

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

LOK SABHA

STARRED QUESTION NO. *365

TO BE ANSWERED ON 26.03.2025

MISLEADING BUSINESS PRACTICES BY E-COMMERCE COMPANIES

*365. SHRI CHARANJIT SINGH CHANNI:

Will the Minister of **CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION** be pleased to state:

- (a) whether the Government is aware of fraud and misleading business practices by online e-commerce companies in Punjab and if so, the number of consumer complaints received during the past three years;
- (b) whether the Government has established any special monitoring mechanism to prevent irregularities on online shopping platforms and if so, the manner in which it is being implemented;
- (c) whether the Government is conducting any awareness campaigns in Punjab to educate consumers about their rights and grievance redressal mechanisms while purchasing from e-commerce companies and if so, the details thereof; and
- (d) whether the Government has issued strict guidelines under the Consumer Protection Act, 2019 for online marketplace companies and if so, the measures being taken to ensure their compliance?

ANSWER

THE MINISTER OF
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI PRALHAD JOSHI)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.*365 FOR 26.03.2025 REGARDING MISLEADING BUSINESS PRACTICES BY E-COMMERCE COMPANIES.

Department of Consumer Affairs is continuously working for consumer protection and empowerment of consumers by enactment of progressive legislations. With a view to modernize the framework governing the consumer protection in the new era of globalization, technologies, e-commerce markets etc. Consumer Protection Act, 1986 was repealed and Consumer Protection Act, 2019 was enacted.

Salient features of the new Consumer Protection Act, 2019 are establishment of a Central Consumer Protection Authority(CCPA); simplification of the adjudication process in the Consumer Commissions such as enhancing pecuniary jurisdiction of the Consumer Commissions, online filing of complaint from the Consumer Commission having jurisdiction over the place of work/residence of the consumer irrespective of the place of transaction, videoconferencing for hearing, deemed admissibility of complaints if admissibility is not decided within 21 days of filing; provision of product liability; penal provisions for manufacture/sale of adulterated products/spurious goods; provision for making rules for prevention of unfair trade practice in e-commerce and direct selling.

The Consumer Protection Act, 2019 provides for a three tier quasi-judicial machinery at District, State and Central levels commonly known as “Consumer Commissions” for protection of the rights of consumers and to provide simple and speedy redressal of consumer disputes including those related with unfair trade practices. The Consumer Commissions are empowered to give relief of a specific nature and award compensation to consumers, wherever appropriate.

The National Consumer Helpline (NCH) administered by the Department of Consumer Affairs has emerged as a single point of access to consumers across the country for their grievance redressal at a pre-litigation stage. Consumers can register their grievances from all over the country in 17 languages including Hindi, English, Kashmiri, Punjabi, Nepali, Gujarati, Marathi, Kannada, Telugu, Tamil, Malayalam, Maithili, Santhali, Bengali, Odia, Assamese and Manipuri through a toll-free number 1915. These grievances can be registered on Integrated Grievance Redressal Mechanism (INGRAM), an omni-channel IT enabled central portal, through various channels- WhatsApp (8800001915), SMS (8800001915), email (nch-ca@gov.in), the NCH app, the web portal (consumerhelpline.gov.in) and the Umang app, as per their convenience. 1049 companies, who have voluntarily partnered with NCH, as part of the ‘Convergence’ programme directly respond to these grievances according to their redressal process and revert by providing a feedback to the complainant on the portal. Complaints against those companies, who have not partnered with National Consumer Helpline, are forwarded to the company for redressal. The total number of the grievances pertaining to e-commerce registered in National Consumer Helpline during last three years in respect of State of Punjab are as under:-

Year	Total Grievances pertaining to E Commerce registered from Punjab
2024	7986
2023	8448
2022	7404

Section 2(28) of the Consumer Protection Act, 2019 defines “misleading advertisement” in relation to any product or service, as an advertisement, which— (i) falsely describes such product or service; or (ii) gives a false guarantee to, or is likely to mislead the consumers as to the nature, substance, quantity or quality of such product or service; or (iii) conveys an express or implied representation which, if made by the manufacturer or seller or service provider thereof, would constitute an unfair trade practice; or (iv) deliberately conceals important information.

To safeguard the interests of consumers from unfair trade practices in e-commerce, the Department of Consumer Affairs has notified the Consumer Protection (E-commerce) Rules, 2020 under the provisions of the Consumer Protection Act, 2019. These rules, inter-alia, outline the responsibilities of e-commerce entities and specify the liabilities of marketplace and inventory e-commerce entities, including provisions for consumer grievance redressal.

Under the provisions of the Consumer Protection Act, 2019, the Central Consumer Protection Authority (CCPA), an executive agency, came into existence on 24.07.2020. It is designed to intervene, to prevent consumer detriment arising from unfair trade practices and to initiate class action(s), including the enforcement of recalls, refunds and return of products. Its core mandate is to prevent and regulate false or misleading advertisements which are prejudicial to the public interest. In case of false or misleading advertisement, as per Section 21(2) of the Consumer Protection Act, 2019, CCPA may impose fines on manufacturer or endorser upto Rs. 10 lakhs or Rs 50 lakhs in case of repeated violations.

The CCPA has notified the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022 on 9th June, 2022. These guidelines inter-alia provide for; (a) conditions for an advertisement to be non-misleading and valid; (b) certain stipulations in respect of bait advertisements and free claim advertisements; and, (c) duties of manufacturer, service provider, advertiser and advertising agency. According to these Guidelines, endorser includes an individual or a group or an institution making endorsement of any goods, product or service in an advertisement whose opinion, belief, finding or experience being the message which such advertisement appears to reflect. These Guidelines states that due diligence is required for endorsement of advertisements such that any endorsement in an advertisement must reflect the genuine, reasonably current opinion of the individual, group or organisation making such representation and must be based on adequate information about, or experience with, the identified goods, product or service and must not otherwise be deceptive. It clarifies that where, Indian professionals, whether resident in India or otherwise, are barred under any law for the time being in force from making endorsement in any advertisement pertaining to any profession, then, foreigner professionals of such profession shall also be not permitted to make endorsement in such advertisement.

Further to strengthen consumer protection, the CCPA enacted the Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims, 2024 (effective 15th October 2024), mandating transparency in environmental claims, and the Guidelines for Prevention of Misleading Advertisements in the Coaching Sector, 2024 (effective 13th November 2024), addressing false claims, exaggerated success rates, and unfair practices in coaching institutes.

The CCPA, in exercise of the powers conferred by Section 18 of the Consumer Protection Act, 2019, has issued “Guidelines for Prevention and Regulation of Dark Patterns, 2023” on 30th November, 2023 for prevention and regulation of dark patterns listing 13 specified dark patterns identified in e-Commerce sector. These dark patterns include false urgency, Basket Sneaking, Confirm shaming, forced action, Subscription trap, Interface Interference, Bait and switch, Drip Pricing, Disguised Advertisements, Nagging, Trick Wording, Saas Billing and Rogue Malwares.

Action has already been taken by the CCPA against various entities including e-commerce platforms for affecting consumers, as a class, for violation of consumer rights, false and misleading advertisements and unfair trade practices as defined under the Consumer Protection Act, 2019. Action has also been taken against the sale of domestic pressure cookers that do not meet compulsory BIS standards on e-commerce platforms. Additionally, as per CCPA's directions, travel companies have refunded Rs. 1,454 Crores as of 20.03.2024 to consumers for cancelled flights due to the Covid-19 lockdown. CCPA has also mandated that these companies update their websites with clear instructions and status updates on refund claims related to cancelled tickets. Further, 13,118 listings of car seat belt alarm stopper clips have been delisted from major e-commerce platforms based on the Orders passed by CCPA to delist all such products which violates consumer rights and are unfair trade practice under the Consumer Protection Act, 2019 as the sale or marketing of said product compromise with the life and safety of consumer by stopping alarm beep when not wearing seat belts.

Bureau of Indian Standards (BIS) introduced the framework on 'Online Consumer Reviews — Principles and Requirements for their Collection, Moderation, and Publication' on 23rd November 2022. This framework safeguards consumer interests by addressing fake and deceptive reviews in e-commerce. While the standards are voluntary, they apply to all online platforms that publish consumer reviews and are guided by principles such as integrity, accuracy, privacy, security, transparency, accessibility, and responsiveness.

The Department of Consumer Affairs has been generating consumer awareness by undertaking country-wide multimedia awareness campaigns under the aegis of "Jago Grahak Jago" to reach out to every consumer across the country by utilizing traditional media like All India Radio, Doordarshan, fairs & festivals, etc. as well as social media. Through simple messages and jingles, consumers are made aware about the consumer rights, unfair trade practices, consumer issues and the mechanism to seek redressal. The Department has also been releasing grant-in-aid to States/UTs for generating consumer awareness at local level. During the current financial year, the Department, under consumer awareness scheme, undertook campaigns through All India Radio (AIR) during T20 World Cup, IVRS (Interactive Voice Response System) campaign, Pan-India interaction session with panchayats, for generating awareness about consumer rights, standards, redressal mechanism, etc.

Ministry of Electronics and Information Technology ("MeitY") has notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 ("IT Rules, 2021") that cast obligations on intermediaries, including social media intermediaries and platforms, to ensure their accountability towards safe & trusted Internet including their expeditious action towards removal of the unlawful information.

'Police' and 'Public Order' are State subjects as per the Seventh Schedule of the Constitution of India. However, the Ministry of Home Affairs (MHA) has established Indian Cyber Crime Coordination Centre (I4C) as an attached office to provide a framework and eco-system for Law Enforcement Agencies (LEAs) to deal with cybercrimes in a comprehensive and coordinated manner. The Government has also launched the National Cyber Crime Reporting Portal (<https://cybercrime.gov.in>) to enable the public to report all types of cybercrimes. Cybercrime incidents reported on this portal are routed automatically to the respective State/UT law enforcement agency for further handling as per the provisions of law. The 'Citizen Financial Cyber Fraud Reporting and Management System' has been launched for immediate reporting of financial frauds and to stop siphoning off fund by the fraudsters. The Ministry of Home Affairs has taken many steps to spread awareness on cybercrime, which, inter-alia include; dissemination of messages through SMS, I4C social media account i.e. X (formerly twitter) (@Cyberdost), Facebook (CyberDostI4C), Instagram (cyberdostI4C), Telegram (cyberdosti4c), Radio campaign, engaged MyGov for publicity in multiple media, organizing Cyber Safety and Security Awareness weeks, in association with States/UTs, publishing of Handbook for Adolescents/Students, newspaper advertisement on digital arrest and other modus operandi of cyber criminals, use of social media influencers to create special posts on digital arrest, digital displays on railway stations and airports etc. The Ministry of Home Affairs has issued advisory to all the State/UT Governments to carry out publicity of National Cyber Crime Reporting Portal (<https://cybercrime.gov.in>) and Toll-free helpline number '1930' to create mass awareness.
