# Draft Rules for E-Commerce Companies

## Why in news?

The government has proposed changes to the e-commerce rules under the Consumer Protection Act.

## What are the key provisions?

- **Sales** - The draft rules seek to ban "specific flash sales" by e-commerce entities.
- Conventional e-commerce flash sales are not banned.
- However, specific flash sales or back-to-back sales "which limit customer choice, increase prices and prevents a level playing field are not allowed".
- **Liability** - In several cases, when problems arise with goods purchased, e-commerce platforms direct the consumers to the respective sellers.
- The rules have introduced the concept of "fall-back liability."
- With fall-back liability, consumers will be able to reach out to the platform itself to solve the grievance.
- E-commerce firms will be held liable if their seller fails to deliver goods or services due to negligent conduct, which causes loss to the customer.
- **Preferential treatment** - The rules propose to restrict e-commerce companies from "manipulating search results or search indexes."
- This will address the long-standing demand from sellers and traders to prevent preferential treatment to certain platforms.
- **Privacy** - Without express and affirmative consent, e-commerce companies cannot make available to any person information pertaining to the consumer.
- No entity shall record consent automatically, including in the form of pre-ticked checkboxes.
- **Domestic goods** - The companies will have to provide domestic alternatives to imported goods.
- This adds to the government's push for made-in-India products.
- **Other rules** - Any online retailer will first have to register itself with the Department of Promotion for Industry and Internal Trade (DPIIT).
- No logistics service provider of a marketplace e-commerce entity shall

provide differentiated treatment between sellers of the same category.
- Parties and associated enterprises related to e-commerce companies will not be allowed to be enlisted as sellers on the respective platform.
- This follows from the DPIIT's foreign direct investment policy for e-commerce marketplaces.
- Any entity having 10% or more common ultimate beneficial ownership will be considered an "associated enterprise" of an e-commerce platform.
- The draft amendment also proposes to ask e-commerce firms to mandatorily become a part of the National Consumer Helpline.

## What is similar to the IT intermediary rules?

- The IT intermediary rules were announced recently for social media companies.
- Similar to this, the Consumer Affairs Ministry has proposed to mandate e-commerce companies to make few appointments.
- These are a grievance officer, a chief compliance officer and a nodal contact person for 24×7 coordination with law enforcement agencies.
- E-commerce companies are also asked to share information with a government agency lawfully authorised for investigative or protective or cyber security activities.
- This is for the purposes of verification of identity or for any legal procedures or in relation with cyber security incidents.
- The information so sought will have to be produced by the e-commerce company within 72 hours of the receipt of an order from the said authority.

**Source: The Indian Express**

SHANKAR IAS PARLIAMENT
Information is Empowering