

EFFECT OF E-COMMERCE ON CONSUMER PROTECTION

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ABSTRACT

This paper aims to examine how electronic commerce is understood by young people from the point of view of e-commerce security, if they know what are their rights in an electronic transaction and what are their behavior when these rights are dishonored. Knowledge of these issues becomes very important in growing on-line transactions, knowing that more and more business are developing "virtual extensions" to include a widest range of customers. The Govt. of India has further brought out an enactment to protect the interest of the consumer namely the Consumer Protection Act 1986. Based on the Act, Consumer Protection Rules have been framed in the year 1987. People more than of educated so we are known using internet for the online using. The e-commerce increase economic level, the development of information technology led to the development of faster and more efficient ways of trading goods. With the facilities of the virtual "stores" the products can reach more easily the recipients and increase the satisfaction rate. But the biggest problem of e-commerce is the lack of security and the failure may be caused by various reasons from either the customer or dealer.

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INTRODUCTION

E-commerce, one of the fastest emerging trends in shopping is an unconventional method, this is a very recent development in India and poses a lot of problems to consumers shopping online. Electronic Commerce or e-commerce has received much attention from governments, businesses and regional bodies. This importance has been attributed to several converging factors. These factors include: first, the development of the use of the Internet as a means by which information is disseminated and through which communication and connectivity is; and second, the affordability of personal computers, increase in their computing capability, and the wide use of open standards. In the business environment, traditionally there is a need for a tangible and permanent form of communication in a transaction between buyer and

seller. However, in e-commerce there is the ability to communicate in an electronic form where a computer is able to recognize, reproduce and store means that business could now be conducted in a paperless environment. Electronic commerce is the process of trading across the Internet, that is, a buyer visits a seller's website and makes a transaction there. Less rigidly it includes deals where the Internet plays some role, for example, assisting the buyer in locating or comparing products and/or sellers.

1.1 Benefits of e-Commerce

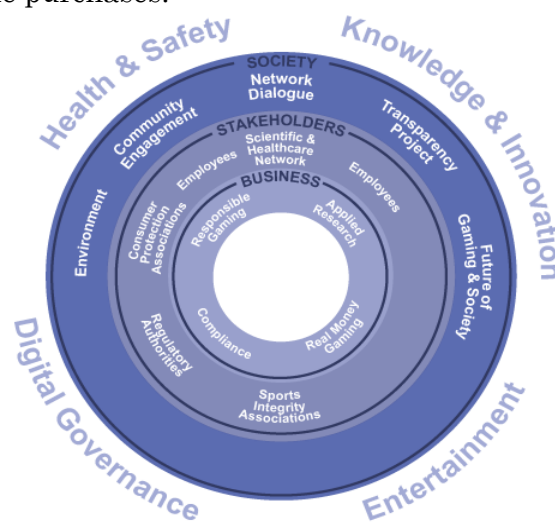
The main opportunities of e-commerce to businesses and corresponding benefits to consumers include:

- Worldwide access and greater choice
- Enhanced competitiveness and quality of service
- Mass customization and personalized products and services
- Elimination of intermediaries and product availability
- Greater efficiency and lower costs
- New business opportunities and new products and services

1.2 Consumer Concerns

The primary concerns for the consumer include: Consumer's exposure to unfair marketing practices

- Insufficient information disclosure, for example, refund policies, cancellation terms, warranty information.
- Contract terms, for example, their enforceability.
- Merchandise and delivery practices, for example, failure to perform and lateness.
- Payment, for example, recovering fraudulent charges if credit card information falls into criminal hands.
- Transaction confirmation and cancellation policies, for example, consumer's lack of knowledge on cancellation rights for online transactions, including for mistakenly made purchases.



- Fraud and deception, for example, lack means to authenticate merchandise purchased online.
- Unsafe products.

- Insecure payment methods.
- Loss of personal privacy.
- Risk misuse of personal information.
- Other concerns include computer fraud, hacking, virus, interception and alteration of financial data, and misuse of personal information. These concerns and questions about resolving international disputes become pertinent to the buyer, especially when the sellers can place themselves beyond the reach of national courts. The risks need to be eliminated or minimized.

1.3 Protecting Consumer Rights in e-Commerce Transactions in India

India in the recent years has been experiencing an exponential growth in e-commerce and there are new companies springing up at a rapid rate. About the only things accelerating faster than the use of the internet are the new risks that are associated with the medium's commercial applications. Although internet transaction has increased efficiency in transactions and increased accessibility for consumers, there exist many pitfalls that have not yet been satisfactorily dealt with. While growth in the e-commerce industry is sweeping across the country, there appears to be inadequate supervision (both governmental and non-governmental) and laws dealing with quality control for these new companies and this is what makes the rapid growth alarming. While there appears to be some discussion on a legal framework, there are virtually no watchdogs in the form of consumer NGOs or otherwise. As a result, it is unlikely that this new form of business will deal effectively with the issue of consumer welfare, which includes issues such as trust, privacy and sovereignty of consumers.

In light of the above negatives associated with e-commerce (specially with buying on the Internet) and taking into consideration the rapid growth of this industry, it is important that consumer groups in India take this problem seriously and come up with guidelines that can be used to make shopping on the Internet a safe experience. These guidelines can feed into the governmental process of making cyber laws to ensure that the issue of consumer welfare and sovereignty during internet shopping is addressed.

1.4 Why Protect the Consumer?

It is evident that the problems facing consumers on-line are not much different from transactions concluded off-line, but it cannot be denied that online-consumers have special needs; e.g. the issue of privacy poses a greater risk in cyberspace.

Unlike the off-line environment where consumers get an opportunity to inspect potential purchases and to judge for themselves the trustworthiness of a seller, in the on-line world, consumers are forced to proceed on faith, knowing very little about the seller to whom they are entrusting a variety of information, including credit card information.

One of the objectives of the ECT Act is set out in section 2(1)(e), i.e. “to promote legal certainty and confidence in respect of electronic transactions”. Trust is essential in electronic commerce and the importance of trust for the success thereof is widely

recognized. The Commission of the European Communities for example noted the following: “The first objective is to build trust and confidence. For e-commerce to develop, both consumers and businesses must be confident that their transaction will not be intercepted or modified, that the sellers and the buyers are who they say they are and that transaction mechanisms are available, legal and secure. Building such trust and confidence is the prerequisite to win over businesses and consumers to e-commerce”.

According to the principles of John F. Kennedy introduced above, consumer sovereignty has four key elements, i.e. protection, information, choice and redress. Consumers would like to be confident that the goods and services offered online are fairly represented, that the merchants with whom they are dealing will deliver goods on time, and that they are not engaged in illegal practices. Consumers should further be protected against unsolicited communication; illegal or harmful goods, services and content; insufficient information about goods or their suppliers; the accessibility of websites; invasion of privacy; lack of protection through unfamiliar, inadequate or conflicting laws of a foreign country being applicable to the contract and cyber fraud.

As with any consumer market, things can go wrong in global commerce and consumers are usually confronted with the following consumer type protection issues:

- Information deficiencies (inability of consumer to find out basic information about the trader, product or service, on which to make informed choices);
- After sales difficulties (such as failure to supply the goods or services after payment has been made, problems with the delivery of the goods, unsatisfactory goods or services, or goods or services that present health and safety risks);

CONCLUSION

The future of e-commerce seems to be very bright. However, it can only remain so if there is consumer trust and confidence in it. Therefore, there is a need for online traders to be accountable and responsible to the consumer. Governments and businesses need to work together on an international platform to ensure specific standards are set, which will assist the electronic traders to meet their responsibilities more systematically. Both the business and government have a role to play in international consumer protection in the online marketplace, which can be global and borderless. The government needs to provide a baseline for international consumer protection to ensure effectiveness of industry self-regulation and thus strengthen consumer confidence. Industry's expertise and knowledge of commerce, and its ability to take that information and translate it into procedures for operating in the digital world at the same pace as the underlying technology evolves will allow it to implement the necessary codes of conduct.

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