

ROLE OF THE CONSUMER COURTS IN PROTECTING THE RIGHTS OF ONLINE CONSUMERS IN ONLINE SHOPPING – A CASE STUDY OF SINDH PROVINCE PAKISTAN

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ABSTRACT

This research was conducted to study the role of Consumer Courts established under the Consumer Protection Act (2014) and to study how this legal system can protect the rights of online consumers in Sindh province. Hence this research was carried out through a survey, wherein an extensive interview regarding the topic of the study along with a questionnaire designed for the discussion provided to different participants, including Honorable Judges and Lawyers. This survey was conducted in different cities of Sindh province. In response total, 43 participants contributed to the study, including 15 Honorable Judges and 28 Learned Lawyers. The results of the study suggest that the Consumer Courts are functioning correctly and proving justice to the public of Sindh as per Law. However, online consumers may need some more attention and awareness regarding online shopping and their consumer rights to protect themselves.

Keywords: Consumer Courts, Online Shopping, E-commerce, Online Business, Consumer rights.

INTRODUCTION

The recognized model of earning profit in the world is business; in other words, it is the mode of exchanging goods on the demand of consumers against a reasonable amount. The advanced technology has introduced electronic commerce for selling and purchasing products online (Cai, & Zhu, 2016). In this era, online shopping becomes a fast-growing phenomenon for doing business. Online shopping helps customers to know about the availability, quality, and price of the products before they purchase. It depends upon the quality, price, and delivery time of the product, which increases the number of consumers. It also depends on the proper and complete information of products available online for the customers, so that they can decide whether to buy or not to buy the product from that online seller or vendor. Which will help the online customers to avoid any online dispute to be dragged in the court of law (Sela, 2017).

Nowadays, the majority of people have internet access. Some people use the internet for selling the products online, and some of them are using to buy the products online. Though internet users are frequently increasing, online consumers are not growing. Consumers are buying the products online, and when they receive the goods, they experience dissatisfaction concerning the quality because the online vendor does not dispatch the same quality product as it was shown online (Cheung, Lee, & Thadani, 2009). The online vendors display high-quality products with less information available and attract the customers to sell their products, and provide low quality products to their addresses. The online consumers also face problems with payment for the goods ordered. Some of the online sellers keep the option of advance payment; some go for cash on delivery, and others have online payment options as a mode of payment. Online Businesses have now started a new trend of imposing hidden charges, which are forcibly imposed on consumers by showing options for acceptance of terms and conditions without disclosing it. Neither such terms and conditions are available on websites nor furnished even on demand. The sites also have no policy for return and refund of the product and amount paid respectively. Online sellers reject the claim of consumers on the ground of policies which are unclear and interpreted by online sellers (Li, & Zhang, 2002).

There are so many registered and unregistered online vendors offering the same product at the same price. The consumer gets confused regarding identifying between the real and fake websites to purchase the product. Some websites have no complaint cell or option for feedback, even if the consumer faces any loss in the transaction. Some websites also block the access of consumers on their website after receiving the payment for the product (Kidane, & Sharma, 2016). Therefore, businesses must comply with consumer protection laws, which are defined to protect consumers from unfair, deceptive, or fraudulent practices by firms. Companies that violate consumer protection laws may be subject to lawsuits, financial penalties, and negative publicity. Thus, business owners must understand and run their business as per laws made by the Governments.

The Government of Sindh has established 27 Consumer Courts for the province under the “Sindh Consumer Protection Act 2014” to protect the rights of consumers at large (Dawn, 2019). Hence, this study was carried out to investigate the role of Consumer Courts in solving the problems faced by the consumers and providing legal protection to the consumers and pitfalls (if any) in the said Law in the protection of consumer rights.

ONLINE SHOPPING

Online shopping is a process of delivering the products by sellers to the consumers at their addresses with the help of the internet and other resources such as information about the quality of the product, logistics, information about price, and expected time for delivery of the product. However, as technology improves day by day, it increases the buyers' interest to shop online due to some social, personal, cultural, environmental, and other factors. However, economic, security, and privacy factors are also playing the role to attract society to prefer to shop online instead of physical or traditional shopping (Kidane, & Sharma, 2016).

According to Lim et. al. (2016), social pressure plays a vital role in influencing the e-commerce, and websites indicate the loyalty, trust, and worth of consumers on that business. So this trust may increase the development of Online Business / E-commerce. However, fraud and false information reduce the intention of consumers to buy online. Furthermore, buying again from the same website shows the trust, worth, and loyalty of any website towards his consumers. Online stores regularly provide a wider variety on economical price of commodities than conventional stores. There is no physical limit on the stock an online store can display on its website, nor does it need to create attractive window displays. Thus, variety is an essential reason to motivate online consumers to shop online (Chaudary, Rehman, & Nisar, 2014).

The previous experience of online shopping also plays an important role, as the consumers are paying great efforts for shopping through the internet and provide comments and feedback on the websites, and positive comments of previous consumers motivate others to go for it. Whereas, negative comments discourage them from buying the product from that website. After seeing negative comments, buyers divert their minds to other websites or for alternative products. (Cheung, Lee, & Thadani, 2009).

According to Zhao (2015), there are five stages of decision making while online shopping, i.e. (1) Need Recognition; (2) Information Search; (3) Evaluation of Alternatives; (4) Purchase; (5) Post Purchase Behavior. According to Al Karim (2013), consumers of Bangladesh use online shopping because it saves time, secure shopping, availability of sufficient information, fewer expenses, low stress of shopping, and some other factors as well. The author adopted the principle of shopping decisions of Kotler & Keller regarding purchasing decisions. When a buyer or consumer intends to buy any costly item or product which includes a car, a house, gold or diamond jewelry considering all five stages which are (1) Problem Recognition; (2) Information Search; (3) Evaluation of Alternatives; (4) Purchase Decision; (5) Purchase Behavior. Scholars further discussed that with time, consumers might not feel necessary to go from all above mentioned stages, because some products may be based on past purchase experience and not on current information (Zhao, 2015; Al Karim, 2013).

CONSUMER PROTECTION

The Government of Sindh unanimously passed and implemented “The Sindh Consumer Protection Act, 2014” intending to promote and protect the interest as well as rights of consumers by speedily redressing their complaints and resolving their problems connected with their rights by establishing 27 Consumer Courts in the Sindh Province under this Law (Dawn, 2019). Federal and provincial governments tried to address every issue of consumers and to protect the rights of consumers while purchasing any product from the market especially about defective products, which includes faulty in construction or composition, flawed in design, defective because of inadequate warning, defective because of nonconformity to express warranty or imposed some extra charges (Mumtaz, Hussain, & Zagher 2013).

Furthermore, the Government imposed some liabilities in the case of manufacturing and selling a defective product. If proved, that burden lies upon the seller to show that said defect was not in knowledge at the time of production as well as at the time of supply of product to the consumer. Some obligations imposed upon manufacturer or seller to exhibit the price list at his business place while selling the product he is under obligation to issue a receipt to the consumer which must contain the date of sale of product, description as well as the batch number of product with printed retailed price and quantity of products sold to the consumer, that receipt must consist of name and address of sellers (Gandapur, et. al., 2014). The Law also enlists the punishment for the violation of any right of a consumer, not only this but also provide powers and functions of Authorities and Government. For complaining about the abuse of consumer rights, Consumer Protection Council and Consumer Courts have also been established by the Government of Sindh through this Law.

Kumar & Velmurugan (2017) studied that many businesses intend to sell their products through the internet to provide excellent services at a lower price than the physical market. Furthermore, manufacturers are using the internet to publish, express, and communicate information about the product and offer services to consumers when they are at their homes. After providing services, manufacturers intend to get comments and feedback from their consumers and publish positive comments and feedback to attract buyers to purchase more products.

Hörnle (2002) studied that fraud in Online business is increasing day by day, and there is a dire need for online dispute resolution. There is a possibility that disputing parties are far from each other. Filing of a suit under consumer laws in the consumer court may be dis-appropriate and expensive. It can be said that consumer courts are for the person who lost a hefty amount in a transaction in online shopping. This is also one of the reasons which discourage the consumers to go for the litigation in the consumer courts by paying high fees of a Lawyer and bearing the other miscellaneous costs and spending the whole day in court. Some researchers discussed that there is no certainty about the manufacturer or seller because some of the websites did not disclose any description of the manufacturer so that it becomes not possible to sue appropriate respondent (Omoola, & Oseni, 2016).

Taking as a particular case of international online business, when a consumer is dissatisfied with the quality of the product, then it will be a challenge for the consumer court to compel the attendance of any party which resides or carried out his business outside of the country. There is an unequal bargaining opportunity in an online store to the parties, and some of the suppliers demand the payment in advance. In this scenario, most of the time, customers become the victim of online fraud. Therefore, the researcher suggested the introduction of the Online Dispute Resolution System in the country to protect the rights of Consumers in Online Business, especially in Online Shopping (Heiskanen, 1999).

Federal Government of Pakistan has also passed “The Prevention of Electronic Crimes Act (2016)” to prevent acts that are unauthorized regarding information system, offense, and process of their investigation, proceedings, punishment, and other things connected with such actions. The Federal Government is always making better consumer protection policies needed in a situation of competitive markets and to cope up with the crimes and offenses which are being committed through the internet, including showing identical information regarding another material, publishing information without their consent and electronic fraud (Khan, Mansoor, & Burki, 1996).

Anusha Rahman Khan (2016) while submitting the statement of objections and reasons, disclosed that existing laws to control the electronic crimes are not sufficient as the civilians are committing crimes. If amendments are made in the existing Law viz: “The Electronic Transactions Ordinance, (2002)”, the criminal justice system will be abused at the hands of legislation. While disclosing the reasons, she revealed that the bill intends to give new powers to authorities to control the electronic crimes, which include the electronic fraud and to control it speedily and especially than the other laws, hence legislation considers it as the Special Law.

The Price Control and Prevention of Profiteering and Hoarding Act (1977) was passed and implemented to provide rules, provisions about control the price of the product and to prevent profiteering and hoarding of the products, so that rights of consumers can be protected. Parliament of Pakistan discussed the fixation of the maximum price of the essential commodity and enlisted the same in the schedule annexed with the said Law and defined the punishments for violation of any right of the consumer under this Law. The law of the land imposes an obligation upon the vendor to exhibit the price of each product at the business place for the public at large and issue a receipt which discloses the date on which the manufacturer is selling the product to the consumer and write the printed price on such receipt. If any seller or supplier is charging more than the price fixed by the authority under the Law, the consumer has the right to sue the manufacturer or seller or supplier, whatever the case may be for the violation of said provisions of the Law and indirectly it violates the rights of Consumer. In Pakistan, federal and provincial governments are making continuous efforts to protect consumer rights by enacting direct and some otherwise relevant legislation, such as "Islamabad Consumer Protection Act, 1995", "Khyber Pakhtunkhwa Consumers Protection Act, 1997", "Khyber Pakhtunkhwa Consumers Protection (Amendment) Act, 2005" and "Punjab Consumer Protection Act 2005" are laws specifically focusing consumer interests (Khan, et. al., 2014).

There are certain rights in Pakistan which are protected under Pakistani laws, that among the fundamental rights, it is also one of the rights of the consumer to be secured from harmful products available in the market. Another right of any consumer is to choose a worth product at a reasonable price so that consumers can purchase a desirable product from the market. It is also right of consumers that he must be informed about the details of product, quality, faults (if any), and different sources should be available in the market to compare different products of the similar purpose of usage. Consumers have the right to protest when there is an issue or violation of rights, and it is an obligation upon Government to protect the rights of consumers and set proper forums where they can claim for their rights. They have the right to be heard and redress their grievance following the law of the land. As it is a famous maximum of law “ubi jus ibi remedium” in other words there must be some kind of remedy in case of violation of any right, in other words, it can be said that there must be a remedy if any legal or natural person has infringed any right, he shall be held liable for his act (Khan et. al., 2017)

RESEARCH METHODOLOGY

The objective of this study was to examine the role of the Consumer Courts, providing legal protection established by the Government of Sindh for online consumers. The Sample size (n) was 43 for this study. Wherein, the data were collected from 15 Honorable Judges, and 28 learned Lawyers of Sindh Province. A questionnaire consisting of 10 items was designed to record the response of the respondents on a 3-point Likert scale. The data was collected through the same questionnaire, along with an extensive interview from all the participants. The Statistical Software SPSS (Statistical Package for the Social Sciences) was used to analyze the data and check the reliability of the questionnaire.

RESULTS OF ANALYSIS

The value of Cronbach’s alpha defines the reliability of the questionnaire. In this case, the reliability of the questionnaire or the value of Cronbach’s alpha was checked through Reliability Test in SPSS, which was calculated equal to 0.761 for the 10 number of items used in the questionnaire. As regards, the value of Cronbach’s alpha should be between 0.70 and 0.95 for the reliability of the instrument. Hence, it is certain that the questionnaire was designed as per the need of this study, and the responses were appropriately recorded. After the reliability test, the descriptive and frequency statistics tests were applied to the data received through the questionnaire for the study, and the results are presented in table 1.

Table-1. Results of Descriptive Analysis

Code	Item	Response	F	%	Mean	S.D
Q1	Consumer satisfaction is the objective of Online shopping.	Agree	30	69.8	2.56	0.734
		Neutral	7	16.2		
		Disagree	6	14		
Q2	Online shopping is a popular trend for rich people.	Agree	33	76.7	2.69	0.599
		Neutral	7	16.3		
		Disagree	3	7		

Q3	Online Shopping will eventually take over physical Shopping.	Agree	27	62.8	2.42	0.823
		Neutral	7	16.3		
		Disagree	9	20.9		
Q4	Physical shopping is more secure than online shopping.	Agree	36	83.7	2.84	0.374
		Neutral	7	16.3		
		Disagree	0	0		
Q5	It is not easy to prove cheating/fraud committed by online businesses in online Shopping.	Agree	28	65.1	2.39	0.877
		Neutral	4	9.3		
		Disagree	11	25.6		
Q6	Mostly, there is no option for complaining against the bad quality of products received through online shopping.	Agree	16	37.2	1.84	0.949
		Neutral	4	9.3		
		Disagree	23	53.5		
Q7	There is no forum to complain against online vendors/websites.	Agree	11	25.6	1.60	0.877
		Neutral	4	9.3		
		Disagree	28	65.1		
Q8	Consumer courts are not able to handle consumer problems/complaints regarding online shopping.	Agree	13	30.2	1.72	0.908
		Neutral	5	11.6		
		Disagree	25	58.1		
Q9	Consumer Courts have a lengthy process to decide the matter/case.	Agree	10	23.2	1.53	0.855
		Neutral	3	7		
		Disagree	30	69.8		
Q10	In this modern world, consumers are not familiar with their consumer rights.	Agree	14	32.5	1.88	0.878
		Neutral	10	23.3		
		Disagree	19	44.2		

S.D= Standard Deviation

DISCUSSION

The results of the descriptive analysis of the data shown in table-1, explains that respondents participated actively in the survey. The statistics show that the majority of the respondents', i.e. 69.8 percent are of the view that the objective of online shopping is the satisfaction of online consumers. For item number two, again majority of the respondents agree with the statement that online shopping is a popular trend in rich people; due to the financial resources, they can buy things online as many times as they want with ease. In response to the third item, 62.8 percent of participants agreed with the statement that online shopping would eventually take over the physical shopping because online shopping is easy and you can place an order after comparing the price and quality of same product from different online vendors sitting in your home or office. While answering item number four, 83.7 percent of the respondents agreed that physical shopping is more secure than online shopping. However, 16.3 percent of the respondents were undecided about the statement that even people get cheated in the physical shopping by the vendors. Most importantly, nobody denied the statement. While taking the statement number five, 65.1 percent of respondents agreed with the statement that it is difficult for online consumers to prove or justify their complaint against an online vendor because online businesses use a variety of tricks to attract and trap the online consumers in their scams. For item number six and seven, 53.5 percent and 65.1 percent of respondents respectively disagreed with the statement and justified their responses as online consumers do not know about the legal procedures or platforms where they can lodge their complaints regarding bad/low quality, etc. Hence it is perceived that there is no platform for complaining about the online scams done by the online vendor with the online customers. While taking item number eight, 58.1 percent of respondents believed that Consumer Courts are handling such issues properly, and trying to provide legal relief to the online consumers as per Law. 69.8 percent of the participants have disagreed with the statement contained in item number nine, because of the view that courts have to function as per Law, hence, it takes some extra time to decide the case under certain circumstances that are necessary to provide justice transparently. While taking the statement number ten, 32.5 percent of participants agreed with the statement that even in this modern world, people are not aware of their consumer rights. Whereas, 44.2 percent of the respondents disagreed with the statement that online consumers are aware of consumer rights, while 23.3 percent of the respondents were undecided about the statement number ten.

CONCLUSION

Online shopping is a new trend that is increasing day by day around the world. Online businesses have made our lives easier for shopping. People can buy the desired things by comparing the same item from different online vendors and select one accordingly. However, this ease of doing shopping has also brought many challenges for online consumers such as online scams, fraud, and deceitful online vendors who cheat their valuable online customers. To examine this scenario, the role of Consumer Courts in Sindh Province has been studied in this paper. After conducting survey and interviews with the honorable judges and learned lawyers serving in the province, we found that Consumer Courts are functioning correctly and providing justice to the public as per Law. However, after consulting the valuable and senior participants of the study, it is concluded that the majority of the people are not aware of their consumer rights. If someone has been cheated, he does not know how and where to report the online scam. Further, it was also noticed that nowadays, online vendors are using different techniques to attract online customers and providing them defective items after the payment against their wish and knowledge. Therefore, technically there are two factors which must be brought in the notice of the public and authorities, (1) awareness campaign must be initiated through print and electronic media at the provincial and national level, so that online consumers may get the knowledge of their consumer rights, and how and where to report any incident. (2) Online consumers may also be given awareness regarding information

about latest techniques of online scams that online vendors are using to trap the online consumers, and information regarding how they can recognize the authentic online vendor, so that they may safeguard themselves from such online scams.

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