

# Chapter 5

## Problems Faced by Consumers in E-Commerce Transactions With Special Emphasis on Digital Economy in India and the European Union

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### **ABSTRACT**

*The chapter critically analyzes the defies consumer faces in e-commerce transaction like jurisdictional issues, privacy, and other issues. It also focuses on the EU directives and position of India with reference to e-commerce. Further, it highlights the nature of problems and challenges consumers face while making digital purchases, the need for more transparency and disclosure on the part of traders, and how the EU directives and Indian Consumer Protection Bill 2018 can play an important role in protecting the consumers. Moreover, the chapter highlights the regulatory mechanism of both EU and India and makes a comparative analysis of two. The chapter also deals with new changes made in India like e-commerce draft policy 2018. Last but not the least, to give an outline of consumer inclinations, opinions are expressed in order to present an overall picture of existing situations from the consumer perspective.*

### **INTRODUCTION**

The persistent advance of Globalization and its economic, social, political and technological innovations and developments long since determines day-to-day business around the globe and seeks to facilitate the burdens of our modern world. The most revolutionary product of the globalizing process is the World Wide Web which forms an essential part of daily life for millions of people worldwide twenty-four-seven. In an official communication of the European Commission (2011), it describes the role and development of the internet as important and fundamental as the ‘industrial revolutions of the previous centuries’.

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The Internet establishes a perfect symbol for Globalization since it represents a proceeding technical evolution and, furthermore, ignores geographical as well as economic frontiers by connecting individuals worldwide within seconds. Following the economic perspective of the internet, the main features of the Internet are electronic commerce and online services. They are regarded as one of the core drivers in the globalized world economy (Karake-Shalhoub and Al Qasimi, 2006) and it is claimed that rejecting electronic commerce may have noticeable competitive disadvantages. The new age digital consumers often engage with an interactive marketplace characterised by high levels of heterogeneity, and therefore, have to be digitally enabled. Convenience, better prices, speedy, less expensive products and services, comparison of prices, aggressive online discounts, rising fuel prices, wider abundant choice, and crowd free shopping are some of the benefits which consumers enjoy while shopping online (Jaiswal Praveen, 2017). Consumers can shop or conduct their transactions 24 hours a day, and also track the delivery status of their purchases. Increasing Internet and mobile penetration, growing acceptability of digital payments and favourable demographics have provided the unique opportunity for companies to connect with Indian consumers. However, shopping online sometimes poses problems related to cross-border transactions, risk of poor quality and unsafe products, predatory prices, exploitative and unfair trade practices (Kapoor Sheetal, 2018).

E-commerce as defined by Jay M. Feinman (2000) as, “the use of electronic transmission medium to engage in exchange, including buying and selling of products and services requiring transportation, either physically or digitally, from location to location.”

It is preferred over conventional methods as it provides convenient access to products that may otherwise not be accessible and leads to efficient transactions for both consumers and e-retailers. Also, e-commerce has made possible low-value cross-border transactions on a scale that previously was unimaginable.

E-commerce has received huge popularity because of the automation technique used by it. Due to ease in transactions, the number of e-consumers is growing rapidly. In 2018, (Statista dossier, 2018) an estimated 1.8 billion people worldwide purchase goods online and in the same year, global e-retail sales amounted to 2.8 trillion U.S. dollars and projections show a growth of up to 4.8 trillion U.S. dollars by 2021. In recent years, mobile shopping has been on the rise, with customers increasingly using their mobile devices for various online shopping activities. According to Statista dossier as of the fourth quarter of 2018, desktop PCs accounted for approximately the same amount of global e-retail orders as smartphones. Nevertheless, smartphones were the number one device in terms of retail website visits. During a 2017 survey, 11 percent of online shoppers stated that they shopped online via smartphone on a weekly basis. The average online shopping and purchase intention rates among online shoppers also vary strongly by product category - clothing, shoes and consumer electronics were the most popular online shopping categories worldwide. Average shopper spending per visit was - unsurprisingly - highest in the luxury apparel vertical.

The Organization for Economic Cooperation and Development (2016) which is commonly called OECD, offers a closer description of the role electronic commerce plays today. In its ‘Ottawa Framework’, electronic commerce and online services are praised for their multifaceted advantages. In effect, electronic commerce opens up manifold ways to render business transactions over far distance, leads to essential social and economic developments and helps to create new markets for new consumer products and services. Further, new developments in a breath introduce new challenges and the evolution of electronic commerce does not form an exemption to that fact. As a matter of fact, international organizations and their institutions as, for instance, the OECD or the United Nations Commission on International Trade Law (1999) (hereinafter referred to as UNCITRAL) regard electronic commerce as a priority task and

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