e-commerce to flourish and develop sustainably in India, it is essential to strike a balance between using the advantages and minimizing the disadvantages.

Recent in the Hindustan Times article it was given that there had been a fraud by using fake e-commerce site. On 3rd of April 2023, the Uttar Pradesh arrested six cyber-gang members who were luring customers to their fake trending e-commerce sites like D-marts, big baskets by offering the customers fake discount and deal on products.⁸⁵

To protect from such fraud, it is also important that the consumer must be aware to spot out the fake websites from the genuine ones; few of the ways are listed as under:

1. Scammers usually use URLs that are exact replicas of legitimate ones. To check for typos, extra words, or character additions, move your mouse over the URL. Most trustworthy websites use proper language and punctuation. If the website has several errors, it may be a sign that it is a phony.

2. Check for a padlock icon in the address bar before submitting any private information, such as credit card numbers. This emblem denotes that the website will safeguard your data and has a valid SSL (safeguard Sockets Layer) or TLS (Transport Layer Security) certificate. Look for trust emblems or certifications from respected companies like Trustpilot, BBB, or Norton.

3. Locate a contact link on the website and verify the details given there. To check whether the contact information is accurate, you may also try contacting or emailing the given number.

4. Look for internet reviews of the website. It's probably a phony website if there are a lot of bad reviews.

5. Grammar and spelling are often very well done on professional websites. If there are several problems, the website may not be trustworthy.

⁷⁴ Singh Rahul Sunilkumar, 'Hackers using fake e-commerce websites to lure people. How to spot fraud?' (The Hindustan Times, 2023) < <https://www.hindustantimes.com/technology/hackers-using-fake-e-commerce-websites-to-lure-people-how-to-spot-fraud-101680685799873.html> > accessed 23 may 2023

6. Exercise cautious while clicking on pop-ups or online adverts. They can point you towards a fake website or ask you for private information.

7. A website can be a phony if it is selling goods or services for a much less money than other well-known websites. Deals that look too good to be true should be avoided.

Scammers have several opportunities to engage in their fraudulent operations because of the year-end clearance sales and discounts as well as clients who want to indulge in some retail therapy. Five suggestions for avoiding financial theft during year-end sales⁸⁶:

1. **Watch out for shady logins and messages:** The majority of e-commerce and retail websites need customers to register before they may browse their inventory or make purchases. Users are required to provide an email address or a phone number when setting up an account so they may get information on the newest bargains, their purchases, and interesting offers. Users that utilise these channels of communication may follow orders being made as well as their login activity with great ease. Scammers often get access to account information, enter into user accounts, and make orders using the payment methods that have been saved. Users who are alert to suspicious logins and order messages are informed when there is suspicious activity or when an order has been placed that they have not. This information can then be immediately reported to the website's support team or to local law enforcement if a financial transaction has taken place.

2. **Only visit secure and approved websites:** One of the most popular strategies used by con artists to steal information is to provide a link to a website that resembles a safe and authorised website but has subtle, first undetectable differences. An email regarding a purchase they have made or a bill that is due, for instance, may be sent to the recipient by a scammer and include the logo and URL to a popular website. However, a closer check reveals that the website URLs sometimes include an extra letter or extension to simulate the appearance of a typical website. When a user opens the link, they are often sent to phishing websites that request money or personal data, which the con artists then utilise fraudulently. Looking at the URL is the

⁷⁵ IANS, 'Five ways to stay safe from financial frauds during year-end sales' (The Economic Times, 2022)
<https://economictimes.indiatimes.com/news/how-to/five-ways-to-stay-safe-from-financial-frauds-during-year-end-sales/articleshow/96322578.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst> 23 May 2023

quickest method to determine if a website is secure. Authorised websites often feature a logo and the precise name or extension that the website is known for before the 'HTTPS'.

3. **Never share OTPs with others:** Banks all throughout India have implemented a two-factor authentication mechanism to prevent fraudsters from utilising other people's payment details. While this has to some degree reduced fraud and the exploitation of financial data, it may still be abused if a user shares their OTP with others. It is crucial that you never divulge your One-time password to anybody and that you only use it when making a purchase on a reputable website or app. It's critical to change your account passwords right away and alert your bank of any unauthorised transactions if you have got an OTP that you haven't authorised. Additionally, it is standard practice for staff of e-commerce websites to never request OTPs from clients. If reps do, this should always be seen as a red flag and reported.

4. **Never keep your payment information on e-commerce websites for later use,** even if you intend to make purchases from them in the future. You may be comfortable using some well used websites or platforms. This is due to the ease with which people looking to obtain large amounts of information may exploit hacked websites and access stored cards and payment information. The fact that information you save on a website is also kept in your browser data on your computer or phone should not be overlooked; should those devices get hacked, a fraudster or hacker will have easy access to the information you saved.

5. **Only answer calls from reliable e-commerce companies or reliable numbers:** Due to the absence of security measures for telephone talks, phone scams have been among the most popular strategies used by fraudsters. Platforms for communication like Truecaller may be useful tools for recognising calls from verified companies and alerting the public against sham calls. Additionally, it's crucial to be careful not to answer calls from foreign registered numbers or numbers that seem dubious, such as those that begin with digits different than 8 or 9. In the unlikely event that you do take up the call, be careful to be cautious, refrain from sharing your OTP, and disregard any odd instructions you may get from the caller. It is crucial to report any suspicious behaviour from a caller so that appropriate action may be done against them and to prevent future victims of similar frauds.

While there isn't a failsafe technique to prevent fraudsters and spammers, there are undoubtedly a number of methods that people may protect themselves. For your own personal and financial security, it's critical to keep secure while buying online. By following these guidelines, one can avoid those who attempt to compromise millions of individuals each year.

With that, it is also important to know into the statistics relating to the e-commerce, not just in India but also globally. According to Forbes Advisor the out of thirty-eight statistics⁸⁷, five statistics are analysis below:

1. **The e-commerce industry is anticipated to reach over \$8.1 trillion by 2026**⁸⁸: e-commerce is not a passing trend but rather a useful long-term strategy. It is anticipated to gain a market share of billions of dollars in only three years. One will probably lose out on a lot of money if one doesn't join the internet sales trend immediately.
2. **With a market share of 37.8%, Amazon has the highest of all e-commerce companies**: A household name like Kleenex and ChapStick is Amazon. Customers often visit Amazon to browse its selection of products when they are in need of a particular one. It simply makes sense to use this leading global e-commerce firm and online marketplace as it dominates e-commerce sales. Walmart, Apple, eBay, and Target are in close second place to Amazon.
3. **The three e-commerce sites with the most traffic are Walmart, eBay, and AliExpress**: Although there are innumerable e-commerce sites, Walmart, eBay, and AliExpress are the most well-known. Walmart.com had over 854.9 million monthly visitors as of December 2022, making it the most popular e-commerce site. eBay.com had 669.5 million visitors, placing second. With about 651.9 million sales visits, AliExpress.com took third position. Etsy.com, Samsung.com, PlayStation.com, and BestBuy.com are some more popular e-commerce websites.
4. **In 2022, e-commerce fraud cost \$41 billion**: E-commerce fraud is defined as fraud that takes place on an e-commerce platform, such as using a stolen or phony credit card to make a transaction⁸⁹. Regrettably, e-commerce theft cost merchants \$41 billion in lost revenue in 2022.

⁷⁶ Anna Balunch, '38 E-commerce statistic of 2023' (Forbes Advisor, 2023) <https://www.forbes.com/advisor/business/ecommerce-statistics/#e_commerce_fraud_statistics_section> accessed on 9 June 2023

⁷⁷ ibid.

⁷⁸ ibid.

5. **In 2023, it is anticipated that e-commerce fraud would cost \$48 billion:** Regrettably, e-commerce fraud will not disappear very soon. In fact, it's expected that e-commerce fraud will cost online merchants \$48 billion in 2023. Prioritise fraud protection measures, such as regular security audits, an Address Verification Service (AVS), and a Hypertext Transfer Protocol Secure (HTTPS), if you're utilising e-commerce to increase your sales⁹⁰.

According to a Juniter Research report, the total cost of ecommerce losses will surpass \$48 billion globally in 2023, up from \$41 billion in 2021, as a result of an increase in the use of alternative payment methods like digital wallets and Buy-Now-Pay-Later (BNPL) options that are posing new fraud risks⁹¹.

According to the analysis⁹², BNPL poses a significant risk for online payment fraud. The research states that since BNPL payments are delayed, fraudsters run the danger of making many unauthorised purchases using stolen card information before their actions are discovered.

To reduce these risks, the research suggests that BNPL suppliers carry out thorough identification verification at the moment of onboarding. "To combat this fraud, eCommerce merchants must implement straightforward measures like address verification, combined with risk-based scoring on transactions, which will allow merchants to best mitigate the massive fraud threats present", according to Nick Maynard⁹³.

In particular, internet payment scams have increased significantly in India during the last several years. According to the Reserve Bank of India's annual report for the fiscal year that ended in March 2022, card and online fraud cases increased dramatically to a staggering \$1.55 billion in 3,596 instances, up from \$1.19 billion in 2,545 instances the prior year⁹⁴.

Since e-commerce's inception, fraud has existed. However, the COVID-19 pandemic's impact on an increase in online transactions and purchases provided

⁷⁹ Anna Balunch, '38 E-commerce statistic of 2023' (Forbes Advisor, 2023) <https://www.forbes.com/advisor/business/ecommerce-statistics/#e_commerce_fraud_statistics_section> accessed on 9 June 2023

⁸⁰ FortuneIndia, 'Ecommerce losses to exceed \$48 billion globally in 2023 due to online payment fraud' (Fortune India, 2022) <https://www.fortuneindia.com/enterprise/ecommerce-losses-to-exceed-48-billion-globally-in-2023-due-to-online-payment-fraud/110016> accessed on 1 June 2023

⁸¹ *ibid.*

⁸² *ibid.*

⁸³ *ibid.*

fraudsters with a fresh window of opportunity. Online shopping scams made for 38% of all reported scams in 2020, an increase from 24% prior to the epidemic. Although that number has decreased after the crisis passed, security breaches still have a significant negative impact on the sector, which in 2022 suffered losses of more than 40 billion US dollars due to online payment fraud. In light of this, it is anticipated that the market for e-commerce fraud detection and prevention would increase more than twofold between 2023 and 2027 and surpass \$100 billion⁹⁵.

Being ready for assaults is essential: Global e-merchants encountered a variety of fraud attempts in 2022, the most prevalent of which included social engineering techniques including phishing, pharming, and whaling. By tricking people into providing information or clicking on links that download malware onto their devices, these strategies prey on human mistake. Second place was to first-party abuse, which includes friendly and chargeback fraud. Card testing and identity theft were closely behind. Online retailers have discovered new fraud tendencies, with one significant example being fraudsters who provide services that enable consumers to engage in fraudulent activities, as if these current security dangers weren't enough⁹⁶.

Online merchants must improve their protection and defences against these assaults in order to successfully fend off fraudster's increasingly sophisticated tactics. According to a research, around 75% of businesses intended to boost their budgets for fraud protection in 2023. The most popular fraud protection measures in 2022 were identity validation and Card Verification Numbers (CVN). However, online merchants are rapidly giving the advancement of fraud analytics and automated detection accuracy top priority in order to strengthen their fraud management strategies and safeguard their companies⁹⁷.

If businesses have seen the financial effects of cybercrime, then customers are not far behind. The percentage of those who lost money as a result of online shopping scams has continuously stayed over 70% in recent years. Since websites are the main distribution method for online shopping fraud, this situation unavoidably harms merchant reputations and erodes customer faith in them⁹⁸.

⁸⁴ Stephanie Chevalier, 'E-commerce fraud - statistics & facts' (Statista, Jun 7, 2023), <<https://www.statista.com/topics/9240/e-commerce-fraud/#topicOverview>> accessed on 10 June 2023

⁸⁵ *ibid.*

⁸⁶ *ibid.*

⁸⁷ *ibid.*

Nearly 60% of worldwide e-commerce customers were more worried about online payment fraud in 2022 than they were in the previous year, and seven out of ten said they preferred payment methods that do not disclose personal data with retailers. According to a research published a year earlier, providing security against fraud may encourage the use of online shopping. If offered protection against these hazards, around eight out of ten customers in the United States alone would make more frequent purchases online⁹⁹.

India was the second-largest Internet market in the world, behind China, with over 900 million users. Despite the vast number and ongoing improvements in accessibility, the country's internet penetration rate was slightly under 50%, which was below the global average. Comparatively, 99 percent of people lived in Denmark, the United Arab Emirates, and Ireland.¹⁰⁰

The 2015 launch of Digital India was one of the primary factors for the quick adoption of the internet across socioeconomic structures. Through the affordable availability of 4G, this effort set up the required infrastructure to make government services accessible to residents online. This first encouraged the digital populace to utilise social media, particularly Facebook, Whatsapp, and Instagram. However, internet usage quickly varied as the COVID-19 outbreak spread. There has been a surge in the usage and frequency of streaming films and music, reading news, playing games, and purchasing goods and meals online as a result of the practically complete move to the digital environment.¹⁰¹

Although rural India led the increase in internet use in terms of numbers, the socio-economic gap that existed in the real world also existed online. This might be seen in their ignorance of how to utilise the internet. Everything from education to entertainment reflected the huge difference between rural and urban customers¹⁰².

Research revealed that males use the internet at greater rates than women, despite a 91 percent increase in female internet access since 2019. On the other side, polls in 2021 showed that more than 80% of users over 50 years old were using the internet regularly, in contrast to the domination of the younger population only a few

⁸⁸ Stephanie Chevalier, 'E-commerce fraud - statistics & facts' (Statista, Jun 7, 2023), <<https://www.statista.com/topics/9240/e-commerce-fraud/#topicOverview>> accessed on 10 June 2023

⁸⁹ Tanushree Basuroy, 'Internet usage in India - statistics & facts' (Statista, 2022) <https://www.statista.com/topics/2157/internet-usage-in-india/#topicOverview> accessed on 10 June 2023

⁹⁰ *ibid.*

⁹¹ *ibid.*

years before. Smartphones continued to be the primary device for accessing the internet world thanks to reasonable data plans and low-cost brands from various vendors. However, metropolitan areas, particularly the more wealthy classes, dominated e-commerce. As a result, this was also reflected in the adoption of digital payments and online banking¹⁰³.

The difficulty of linking all Indians: Dealing with India's many strata of people was the biggest obstacle to its digital integration. In order to fulfil the demand for digital literacy across socioeconomic levels, particularly among women, Internet inclusion necessitated adding regional languages in addition to English. The government's crackdown on free expression and content restriction inside the internet ecosystem made this problem much more difficult. In recent years, India was one of the countries with the strictest internet regulations globally¹⁰⁴.

Despite these limitations, the Indian internet industry revolutionised the country's economy. The country's digitalization was destined to advance with the 5G auction in the middle of 2022¹⁰⁵.

With the coming up of e-commerce, it has impacted India both socially and economically. The contribution of e-commerce towards the GDP of India in the year of 2009 was only 0.13% and in 2017 it was 0.21% and it is estimated that the GDP contribution will reach to 2.5%¹⁰⁶.

The global e-commerce market reached a value of USD 55.6 trillion in 2021; looking forward, IMARC Group experts the market to reach USD 55.6 trillion by 2027 exhibiting at a CAGR of 27.4% during 2022-2027¹⁰⁷. For the 2021 festive season, Indian e-commerce platforms generated sales with a Gross Merchandise Value (GMV) of US\$ 9.2 billion, a 23% increase from last year's US\$ 7.4 billion. The Indian online grocery market

⁹² Tanushree Basuroy, 'Internet usage in India - statistics & facts' (Statista, 2022) <https://www.statista.com/topics/2157/internet-usage-in-india/#topicOverview> accessed on 10 June 2023

⁹³ *ibid.*

⁹⁴ *ibid.*

⁹⁵ Kumar Anuj, Fahad Fayaz, Ms Namita Kapoor, 'Impact of E-Commerce in Indian Economy' (IOSR Journal 2018), < <http://www.iosrjournals.org/iosr-jbm/papers/Vol20-issue5/version-6/H2005065971.pdf> > accessed on 10 June 2023

⁹⁶ IMARC Group, 'E-commerce market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027' (IMARC, 2022) <<https://www.imarcgroup.com/e-commerce-market#:~:text=The%20global%20e%2Dcommerce%20market,27.4%25%20during%202022%2D2027.>> accessed on 10 June 2023

is estimated to reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in FY21, expanding at a CAGR of 33%¹⁰⁸.

⁹⁷ Indian Brand Equity Foundation, 'E-commerce' (IBEF 2022)
<<https://www.ibef.org/industry/e-commerce-presentation>> accessed on 10 June 2023

CHAPTER 5

CONCLUSION & SUGGESTION

5.1. Conclusion

The way people purchase and do business in the twenty-first century has been revolutionized by e-commerce. Due to its many features and services, accessibility from any location at any time through the internet has garnered a lot of interest. Technology improvements have fueled the expansion of e-commerce by allowing users to access a wide variety of goods and services at affordable rates and with more ease. E-commerce is appealing because it allows customers to customise products, switch between the roles of consumers and sellers, and take advantage of lower pricing without sacrificing quality.

There are still issues that must be resolved for effective consumer protection in the Indian e-commerce business, despite its numerous benefits. The validity, certification, and protection of customer data have come under scrutiny due to ambiguities in regulations, a lack of enforcement measures, and insufficient dispute resolution processes. Additionally, the potential advantages of e-commerce are hampered by the lack of clarity around the obligations and responsibilities of e-commerce businesses and the frequency of fraudulent practices. To address cyber security, privacy, and data protection concerns, it is critical to adopt clearer regulations, improve enforcement processes, increase consumer awareness, and modernize legal frameworks. E-commerce undoubtedly shapes society and provides many prospects for economic development and empowerment, especially for small enterprises and rural areas, even if there are certain negatives and things to be aware of. For India to have a sustainable and fair digital commerce environment, it is essential to strike a balance between the benefits and drawbacks of e-commerce. The growth of e-commerce is unavoidable as long as society and technology are developing, and with the right policies in place, it can continue to provide economic possibilities, ease, and accessibility for the good of everyone.

There are several sorts of e-commerce, and each has unique benefits and qualities. Business-to-business (B2B)¹⁰⁹ e-commerce entails transactions between companies and provides advantages including direct customer engagement, targeted

¹⁰⁹ P.T. Joseph, E-commerce- An Indian perspective (4th edn, PHI, 2012)

sales promotion, fostering client loyalty, scalability, and cost savings in terms of distribution. B2C (Business-to-Consumer) e-commerce, on the other hand, includes transactions between companies and end users and offers benefits including low costs, globalization, decreased operating expenses, consumer convenience, and knowledge management. Consumer-to-consumer (C2C) e-commerce makes it possible for people to deal with other customers and sell goods or services to them. This kind of e-commerce has benefits including cheaper product pricing, a wide selection, quick service, and security. Consumers may also sell their ideas, goods, or services to companies via C2B (customer-to-Business) e-commerce, which has advantages including enhanced customer information, brand loyalty and awareness, product development, and automation. C2B models, however, may be unexpected and expose companies to unfavourable customer reactions. Peer-to-peer (P2P) and mobile commerce (m-commerce) are the last two important e-commerce subcategories. P2P allows users to share files or digital information online, while m-commerce refers to carrying out e-commerce transactions utilising mobile devices such mobile phones. These categories broaden the accessibility and practicality of online shopping in the modern world.¹¹⁰

The development of e-commerce has proved to be quite beneficial, particularly at trying times like the Covid-19 outbreak and lockdowns.¹¹¹ Customers and sellers have benefited from the convenience it has brought, since a vast variety of goods and services are now available from the comfort of one's home. The e-commerce industry has expanded significantly, bringing in new competitors and outpacing conventional retail in terms of market size. There are several benefits to e-commerce. First off, it makes purchasing more convenient by reducing time and getting rid of the physical restrictions. Sellers gain from the expansive cyberspace offered by e-commerce, which enables them to reach more customers and boost their revenues. E-commerce also enables 24/7 accessibility, enabling clients to make purchases whenever they want, as well as the capability to compare costs and read reviews, ensuring that educated decisions are made. The diversity of items supplied and the wealth of information available further improve the client experience. E-commerce also reduces expenses for both buyers and sellers and enhances overall

¹¹⁰ P.T. Joseph, *E-commerce- An Indian perspective* (4th edn, PHI, 2012)

¹¹¹ Andrey Popov, 'How COVID-19 triggered the digital and e-commerce turning point' *UNCTAD* (15 March, 2021)

company operations by making it possible to better allocate resources and provide chances for expansion.

E-commerce does have its pitfalls, too. Constraints include the inability to test things before buying them and the lengthier delivery delays in certain locations. While some consumers may prefer the in-person interactions and haggling opportunities offered by physical establishments, others may have technological difficulties or worry about cyber security. Additionally, the absence of quick fixes and the reliance on internet access present new difficulties. Even though e-commerce has completely changed how we purchase and do business, it's crucial to understand both its benefits and drawbacks. By being aware of these factors, people and companies may decide how best to use e-commerce as a useful tool while also taking into any possible drawbacks and resolving them for a more smooth experience account.

The Consumer Protection (E-commerce) Rules of 2020¹¹² were created to safeguard customers against fraud and scams in the e-commerce industry. There are, however, a number of issues that need to be resolved. First, the absence of a clear enforcement mechanism and a precise provision for a dispute resolution process might make it difficult to resolve customer concerns effectively. Additionally, it is the consumer's responsibility to ensure the legitimacy and calibre of the products and services, which presents difficulties, particularly for people who have little access to information and technology. Additionally, the regulations lack concrete measures for data security and privacy, two major issues in the e-commerce industry. It is difficult for consumers to seek remedies since the function and authority of consumer protection bodies are likewise not clearly defined. Furthermore, the laws are not entirely clear in several areas, such refund procedures, which confuses both customers and e-commerce companies.

The absences of methods to combat duplicate and counterfeit goods as well as the lack of consumer education to increase awareness of fraud and scams are further negatives. The guidelines could not provide enough safety and transparency, which makes it difficult to hold e-commerce companies responsible for infringement. Additionally, social obligations and adherence to other regulations are not sufficiently addressed. Although the implementation of these regulations has increased the

¹¹² PRS, Draft Amendments to the Consumer Protection (E-Commerce) Rules, 2020 (Ministry of Electronics and Information Technology, Nov 2022) < https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2> accessed on 5 June 2023

obligations of e-commerce platforms towards consumers, there are still unresolved issues with regard to their proper application, their application to cross-border entities, obligations that go beyond the relationship between the buyer and the seller, and the classification of digital goods. It is essential to address these concerns and make sure that a thorough structure is in place that really protects consumer interests in the e-commerce industry.

Significant measures to safeguard consumers' rights and promote fair practises across numerous industries have been included by the Consumer Protection Act of 2019. The statute tackles the new issues in the digital economy by including e-commerce and direct selling. By creating the Central Consumer Protection Authority ¹¹³ (CCPA), the regulatory environment is strengthened and effective enforcement of consumer protection legislation is made possible. In order to protect customers from deceptive advertising and dangerous goods, the act also establishes severe standards for product responsibility and misleading advertising. Additionally, the legislation highlights the significance of dispute resolution and makes it easier for consumers to seek redress via alternative channels like mediation.

The legislation clarifies and provides direction in these areas by defining essential terminology pertaining to e-commerce, deceptive advertising, and unfair business practices. The rights of consumers are acknowledged, including the rights to safety, information, choice, hearing one's voice, seeking redress, and consumer awareness. The statute gives customers the ability to protest and seek resolution for issues such as unfair contractual conditions, limiting business practices, faulty goods, subpar services, and dangerous items. It creates a clear process for reporting concerns to the appropriate authorities and empowers the Central Authority to take the required steps, such as recalling hazardous products, compensating impacted customers, and ending unfair business practices. The legislation also gives the Central Authority the authority to provide instructions and impose sanctions on merchants, producers, endorsing parties, advertisers, or publishers for false or deceptive ads that are detrimental to the interests of consumers. The statute is effectively enforced since disobeying the Central Authority's commands may lead to jail or penalties.

¹¹³ PIB, 'Central Consumer Protection Authority passes Order against Cloudfail for selling domestic pressure cookers in violation of mandatory BIS standards'(PIB, Delhi, 5 Nov 2022) <<https://pib.gov.in/PressReleasePage.aspx?PRID=1873903>> accessed on 4 June 2022.

In general, the Consumer Protection Act, 2019 offers a strong legal framework to safeguard consumer rights, control commercial behaviour, and encourage fair trade. It seeks to establish a more open and responsible market where customers may make knowledgeable decisions and have their complaints resolved. The act's clauses on e-commerce, deceptive marketing, unfair business practices, and dispute resolution show the government's dedication to defending consumer interests. The legislation improves consumer protection in India and helps create a more just and responsible corporate environment by defining terminology, creating agencies, and prescribing punishments.

The Central Consumer Protection Authority (CCPA), which was established in accordance with Section 10 of the Consumer Protection Act 2019¹¹⁴, has been instrumental in defending consumers' rights. According to Section 18 of the Act, the CCPA has been given a range of authority with the aim of promoting, defending, and upholding consumer rights. The ability to conduct investigations into infractions, submit complaints, mandate the recall of potentially unsafe items, halt unfair commercial practices, and penalise dishonest marketers are just a few of these authorities. By issuing notifications, enforcing fines, and monitoring compliance, the CCPA has aggressively taken action against deceptive advertising, unfair business practices, and abuses of consumer rights. Its function as a watchdog has given customers a way to report irregularities and request compensation, boosting consumer protection in the nation.

Additionally, the CCPA has shown successful in tackling new problems, such as the increase in deceptive and fraudulent advertising during the COVID-19 epidemic.¹¹⁵ In order to assure compliance, it has taken harsh action against companies who prey on consumer worries by sending letters and levying fines. The CCPA has expanded its efforts to include online platforms, instructing e-commerce marketplaces to reveal seller information and product data and building a mechanism to identify fake reviews. The authority has also concentrated on certain industries, such as hospitality, by outlawing automatic service charges in hotels and restaurants and prosecuting offenders. The CCPA has sought to create a fair and transparent market that protects consumer rights and holds corporations responsible via its proactive

¹¹⁴ Consumer Protection Act 2019, s 10

¹¹⁵ PIB, 'Central Consumer Protection Authority completes two years of glorious establishment' (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027> > accessed 1 June 2022

approach and coordination with other consumer commissioners and organisations. Overall, the creation of the CCPA has been critical in advancing a culture of ethical corporate conduct in India and safeguarding consumer's rights.

The e-commerce sector's explosive rise in India has had a profound impact on how firms run and how consumers purchase. Data security and cyber security have grown crucial due to the growing dependence on digital platforms for online transactions and the acquisition of personal data. Both e-commerce businesses and customers must prioritize protecting sensitive data and maintaining a safe online environment. The goal of data protection regulations like the Digital Personal Data Protection Bill of 2022¹¹⁶ is to guarantee that e-commerce platforms safely collect, manage, and retain personal data. Respect for these regulations promotes customer trust in e-commerce platforms while also protecting consumer rights and privacy. Due to the valuable customer data held by the e-commerce sector, cybercriminals often target this sector. Data breaches may cause financial losses, reputational harm, and legal repercussions for firms. E-commerce businesses may reduce the risk of data breaches and safeguard both their consumers and themselves from possible damage by putting in place strong cyber security measures including secure payment gateways, encryption techniques, and firewalls. Cybercriminal activity such as phishing scams, fraudulent transactions, and other types of online crime continue to threaten e-commerce platforms. Businesses must keep current on the most recent cyber security protocols to mitigate these dangers since hackers are continually refining their tactics. Businesses and consumers may be protected against fraud by using technologies like real-time transaction monitoring, fraud detection algorithms, and user authentication procedures.

In order to guarantee the proper administration of personal data, India has adopted data protection regulations. E-commerce businesses may avoid penalties and regulatory scrutiny, show their dedication to consumer rights, and position themselves as reliable players in the e-commerce sector by abiding by certain rules, such as the Digital Personal Data Protection Act. In order for businesses to increase consumer trust, avoid data breaches, guarantee safe transactions, prevent fraud, preserve their reputations, and comply with regulatory requirements, data protection is an essential

¹¹⁶ PRS, Draft Digital Personal Data Protection Bill 2022 (Ministry of Electronics and Information Technology, Nov 2022) < https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2> accessed on 5 June 2023

part of India's e-commerce sector. For long-term success and sustainability, it is becoming more and more crucial to invest in trustworthy data security practices and safeguards as the e-commerce industry grows. E-commerce transactions now have legal standing thanks in large part to the Information Technology Act of 2000, which also made electronic evidence admissible in judicial proceedings. The e-commerce sector does face certain obstacles and consumer protection loopholes, however. The IT Act 2000 lacks extensive measures addressing consumer protection problems and instead focuses largely on issues relating to digital certificates, electronic signatures, and cybercrimes. Due of this gap, customers are at danger for things like fraud, dishonesty, and unfair commercial practices.

Cross-border e-commerce transactions raise jurisdictional concerns, making it challenging to establish jurisdiction in situations of consumer complaints. The preservation of consumer rights is further hampered by inadequate dispute resolution processes and a lack of clear rules for addressing customer complaints in e-commerce transactions. E-commerce platforms often enforce their own terms and conditions, which may be biased against customers and in favour of the platform. To solve issues with data protection, privacy, and the accountability of intermediaries, the act should be updated. Additionally, consumers need to be educated about their legal rights and options for initiating legal action while making online transactions. Adding consumer education and awareness programmes to the IT Act 2000 will provide consumers more power and allow them to exercise their rights more effectively.

The Digital Personal Data Protection Bill, 2022¹¹⁷, was created to meet the country of India's rising demand for data security and protection, especially in the e-commerce industry. A number of provisions were specified in the law to protect consumer personal data, provide openness and consent, strengthen data security measures, and create a forum for grievance redressal. By providing people control over their personal information and the freedom to decide how it is used, it aimed to give consumers more power. The measure also established standards for data security and breach notification in an effort to increase customer confidence and make online transactions safer.

¹¹⁷ PRS, Draft Digital Personal Data Protection Bill 2022 (Ministry of Electronics and Information Technology, Nov 2022) < https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2> accessed on 5 June 2023

The measure placed emphasis on the need of getting consumer's express permission before processing their personal data. Customers now have more power and autonomy over their data according to this clause, which also gives them the option to give or withdraw permission, get information, ask for changes or deletions, and file complaints. Another important factor was transparency. Businesses had to educate consumers in a clear and thorough manner about how their personal data was collected, used, and processed.

The law also addressed concerns about data security by requiring companies to take adequate security precautions to safeguard consumer data from unauthorised access and breaches. Companies were obligated to inform the Data Protection Board of India and any impacted parties immediately in the case of a data breach, ensuring that consumers were made aware of any possible threats to their personal data. The measure caused difficulties for small and medium-sized e-commerce enterprises, even if its goal was to defend consumer rights and privacy. These organisations could have to pay more to comply with the law, including for employee training, data security infrastructure, and legal support. The limitations on cross-border data transfers and processing may also hinder the efficient flow of data and services in cross-border e-commerce transactions, which might have an effect on the international competitiveness of Indian e-commerce businesses.

The rise of e-commerce in India has resulted in profound societal shifts that have altered how people interact, shop, and do business. E-commerce has facilitated access to a broad range of commodities, but it has also had a significant impact on Indian culture. E-commerce has had a particularly significant influence on local markets and conventional retail establishments, resulting in fierce rivalry and the liquidation of several small firms. This has had an impact on both the economy and the socio-cultural fabric of Indian society, leading to job losses and a decrease in the vitality of local marketplaces.¹¹⁸

Following the expansion of e-commerce, counterfeit products have grown to be a significant problem. Dishonest sellers have taken advantage of the anonymity of online markets to trick unwary customers with phony or subpar goods. This not only erodes consumer trust but also puts genuine enterprises at danger. To address this problem, more stringent rules are needed to guarantee the reliability and caliber of

¹¹⁸ Lubbe S, and Heerden V. M. J, *The Economic and Social Impacts of E-commerce* (Idea Group Pub., 2003)

items supplied online. Despite these difficulties, e-commerce has benefited Indian society in a number of ways. It has completely changed how business is done and provides customers with accessibility and convenience that are unmatched. Through e-commerce, small businesses and entrepreneurs have discovered new options that enable them to reach a broader client base and compete with bigger businesses. The empowerment of rural markets and craftspeople as well as economic growth and job development have all benefited from this.

The comfort of purchasing from home, market access for small firms, the creation of jobs across multiple sectors, competitive pricing, and savings for customers are just a few of the advantages of e-commerce. Additionally, it has reduced the distance between urban and rural areas, allowing rural clients to access a variety of products and services. E-commerce platforms have also made it easier to conduct cashless transactions, expanded the selection of products, and given artists and craftsmen a platform to advertise their traditional talents and connect with a worldwide market. However, it is impossible to disregard the drawbacks of online shopping. Over-reliance on technology has the potential to reduce interpersonal communication and civic engagement. Customers may get irate about problems with returns, refunds, and customer care. Consumers' financial and personal information is at danger from online fraud and cyber security threats. Additionally, the dominance of e-commerce platforms may lead to the deterioration of regional customs and cultures, the polarisation of the labour market, and the increase in the production of substandard and fraudulent goods. A balance between convenience and traditional retail must be struck, consumer protection laws must be strengthened, digital literacy must be promoted, the digital divide must be closed, data privacy and security must be ensured, and sustainable practices must be put in place to lessen e-commerce's negative environmental effects.¹¹⁹

E-commerce has unquestionably had a tremendous impact on Indian society, changing how individuals engage with one another, conduct business, and access products and services. It has brought about a number of positive effects and challenges, including convenience, market access for small businesses, job creation, and the empowerment of rural areas. Some of the negative effects and challenges include the impact on traditional retail, the proliferation of counterfeit goods, and the

¹¹⁹ Kamath N, *Computers Internet & E-commerce* (5th Edn, Universal Law Publishing Co. Pvt. Ltd., 2012)

digital divide. Adequate legislation, consumer protection measures, and sustainable practices must be put in place in order to fully use the benefits of e-commerce and solve its shortcomings. At the same time, inclusiveness and digital literacy must be encouraged. By doing this, India can maintain its acceptance of e-commerce's benefits while safeguarding its cultural legacy and maintaining the welfare of its populace.

Consumers must be watchful and use care while making online purchases in light of the current scam involving bogus e-commerce sites. The post included helpful pointers for identifying fraudulent websites, including checking for URL mistakes, searching for trust marks or certifications, double-checking contact information, and being wary of pop-ups and online advertisements.¹²⁰ Consumers may guard themselves from falling for fraud and scams by adhering to these recommendations. Additionally, it is critical to be knowledgeable about the data and trends in the global and Indian e-commerce markets. The statistics cited in the article, including those regarding the expected expansion of the e-commerce sector, the dominance of businesses like Amazon and Walmart, the prevalence of e-commerce fraud, and the rising use of alternative payment methods, highlight the seriousness of the difficulties faced by both online retailers and customers. It is clear that fraudsters are always changing their strategies, thus companies must invest in effective fraud prevention strategies to defend their operations and preserve client confidence.

Both customers and retailers must remain educated, adjust to new security protocols, and place a priority on fraud prevention as the e-commerce industry continues to grow. Online firms may reduce risks and provide their clients a safe and secure environment by being proactive and putting in place useful measures like identity validation, card verification, and fraud analytics. Consumers must exercise caution, adhere to standard practices while purchasing online, and report any suspicious behaviour in order to protect themselves and support the overall effort to prevent e-commerce fraud. It is feasible to traverse the e-commerce arena and take use of its advantages while reducing the dangers connected with fraudulent operations by combining knowledge, technical improvements, and cooperative efforts.¹²¹

¹²⁰ Kamath N, *Computers Internet & E-commerce* (5th Edn, Universal Law Publishing Co. Pvt. Ltd., 2012)

¹²¹ PIB, 'Central Consumer Protection Authority completes two years of glorious establishment' (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027> > accessed 1 June 2022

5.2. Suggestion

It's critical to find a balance and promote offline social contacts as the globe embraces internet commerce more and more. Even while technology makes convenience possible, it is also important to promote interpersonal interaction and community involvement. Highlighting the crucial actions that e-commerce platforms ought to take to encourage social interaction, improve consumer experiences, strengthen security measures, support regional crafts and culture, close the digital divide, give priority to privacy and data protection, and encourage environmentally friendly behaviour.¹²²

Maintaining a feeling of community in the digital age requires finding strategies to promote offline social interaction. E-commerce platforms may help to advertise events that encourage community contact, such neighbourhood get-togethers, fairs, and markets where people can meet in person. It is possible to develop a feeling of community and interpersonal relationships by providing possibilities for offline participation.

The user experience may also be improved by e-commerce platforms by streamlining refund and return processes. Building confidence may be accomplished through streamlining the procedure, giving clear instructions, expedited refunds, and timely customer assistance. E-commerce platforms may show their dedication to client happiness by emphasising easy returns and refunds.

E-commerce platforms must prioritise effective cyber security measures to safeguard client's financial and personal information given the rising incidence of cyber-attacks. User data may be protected by putting in place mechanisms like two-factor authentication, strong encryption, and frequent security audits. User's understanding of online security may also be increased by teaching them on topics like how to spot phishing attempts and how to utilise safe surfing habits.¹²³

Another crucial factor for e-commerce platforms is supporting regional customs and crafts. E-commerce platforms may provide local small companies and craftsmen a platform to market their goods and safeguard their survival by working

¹²² Aarohi Pathak, 'The History and Evolution of eCommerce' (Translate by Human, 10 May 2023) <<https://translatebyhumans.com/blog/history-and-evolution-of-ecommerce/>> accessed on 20 June 2023

¹²³ lemelson-mit, 'Tim Berners The World Wide Web Computing And Telecommunications' <<https://lemelson.mit.edu/resources/tim-berners>> accessed on 8 June 2023

with them. This encourages cultural variety, protects regional traditions, and supports local economic development.

Employees in conventional retail and other impacted industries might move into e-commerce-related professions with the help of investment in training programmes and skill development efforts. This decreases economic inequities, fills the skills gap in the workforce, and gives people the chance to adjust to changing market circumstances. Small-scale retailers should be provided with assistance and tools to help them negotiate the changing digital market.

Legislation and quality control systems should be improved to counteract the online selling of fake and inferior products. E-commerce platforms are able to impose punishments for dishonest behaviour and put in place strict vendor verification procedures. In the internet market, encouraging customer reviews and ratings may assure accountability and openness.

Additionally, efforts should be made to reduce the digital divide, improve internet connection, and raise digital literacy in rural and underdeveloped areas. Government, business, and community-driven programmes may work together to develop digital literacy skills and offer dependable internet access for underprivileged groups.

Stricter data protection laws and guidelines should be put in place to safeguard client information in e-commerce transactions. Prioritising data encryption, secure payment methods, and open privacy policies is important for e-commerce platforms. User's confidence in using e-commerce platforms is increased and strengthened when they are informed about data security policies and their rights surrounding personal data.

Finally, encouraging environmentally responsible e-commerce practices is essential for long-term development. E-commerce platforms should give preference to environmentally friendly practices as minimizing packaging waste and streamlining delivery routes. Environmental impact may be reduced by promoting the use of eco-friendly packaging and transportation strategies. Users may support sustainable practices by being informed about how e-commerce affects the environment and encouraged to make ethical purchases.¹²⁴

¹²⁴ PIB, 'Central Consumer Protection Authority established to promote, protect and enforce the rights of consumers; will function from Indian Institute of Public Administration premises' (Ministry of

E-commerce platforms may encourage sustainable practices, boost security protocols, assist regional craftsmen, close the digital divide, establish meaningful community connections, and foster user experiences by putting these measures into place. Building a thriving and ethical e-commerce ecosystem requires balancing the advantages of technology with offline involvement and social responsibility.

Strong data protection rules and practices are essential for preserving the security and privacy of personal data as the e-commerce sector continues to flourish. The following are the main procedures that e-commerce platforms need to put in place to safeguard customer data and adhere to applicable laws and regulations¹²⁵:

1. E-commerce platforms must first create strong data protection policies that specify precise rules, processes, and security precautions for handling personal data. In order to guarantee compliance with relevant data protection regulations, these policies should be in line with current and upcoming legislation, such as the Personal Data Protection Bill.

2. A further essential component of data protection is explicit, informed permission. Before collecting and processing personal information about people, e-commerce platforms should have their express consent. Users should have complete control over their data via clear and understandable permission procedures, knowing why their data is being collected and who could be a party to it.

3. E-commerce platforms should put strong security procedures in place to protect personal data. Safe server architecture must be established, encryption methods must be used, and frequent security audits must be performed. There should be enough security measures in place to defend against unauthorised access, data breaches, and online assaults.

4. The concepts of data minimization and purpose limitation are crucial for safe data processing. Platforms for online shopping should only gather the personal data necessary for the intended usage. Additionally, businesses must follow the idea of “purpose limitation”, which prohibits the use of personal information for any reason other than those for which the data subject has provided authorization.

Consumer Affairs, Food & Public Distribution, 30 July 2020), <
<https://pib.gov.in/PressReleasePage.aspx?PRID=1642422>> accessed on 10 June 2023.

¹²⁵ PRS, Draft Digital Personal Data Protection Bill, 2022 (Ministry of Electronics and Information Technology, Nov 2022) <https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2> accessed on 5 June 2023

5. Data user control and transparency are basic rights. The methods used by e-commerce platforms to gather, utilise, distribute, and keep consumer data have to be openly disclosed. It should be possible for users to see and edit their personal information. Platforms should also provide consumers the option to reject certain data processing activity, such targeted advertising.

6. In order to identify and address possible risks and vulnerabilities, regular data protection assessments are essential. In order to confirm compliance with data protection laws and proactively resolve any inadequacies, e-commerce platforms should regularly undertake audits, vulnerability assessments, and privacy effect evaluations.

7. Building a robust security culture inside e-commerce platforms requires educating personnel on data protection. Implementing training programmes will help staff employees understand the value of data security and their part in keeping customer information safe. Best practices, security precautions, and the proper management of customer data should be taught to employees.

8. For e-commerce platforms to maintain compliance, seek advice, and efficiently handle any data protection-related concerns or events, collaboration with data protection authorities is essential. Working together with appropriate agencies, such as the Data Protection Authority created by the Personal Data Protection Bill¹²⁶, may make it easier to follow rules and encourage a responsible data management culture.

E-commerce platforms may strengthen data security efforts, prioritise user privacy, and promote confidence in the online market by putting these steps into place. For the e-commerce sector to continue to expand and succeed, protecting personal information is not only required by law but also by ethical principles.

It is critical to enhance consumer protection laws and update current legislation in light of the e-commerce sector's explosive growth in order to handle the unique difficulties and problems posed by online transactions. In order to provide customers access to a safer and more transparent online shopping experience, this essay addresses the critical issues that need to be addressed while updating the IT Act 2000.

¹²⁶ PRS, Draft Digital Personal Data Protection Bill, 2022 (Ministry of Electronics and Information Technology, Nov 2022) < https://prsindia.org/billtrack/draft-the-digital-personal-data-protection-bill-2022#_ednref2 > accessed on 5 June 2023

First and foremost, it is critical to strengthen consumer protection laws by updating the IT Act 2000¹²⁷ to include thorough regulations that specifically address e-commerce-related concerns. Regulations against fraud, dishonesty, unfair business practises, and the creation of mechanisms for consumer redress are all included in this. Customers' trust in doing e-commerce transactions may be strengthened by directly addressing these issues.

Second, there has to be created clear rules for addressing cross-border disputes in e-commerce. Customers may get help and pursue legal remedies by updating the IT Act 2000 to make clear the guidelines and jurisdiction for managing issues involving foreign e-commerce platforms. The law may guarantee that customers are not placed in a legal limbo when dealing with cross-border purchases by giving certainty in this area.

In addition to these steps, it's critical to establish effective conflict resolution channels. Explicit procedures for managing disputes that arise in the context of e-commerce should be included in the IT Act 2000. Implementing straightforward and efficient processes for handling client complaints during online transactions, such as online arbitration or mediation, may be required. Consumers may get their complaints resolved in a timely and fair way by offering simple and open channels for dispute resolution.¹²⁸

Another vital factor to think about is regulating the terms and conditions imposed by e-commerce platforms. Rules that guarantee the fairness and openness of e-commerce platform terms and conditions should be included to the IT Act 2000. Consumers may make educated judgements while transacting online by protecting their rights and prohibiting platforms from imposing unfair or biased terms and conditions.

It is vital to strengthen the IT Act 2000's privacy and data protection provisions in order to meet the growing concerns in this area. Additional security measures should be implemented to protect client data and privacy given the enormous volume of personal data that e-commerce platforms gather and handle.¹²⁹

¹²⁷ Information Technology Act 2000

¹²⁸ Vadwala Y. A, 'E-commerce: Merits and Demerits A Review Paper' (2017) IJTSRD <https://www.researchgate.net/publication/320547139_E-Commerce_Merits_and_Demerits_A_Review_Paper> accessed on 10 June 2023

¹²⁹ Report of the Joint Committee, the Personal Data Protection Bill, 2019 (Seventeenth Lok Sabha, 2021)

It's important to examine the responsibility of intermediaries in the e-commerce industry. To make sure that e-commerce platform intermediaries are held to a reasonable degree of care when customers experience problems like phony items, fraud, or unfair practices, the safe harbour provisions of the IT Act 2000 should be revisited. Maintaining a fair and reliable e-commerce environment depends on striking a balance between consumer rights and intermediary protection.

Additionally, it is crucial to promote customer awareness and education. Programs and activities that educate consumers about their legal rights, available legal alternatives, and avenues for initiating legal action in online transactions may be used to augment the IT Act 2000. To accomplish this goal, government agencies, consumer advocacy organisations, and e-commerce platforms may work together.

India can create a complete legislative framework that encourages consumer protection, improves transparency, and builds confidence in the e-commerce industry by addressing these important issues while modifying the IT Act 2000. This will support e-commerce's long-term expansion and provide customers a safe and satisfying online buying experience.

Establishing a strong regulatory framework that handles the legal ramifications and repercussions connected with this quickly developing sector is essential as India's e-commerce business continues to flourish¹³⁰. In order to provide a fair and safe environment for both consumers and companies, this explores critical topics that need attention in the updated e-commerce legislation:¹³¹

1. First and foremost, a way for effectively enforcing regulations against e-commerce companies must be included. This involves outlining the penalties for non-compliance and setting up a specific regulatory agency to properly monitor and enforce the legislation. Such policies would promote fair practices and protect consumer rights by fostering responsibility among e-commerce businesses.

2. Second, a clear dispute resolution procedure has to be provided in order to resolve disputes that might develop between customers and e-commerce companies. This would include the creation of a separate ombudsman or specialised consumer courts, offering a clear and approachable process for addressing grievances

¹³⁰ Jain P, Jain K, and Jain K. P, 'electronic commerce and its global impact' (May 2016)ISOR <<https://www.researchgate.net/publication/305641549>> accessed 31 April 2023

¹³¹ Amin S, and Kansana K, 'A review Paper on E-commerce' (Researchgate, 2016) <https://www.researchgate.net/publication/304703920_A_Review_Paper_on_E-Commerce> accessed 2 April 2023

relating to online purchases. Consumers' trust in their online buying experiences may be increased by guaranteeing a fair and defined resolution procedure.

3. In addition to these actions, it is critical to lessen the load on customers. The rules should provide e-commerce businesses the authority to ensure the quality and dependability of the goods and services made available via their platforms. Scams, fake products, and unfair practices may be avoided with the aid of clear norms and regulations. Additionally, programmes designed to increase consumer knowledge may inform people about their rights and provide advice on selecting trustworthy suppliers, particularly for those who lack technical sophistication.

4. The e-commerce legislation should explicitly contain terms that secure personal information in order to protect customer privacy and data. The integrity of consumer data will be guaranteed by aligning these policies with current data privacy legislation and implementing more stringent standards for data management and security.

5. It is crucial to define the responsibilities and power of consumer protection organisations like the Central Consumer Protection Authority and Consumer Dispute Redressal Commissions. Consumers will have a dedicated point of contact for resolving concerns about online purchases if their roles are clearly defined in the legislation.¹³²

6. Clarity must be established on the regulations and duties that apply to e-commerce companies. This includes identifying the legal framework for dispute resolution, detailing the regulatory procedures, and offering thorough details on return policies. Rules that are clear and unambiguous will prevent misunderstandings and make it easier for firms to comply.

7. Measures to prevent the selling of bogus and copycat brands on e-commerce platforms should also be included in the legislation. Strict verification processes, rating systems, and sanctions for suppliers that participate in fraudulent activity may all help to accomplish this.

8. Additionally, measures for consumer education initiatives should be included in the legislation, paying special attention to those who lack technology literacy or sophistication. These programmes may increase consumer knowledge of

¹³² PIB, 'Central Consumer Protection Authority completes two years of glorious establishment' (PIB, Delhi, 26 Jul 2022) < <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1845027>> accessed 1 June 2022

the risks associated with online purchasing, safe payment options, and legal rights, enabling them to make more educated decisions.

9. A crucial component of the modified legislation is improving consumer protection and openness. It is essential to ensure that e-commerce companies operate openly while also tightening the regulations to safeguard consumers from dishonest and fraudulent practices. This comprises giving information to customers about suppliers, the calibre of their products, and the cost in order to build their trust and confidence.

10. Other important laws, such as those governing data protection, privacy, intellectual property, and advertising standards, should also be covered by the e-commerce regulations. Customers may be protected from violations and firms can conduct themselves legally by establishing a thorough legal framework.¹³³

11. Finally, it is critical to include social responsibility provisions in the rules. E-commerce companies should be obligated to follow policies that support just labour laws and consideration for the environment. By establishing guidelines and reporting requirements, you may guarantee adherence and promote moral corporate behaviour.

¹³³ Jayshree Navin Chandra and Nitika Bakshi, 'E-Commerce In India: Regulatory Framework Update' (Live Law, 7 Nov 2022) <<https://www.livelaw.in/law-firms/law-firm-articles/-e-commerce-dpiit-fdi-policy-consumer-protection-e-commerce-rules-213461>> accessed on 14 June 2023

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