



**New Regime for E-Commerce Entities under Consumer Protection Act
Consumer Protection (E-Commerce) Rules, 2020**

July 30, 2020

On July 23, 2020, pursuant to the powers conferred under the Consumer Protection Act, 2019 (“**Consumer Protection Act**”), the Central Government notified the Consumer Protection (E-Commerce) Rules, 2020 (“**Rules**”) to *inter-alia* restrict e-commerce entities^[1] to adopt unfair trade practices, manipulate price of the goods and services offered on their platform and discriminate between consumers of the same class.

Applicability:

The Rules have been made applicable to:

- (a) all goods and services bought or sold over digital or electronic network;
- (b) all models of e-commerce (including marketplace and inventory models of e-commerce^[2]); and
- (c) all e-commerce retail (including multi-channel single brand retailers and single brand retailers in single or multiple formats).

In addition to the above, these Rules have also been made applicable to an e-commerce entity which is not established in India, but systematically offers goods or services to consumers in India.

Scope:

Among other aspects, the Rules provide for provisions pertaining to: (i) duties of e-commerce entities; (ii) duties and liabilities of marketplace and inventory based e-commerce entities; and (iii) duties of sellers on marketplace.

Key Highlights:

- (a) An e-commerce entity shall appoint a nodal person of contact or an alternate senior designated functionary who is resident in India, to ensure compliance with the provisions of the Consumer Protection Act or the rules made thereunder.
- (b) An e-commerce entity shall establish an adequate grievance redressal mechanism, appoint a grievance officer for consumer grievance redressal and display the name, contact details, and designation of such officer on its platform.
- (c) An e-commerce entity shall effect all payments towards accepted refund requests of the consumers as prescribed by the Reserve Bank of India or any other competent authority under any law, within a reasonable period of time, or as prescribed under applicable laws.
- (d) A marketplace e-commerce entity shall prominently display the following information to its users at the appropriate place on its platform: (i) details about the sellers offering goods and services; (ii) information relating to return, refund, exchange, warranty and guarantee, delivery & shipment, modes of payment and grievance redressal mechanism; and (iii) information on available payment methods, security of those payment methods, any fees or charges payable by users, procedure to cancel regular payments under those methods, charge-back options and contact information of the relevant payment service provider.

- (e) A seller^[3] offering goods or services through a marketplace e-commerce entity shall *inter-alia* provide the following information to the e-commerce entity to be displayed on its platform/website: (i) all contractual information required to be disclosed by law; (ii) total price in single figure, along with the breakup price for the good or service, showing all the compulsory and voluntary charges such as delivery charges, postage and handling charges, conveyance charges and applicable taxes; (iii) all mandatory notices and information provided by applicable laws, and the expiry date of the good being offered for sale (where applicable); (iv) all relevant details about the goods and services offered for sale by the seller including country of origin which are necessary for enabling the consumer to make an informed decision at the pre-purchase stage; (v) name and contact numbers, and designation of the grievance officer for consumer grievance redressal or for reporting any other matter; (vi) accurate information related to terms of exchange, returns, and refund including information related to costs of return shipping in a clear and accessible manner; and (vii) relevant details related to delivery and shipment of such goods or services.
- (f) An inventory e-commerce entity which explicitly or implicitly vouches for the authenticity of the goods or services sold by it, or guarantees that such goods or services are authentic, shall bear appropriate liability in any action related to the authenticity of such good or service.

Contravention of the Rules:

Violation of any provision of the Rules shall attract the penal provisions stated under the Consumer Protection Act.

Key Takeaway:

In light of the fact that till now e-commerce business domain was largely unregulated, it will be interesting to see how e-commerce marketplaces (especially the ones operating outside India without having any legal presence in India) and e-commerce sellers will comply with the above provisions and align their business and business policies in accordance with the Rules.

^[1] Rule 3(b) define the term “**e-commerce entity**” to mean any person who owns, operates or manages digital or electronic facility or platform for electronic commerce, but does not include a seller offering his goods or services for sale on a marketplace e-commerce entity.

^[2] Rule 3(f) and 3(g) respectively define the term “**inventory e-commerce entity**” and “**marketplace e-commerce entity**”.

^[3] Rule 3(k) define the term “**seller**” to mean the product seller as defined in clause (37) of section 2 of the Consumer Protection Act and shall include any service provider.

Links:

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