CUTS Project Brief

Status of E-consumers in India (SECI)

Background

E-commerce is growing at an unprecedented pace, both in India and globally. Such growth is fuelled by the COVID-19 pandemic, which saw an uptake in consumers transitioning to online shopping to ensure greater safety and social distancing. COVID-19 brought to the fore a transition that was predicted to accelerate by 2025. Consumers who were sceptical about transacting on e-commerce platforms, or sellers who did not want to move beyond the traditional ways of commerce, were compelled to do so.

However, that is just one side of the story. The concerns which kept consumers from onboarding the e-commerce platforms cannot be negated simply because the pandemic witnessed an uptake in online shopping. There are pertinent challenges that impact the consumers' welfare and trust in e-commerce, thus, their usage of the same. These concerns primarily revolve around data protection and privacy, product safety, counterfeit goods, lack of a grievance redress system, language barriers, and predatory pricing, among other things.

Within this broad framework, CUTS International is implementing a two-year project as an endeavour to gauge the status of 'e-consumers', while studying the e-commerce ecosystem in India. This will be facilitated by five subprojects under the SECI project. Each subproject aims at studying a different perspective of the e-commerce space, whilst maintaining consumer-centricity.

- **Subproject 1: SECI – Consumer Welfare**
  Through this subproject, CUTS will attempt to analyse and evaluate the impact on consumer welfare with the advent of e-commerce. Two annual reports will be prepared and an essential part of the outputs will be annual scorecards, which will be used to gauge the level of consumer trust in e-commerce through certain identified indicators.

- **Subproject 2: SECI – Evolving E-commerce Policy**
  This subproject aims to develop an understanding of the evolving e-commerce policy and landscape in India. One policy paper will be published to highlight the critical ingredients that must make part of an e-commerce policy, keeping in mind the competition, consumer protection, and regulatory issues.

- **Subproject 3: SECI – Commitment and Settlement Processes**
  This subproject will analyse and study the viability and implementability of the commitment and settlement processes as set out in the amended Competition Act, 2002. One policy paper will be curated to highlight the practicable importance of commitment and settlement processes, whilst also identifying the key issues in achieving the same. Policy recommendations will be put forth to ensure the implementation of these processes, and how they can be beneficial for sellers and e-consumers on e-commerce platforms.

- **Subproject 4: SECI – Consumer Welfare in Competition Assessment**
  A global discussion forum will be organised focussing on the role of consumer welfare in competition assessment and the role of economics in effects-based competition. Based on the discussions that will ensue in the forum, a discussion paper will be produced.

- **Subproject 5: SECI – Multi-Homing and Omni-Channels**
  This subproject will review the extent to which e-consumers and sellers use different retail

platform models to maximise benefits. A report on the relevance and prevalence of multi-homing and omni-channels in India will mark the closure of this subproject.

Objectives

Analyse and evaluate the status of e-consumers while studying the e-commerce (confined to multi-brand retail trade) market in India.

Methodology and Approach

To achieve the project objective, the implementation would be through a combination of desk and on-ground research.

- **Desk Research**
  The proposed project will include an extensive literature review which will help in identifying consumer indicators and benchmarking existing datasets and design of indicators for the scorecard. The research will mainly focus on the current and prospective e-commerce landscape in India; legal, policy, and regulatory issues and concerns; and the need of having a robust e-commerce policy in India. Other than this, specific research points as identified above for each subproject will be undertaken.

- **Qualitative and Quantitative Survey**
  Annual surveys will be conducted to gauge e-consumers' perspectives and the gains and losses they have ensued due to the advent of e-commerce. A case study approach will also be undertaken.

- **Gap Assessment and Stakeholder Consultation**
  Based on the secondary and primary research, information gaps will be identified and outputs will be prepared. Stakeholder consultations will be undertaken with experts on the identified issues and comments would be invited on the outputs.

- **Analysis and Output Finalisation**
  The data and information collected from the primary research and stakeholder interactions will be collated and analysed. For analysis and designing feasible practice and policy recommendations, elements of Systems Approach, Transformative Change Making Model, and Trust Indices, among others will be used.

- **Advocacy and Dissemination**
  For advocacy and dissemination, launch and publicity of final annual reports, and other subproject specific outputs will be planned. Tools like e-group postings, webinars, policy papers, press releases, opinion pieces (based on research findings) would be used.

Envisaged Outputs

- Enable better informed and capacitated e-consumers and enhance the use of digital platforms and digital marketplaces.

- Further the discourse on designing an optimal framework for regulating e-commerce, by informing a multistakeholder perspective on best practices and principles on the subject.

Duration

October 2020-August 2022.