

**CHALLENGES OF ONLINE SHOPPING AND CONSUMER PROTECTION**

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**ABSTRACT**

The Indians are buying online never before and the trend seems to be catching on. The online retail market in India which **has been valued at around \$3.5 billion** (Rs 21,000 crores) is expected to witness over **7-fold growth by 2019**. E-commerce is sweeping the world today, and our country is no exception. The greatest benefit of e-commerce is the time saved, and the fact that the consumer is able to complete his transaction with a single click of the mouse. Product information is more extensive and price / product comparisons are also possible, enabling consumers to make informed choices. Despite all the advantages online shopping is always vulnerable to substandard products, false deliveries and other frauds. Attractive sales, influencing and misleading advertisements and social media posts, attract thousands of buyers every day. There are countless cases of online fraud reported in India, where the online buyers are being fooled by the online sellers. This has made it necessary to offer some kind of security and protection to the online buyers.

KEY WORDS: E-commerce, Online Shopping, Frauds, Security, Consumer Protection

**INTRODUCTION**

Recent technological advances have created a new digital era. Widespread use of the internet and other powerful new technologies are having a dramatic impact on markets and buyers. With the creation of World Wide Web and Web Browsers in 1990's the internet was transformed from a mere communication tool to a certifiably revolutionary technology. The growth of internet and its user base globally in recent years has been truly phenomenal. (Kotler, Armstrong 2005) 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. E-commerce is sweeping the world today, and our country is no exception. The greatest benefit of e-commerce is the time saved, and the fact that the consumer is able to complete his transaction with a single click of the mouse. Product information is more extensive and price / product comparisons are also possible, enabling consumers to make informed choices. Before going further it is necessary to understand the meaning of e-commerce. Ecommerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most

important aspects of the Internet to emerge. E-Commerce allows consumers to electronically exchange goods and services with no barriers of time or distance. The Indians are buying online never before and the trend seems to be catching on. The online retail market in India which has been valued at around \$3.5 billion (Rs 21,000 crore) is expected to witness over 7-fold growth by 2019.( Mahajan, 2014) Despite the positive aspects, on-line shopping also presents several risks that need to be dealt with. Thanks to higher exposure of credit cards, there are grave theft and fraud issues, besides the frustrating problem of information misuse for marketing. There are also issues of wrong, damaged or delayed delivery. In this paper the emphasis will be to discuss benefits of online shopping and various challenges that online shoppers face, further this paper will also discuss that whether provisions of consumer protection act are of any help for online shoppers and what needs to be done in this regard.

### BENEFITS OF ONLINE SHOPPING

The e-business is one of the biggest things that have taken the Indian business by storm. It is creating an entire new economy, which has a huge potential and is fundamentally changing the way businesses are done. It has advantages for both buyers as well as sellers and this win-win situation is at the core of its phenomenal rise. Rising incomes and a greater variety of goods and services that can be bought over the internet is making buying online more attractive and convenient for consumers all over the country.(Malhotra, 2014) Following are the various benefits that have made online shopping all the more attractive:

- **CONVIENENCE**  
It is very convenient to shop online sitting in the comfort of one's own place. Consumers don't have to battle traffic, find parking spaces and track through stores to find and examine products.
- **PRICE COMPARISONS**  
With a single click the data relating to prices of all the brands of a particular product can be viewed. Consumers can do comparative shopping by surfing websites. Nowadays some special websites are there which only compare the prices of products available at different websites.
- **INFINITE CHOICE**  
Instead of moving from one store to another, virtual stores provide whole range of products from which a consumer can make choice. The internet often provides the buyers with greatest product access and selection unrestrained by physical boundaries.
- **AVAILAIBILITY OF CUSTOMERS REVIEWS**  
Customers often give their feedback/reviews about the quality and price of the products being purchased and used by them, which is of a great help for new customers to make their choices.
- **ROUND THE CLOCK SHOPPING**  
Virtual stores remain open 24X7. So, one can do shopping according to their own time. It is interactive and immediate. Buyers often can browse the sellers website and can get the information about the product they desire and then order the products on the spot.
- **FLEXIBLE MODE OF PAYMENT**

Today all the online shopping sites give the consumers choices regarding payments including cash on delivery, so consumers can make the payment after they are satisfied with the product they are receiving.

### CHALLENGES OF ONLINE SHOPPING

Today's advancement in internet implies the change in consumer behavior. Shopping online has now become a common form for the purchase of goods. Though internet shopping is convenient with no restriction of time and space, it also possess hidden risks in comparison with the traditional way of shopping through solid shops.(Zuliu, 2010) The major challenges being faced by the consumers in case of online shopping are as below:

- **UNCERTAINTY OF TRADE PARTIES**

A common concern voiced by consumers is the difficulty determining who they are dealing with online. When a consumer walks into a physical store, they automatically derive from their surroundings the store's trading name, its location or address, and a means by which to contact someone in case of any problems. In the online world, that information is not obtained in the same way.

- **PRIVACY**

Online privacy is perhaps the number one e-commerce concern. The rapid increase in use of e-commerce is accompanied by rise in the number of attacks against the security and privacy of online transactions. (Singh Jarnail, 2014) Consumers have doubts about the privacy of personal information supplied to e-traders. In the digital economy, individuals may leave behind electronic "footprints" or records of where they have been, what they spent time looking at, the thoughts they have aired, the messages they sent, and the goods and services they purchased. The related privacy issues arise from the fact that all this computer-processable personal information, whether automatically generated or not, can potentially be collected, stored, detailed, individualized, linked and put to a variety of uses in places geographically dispersed all around the world, possibly without user knowledge or consent.

- **UNCERTAINTY ABOUT THE PLACE OF THE TRADE**

Since the Internet has no geographical limits, establishing cyber jurisdiction is yet another difficult task. It might not be clear from the website where the supplier is based.

- **FAIR TRADING**

An important element of an effective market is the provision of full and accurate information to enable consumers to make rational decisions about whether to buy, what to buy, how to buy and from whom to buy. Information is necessary for the effective exercise of consumer choice and also empowers consumers to understand and exercise their rights. When there is no personal contact with the retailer and the consumer is paying for goods before delivery there are increased concerns about the quality and suitability of the goods, whether they will be delivered on time (or ever), what procedures are in place for refunds and complaints and how the consumer can get in contact with

the merchant. These concerns and uncertainties may be magnified when traders are located in other jurisdictions.

- **HIDDEN COSTS**

Another problem common in online shopping is that purchasers may incur extra costs which they were not expecting. Those costs could include delivery charges, handling fees, taxes, customs duties, or broker fees. This is a very serious issue for those consumers who can feel they have been misled when they receive higher bills than expected. In a store, a label or tag usually states the total cost clearly. Online, the consumer may become confused when the total cost is not displayed clearly at the time of ordering.

- **DOUBTS REGARDING RETURNS/REFUNDS**

In case of online shopping consumers are always worried about what will happen if something goes wrong, such as the goods not arriving or arriving damaged. When traders are not close to the buyer or when they do not have a physical store that customers can visit, the process is complicated and uncertain.

- **FAKE SITES**

Internet is flooded with fake sites which often poses a problem for customers. New sites bringing newer offers pop from nowhere catching the fancies of the customers. It is always difficult and confusing for a consumer to check the credibility of the sites and their offers.

### STEPS FOR SECURE ONLINE SHOPPING

By just clicking a mouse or touching a screen shoppers can buy nearly any product online. The word of ecommerce enables consumers to shop at thousands of online stores and pay for their purchases without leaving the comfort of their home. However, the same thing can go wrong along with its innumerable benefits there is darker side to internet buying. Just as shoppers should be alert while purchasing from brick-and-mortar stores, online shoppers also need to be cautious while purchasing online. Following are the guidelines to make online shopping experience enjoyable and safe.

- **SHOP FROM SECURE WEBSITES**

Customers should always make online shopping from secure websites. These websites use encryption technology to guard personal information like Credit Card Number etc. Consumers can always check the security of the website by looking at sign of https://. The 's' that is displayed indicates that the website is secure. (Niranjan Murthy et.al 2013)

- **CHECK THE CREDIBILITY OF THE WEBSITE**

It is always advisable to shop from the sites, which one already knows. If the site or the company is unfamiliar, a consumer should verify the validity and credibility of the company. By checking the website address one can make sure that they are dealing with the correct company.

- CHECK THE WEBSITES PRIVACY AND SECURITY POLICIES

The customers should look into the privacy and security policies of the website and make sure that the personal data they are sharing on the website is not being shared with third parties or affiliate companies.

- DISCLOSE ONLY THE NECESSARY FACTS

While placing an order it is advisable to provide only the necessary information. The sites may ask the consumers about their lifestyles, financial status and choices and preferences to target for marketing purposes. The golden rule is not to answer any question they feel is required to process their order.

- SECURE PASSWORD

The password used for the website should be secure and should not be shared with any one and should be frequently changed. Different passwords for different websites should be used and a single password should never be used. Password with combination of alpha numeric keys and special characters should be used.

- KEEP A HARD COPY OF YOUR ORDER

It is always advisable to save and to get a print out of the copies of the order placed online for your record and this record should be preserved till the warranty period of the product.

- CHECK FOR CANCELLATION, RETURN AND COMPLAINT HANDLING POLICY

Be sure to check the facts about the time limit for the return or cancellation, refund of money and the conditions when one can exercise their warranty rights. Also verify from the manufacturer that whether Warranty is applicable on the products sold from that website.

- BE CAUTIOUS WITH ATTRACTIVE OFFERS

Sometimes to allure the customers companies post so many attractive offers that consumers find hard to resist. It is better to verify the authenticity of these offers and hidden terms and conditions which might not be clearly mentioned.

### ONLINE SHOPPING AND CONSUMER PROTECTION

Online shopping has made the people aware of the existence of the World Wide Market place that is always merely a click away. The internet has started a new era of twenty four hour access to goods and services, instant purchases and online shopping. 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 have increased efficiency in transactions and increased accessibility for consumers, there exist many flaws 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 are what makes the rapid growth alarming.(Virk, 2014) Online shopping is always vulnerable to

substandard products, false deliveries and other frauds. Attractive sales, influencing and misleading advertisements and social media posts, attract thousands of buyers every day. There are countless cases of online fraud reported in India, where the online buyers are being fooled by the online sellers. In 2013, there was a case about a Flipkart buyer who was delivered two stones instead of an iPod costing Rs 20,000. After that, there was a furore when a Snapdeal buyer was sent two coconuts instead of the Slazenger shoes he had ordered for himself. The most recent incident involving Laxminarayan Krishnamurthy from Mumbai took an altogether different turn when he posted pictures of the Vim bar he had received instead of the Samsung Galaxy phone he had ordered over Snapdeal on Facebook (Sikarwar, 2014). These kinds of incidents have made it necessary to offer some kind of security and protection to the online buyers. In general the rights of Consumers as provided by domestic legislations like Section 6 of Consumer Protection Act, 1986 are also available to electronic consumers. The Rights of physical and online consumers are equal in theory but different in operations due to difference in the nature and place of business or medium of business (Nair et.al 2015). The Consumer Protection Act, 1986 was enacted with the purpose of empowering consumers to take on the might of large corporations and preventing unscrupulous businessmen from taking undue advantage of the weak position which consumers are inherently placed in under the archaic Indian judicial system. It set up special tribunals, simpler procedures and enacted special provisions to help consumers get a better bargaining position vis-à-vis manufacturers and retailers, etc. However, since this law was enacted more than a quarter of a century ago, it is not well equipped towards protection of consumer's rights in the digital era. It is difficult to use the Consumer Protection Act, 1986, to resolve online shopping complaints, given the need for documentary evidence (in online purchasing, the availability of documentary evidence is restricted). The Information Technology Act, 2000, last amended in 2008, reflects the growing importance of the Internet in an average Indian's life. The main issues that are looked into include hacking, privacy, regulating authority and punishments for wrongdoers. However, this law does not focus on the interest of online shoppers, and is, therefore, of limited use to consumers who face problems while shopping online (Saroja, 2015). All this has made changes in the existing Consumer Laws to ensure online consumer's protection in India all the more important. To help online customers, the government is planning to revamp the Consumer Protection Act. The ministry of consumer affairs is working on this revamp to safeguard interest of consumers in a world where shopping is not constrained by geography. The existing law, which came into being in 1986, cannot effectively deal with challenges posed by new economic, business and technological developments (Sikarwar, 2014). These amendments will lead to the formation of the National Consumers Protection Authority, a regulatory body to protect Indian consumers from false and unfair trade practices. Once this proposal gets the approval, consumers located in any part of the country will be able to approach their local consumer court anytime against any service provider or goods. Consumer Protection Laws will also cover online sales and will provide protection to online buyers. This initiative will help the government to keep a check on E-tailers and will ensure customer protection in online sales. These amendments to Consumer Protection Laws are supposed to make remarkable changes in online selling and will serve higher level of protection to the buyers.

CONCLUSION

The e-commerce market in India has grown by 34 percent in the last seven years, was about USD 600 million in 2011-12 and is expected to touch USD 9 billion by 2016 and USD 70 billion by 2020(Malhotra, 2014). Shopping online has now become a common form for the purchase of goods. Though internet shopping is convenient with no restriction of time and space, it also possesses hidden risks in comparison with the traditional way of shopping through solid shops. Online retailers and telemarketers have been allowed to get away with irregularities and fraudulent practices for a long time because of the absence of any regulatory body to look into such matters. Various necessary amendments in the current Consumer Protection Act, 1986 will help to bring online buying and selling in the country more user friendly so that the customers can be assured of good and prompt delivery of goods or services ordered over the plethora of sites that keep popping up every day.

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