

Government ban on 'specific' flash sales on e-commerce websites

June 23, 2021

In news- Recently the Union government proposed to ban specific flash sales on e-commerce.

Key updates-

- The Ministry of Consumer Affairs, Food and Public Distribution has initiated sweeping **changes to the Consumer Protection (E-Commerce) Rules, 2020**
- The proposed changes **impose new registration requirements for online retailers and a ban on "specific" flash sales** and mandating sharing of information with Government agencies.
- A "flash sale" is defined as a sale organised by an e-commerce entity at significantly reduced prices, high discounts or any other such promotions or attractive offers for a predetermined period of time.
- As per the new provisions, e-commerce companies would need to **register with the Department of Promotion for Industry and Internal Trade (DPIIT)**.
- They would also have to **share information with the "Government agency**, which is lawfully authorised for investigative or protective or cyber security activities.
- The information sought by the Government agency will have to be produced by the e-commerce company **within 72 hours of the receipt of an order** from the said authority.
- The Consumer Affairs Ministry has proposed to

mandate e-commerce companies to appoint a grievance officer, a chief compliance officer, and a nodal contact person for 24x7 coordination with law enforcement agencies.

- The e-commerce companies will not use any information collected through their platform for any unfair advantage.
- While the original rules focused on aspects such as transparency about product information to help consumers make informed decisions, the amendments aim to curb the circumventing of other laws.

Applicability of new rules:

- The rules are applicable for all goods and services bought or sold over digital or electronic networks, including digital products.
- They are valid for all models of e-commerce, including marketplace and inventory models, including multi-channel single brand retailers and single brand retailers.
- It proposes that e-commerce firms should **mention the name and details of any importer from whom it has purchased such goods or services.**
- These firms will also have to provide alternative suggestions to customers before they make a purchase to ensure fair opportunity for domestic goods.
- However, **conventional e-commerce flash sales are not banned** and only specific flash sales or back-to-back sales which limit customer choice, increase prices and prevent a level playing field are not allowed.

Extra

reading:

<https://journalsofindia.com/consumer-protection-e-commerce-rules/>