

# **DIGITAL TRADING IN PAKISTAN: MANAGING EFFECTIVENESS OF E-COMMERCE PLATFORMS**



*By*

**ZAIN UL ABDEEN  
REGISTRATION# PID2019FMPHILEAF25**

**Supervisor**

**Dr. AHMED WAQAR QASIM**

**PIDE School of Economics**

**Pakistan Institute of Development Economics, Islamabad  
2021**



**Pakistan Institute of Development Economics, Islamabad**  
*PIDE School of Economics*

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This is to certify that this thesis entitled: "**Digital Trading in Pakistan: Managing Effectiveness of E-Commerce Platforms in Pakistan**" submitted by **Mr. Zain Ul Abdeen** is accepted in its present form by the School of Economics, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree in Master of Philosophy in Economics and Finance.

Supervisor:

Dr. Ahmad Waqar Qasim

Signature:



External Examiner:

Dr. Tahira Sadaf


Signature:



Head,

PIDE School of Economics: Dr. Shujaat Farooq

Signature:



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**DEDICATED TO**

**My mother**

Real asset in my life, supportive, and love in every situation

**And**

The man who is the source of inspiration and motivation In Career

**My Maternal Grandfather Muhammad Ghazi (Late)**

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## ABSTRACT

Technology has changed the conventional transaction mechanisms in the market. The fast-changing market dynamics also demand a rapid response from authorities to adopt digitization by providing the required digital Infrastructure. Without such a legal framework, the adaptation of technology in transactions will always face resistance, as in the case of Pakistan.

The study comprised of three institutions at the federal level; Ministry of Commerce, Competition Commission of Pakistan, and Consumer Right Commission of Pakistan and consumer courts at the provincial level, only Punjab Consumer Protection Act has evaluated because all the acts are same with almost similar clauses. Despite this, the exploration is based on consumer rights protection from deceptive, fraudulent, and unfair trade practices. It also explores the general regulatory framework of the institutions and the anticipated regulatory framework for e-commerce. For this purpose, we measured three fonts' relevancy, efficiency, and effectiveness. The data has been collected through multiple methods, including secondary sources, primary (questionnaires and interviews).

The findings indicate that the regulatory framework, policies guideline, rules, Acts, and ordinances did not support digital consumers' grievances. Similarly, the institutions are efficient for the traditional consumers because it has a contemporary and appropriate complaint mechanism. While, not effective because it consumes more time to resolve a case. Conversely, for digital trade/consumers, the institutions are not efficient nor effective.

The survey validated to investigate consumer rights protection in the e-commerce marketplace. According to the survey, the consumers got information and order goods and services from networking sites, but Facebook and Instagram are more dominant found. Consumers often disclose that, they got defective and low-quality products during online shopping. However, if the Consumers filed a complaint, most of them do not get a suitable response from the service providers. In addition, the e-commerce platforms have no proper refund or replacement policies.

Eventually, the efficiency and effectiveness of e-commerce are also based on affordability, accessibility, and available of internet service for all.

**Keywords:** *Digital trading, e-commerce, consumer protection Institutions, deceptive and unfair Trade practices, complaint mechanism*

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## LIST OF ABBREVIATIONS

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E-Commerce	Electronic Commerce
CRCP	Consumer Right Commission of Pakistan
CCP	Consumer Competition of Pakistan
MOC	Ministry Of Commerce
PTA	Pakistan Telecommunication Authority
FTC	Federal Trade Commission (USA)
ACCA	Australian Competition and Consumer Commission (Australia)
CPSC	Consumer Protection and Safety Commission (USA)
CAA	Consumer Affair Agency (Japan)
SMEs	Small and Medium Enterprises
UNO	United Nation Organization
PCPA	Punjab Consumer Protection Act
ADR	Alternative Dispute Resolution
MNF	Money Now Funding
NGO	Non-Governmental Organization
ICT	Islamabad Capital Territory
RTI	Right to Information
FOI	Freedom of Information
IMF	International Monetary Fund
WTO	World Trade Organization
KPK	Khyber Pakhtunkhwa
3PL	Third-Party Logistic
CO	Competition Ordinance
STDP	Services Trade Development Council Wing
SEM	Search Engine Marketing
PSOs	Payment System Operators
SBP	State Bank of Pakistan

SECP	Security Exchange Commission of Pakistan
MoITT	Ministry of Information Technology and Telecommunications
PSDP	Public Sector Development Programme
ECC	Economic Coordination Committee
SDGs	Sustainable Development Goals
GSMA	Global System for Mobile Communication
GPL	General Price List
TACD	Transatlantic Consumer Dialogue
CESEE	Central, Eastern, and South-Eastern Europe
OECD	Organization for Economic Corporation and Development
GPL	General Price List

## **Chapter-1**

### **Introduction**

Technological developments have altered the traditional market transaction procedures. New technologies are having a significant impact on market dynamics. The fast-changing market dynamics also necessitate a quick response from authorities to help new technology adapt by providing the necessary digital infrastructure. At the same time, a framework is needed to protect the interests of all market participants. As in Pakistan, technology adoption in transactions will always find opposition without such a legal framework.

Similarly, the Internet transformed commerce and agents can now make transactions using the Internet. The Internet has provided a platform to connect millions of individuals and businesses. Digital trading provides incentives for service providers to sell goods and services nationally and internationally. It has increased the consumer base for the sellers and increased the products' availability and accessibility. Resultantly, digital trade is now becoming an integral part of today's economy.

According to Gonzalez and Jouanjean (2017) digital trade involves digitally-enabled cross-border transactions in goods and services that can be digitally or physically delivered. Moreover, digitization is global and the buzz in the business world. It has a vast impact on the entire business and changes the dynamic of business activities.

The digital economy reaches deeply into our lives and trade in goods and services. Digital trading is more than just about buying and selling of goods and services online. It also transfers data and information across the border. The twenty-first century is the age of digitally enabled social and commerce life. E-commerce will eventually impact overall business and it will constitute a

significant part of the commerce. (Dos Reis & Machado, 2020) define e-commerce as the purchasing and selling of goods and services over the Internet. Every time individuals and companies buy and sell products and services online. Bartok, (2018) stated that e-commerce consists of purchasing and selling goods and services over an electronic mechanism i.e. computer, mobile, etc. However, e-commerce also includes other inclusive economic activities likewise, retail-store, online payments, Hotel Booking Services, Transactions of money, etc.

Before the development of e-commerce, marketing and selling goods and services was a mass marketing and sales-driven process, where the customers viewed a passive target of advertisement. With the advent of social networks, marketing campaigns have also started to utilize these platforms. This digital marketing plays a critical role in influencing and inducing customers towards e-commerce (Sundararaj & Rejeesh, 2021). At the same time, consumers are using digital channels to make more informed decisions and make purchases by using multiple channels. Resultantly, the new business models involve online platforms and other social media networks such as Telegram, Facebook, Instagram, YouTube, etc., as the principal sources to promote business. Digital consumers are different from conventional consumers However, digital consumers use gadgets, i.e., mobile phones, computers, handheld, and Personal Digital Assistances PDAs (Ayob, 2019).

### **1.1 Role of Technology in Digital Trade**

The Internet has become an essential component of our lives and has become a fundamental need for every individual. It contributes to creating opportunities for different individuals. Access to the Internet has changed lifestyles, economic activities, and work structures. For instance, working from home, shopping, trading, and the business marketplace. Moreover, the affordability and availability of the Internet provide benefits for both the economy and society (Sakovic, 2020).

It will increase trade and commerce activities connect sellers and buyers, manufacturers to sellers without physical interaction. The rapid use of the Internet and smartphones has made it possible for consumers to buy products or services within premises via the Internet. The Internet has substantial expanding power, and it has transformed people globally to adopt and accept trading and indulge themselves in digitization (Khan & Badii, 2012).

Digital communication has played a critical role in the progress and growth of businesses in both developing and developed countries. UNESCO report (2021)<sup>1</sup> demonstrated that around 55% of the world's household population has access to the Internet. Similarly, 87% of people are internet users, and 47% shop online in developed countries, while in developing countries, only 19% of the population uses the Internet.

These statistics indicated that a lesser number of internet users found in developing countries. Therefore, Pakistan is one of them which tend to lack adaptability of digital trading. Nevertheless, the Internet's lack of availability and affordability has become an obstacle to businesses and commerce in the digital era. The affordability and accessibility of internet services can change the lives of people. Similarly, access to the Internet incentivizes people to indulge themselves in digital trading through e-commerce.

## **1.2 Digital trading in Pakistan**

Pakistan is at a nascent stage in digital trading with modest retail sales over the Internet. Pakistan has initiated a substantial ICT sectorial liberalization to create an environment conducive to digital trading. In Pakistan, from 2017 to 2018 the number of e-commerce consumers increased by 2.6

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<sup>1</sup> The data accessed from the report <https://en.unesco.org/news/new-report-global-broadband-access-underscores-urgent-need-reach-half-world-still-unconnected>

times and payments in the e-commerce industry increased by 2.3 times (Statista, 2021).<sup>2</sup> Pakistan has strong growth potential in e-commerce, as it is the 46th largest market globally. Currently, the revenue generation from e-commerce stands around \$3,904 million, and the numbers of users are 47.6 million. While the revenue generation from e-commerce is expected to have an annual growth rate of about 1.3%, resulting in a market volume of US \$7,236M by 2025. Similarly, user penetration is expected to hit approximately 26.9 by 2025 (Coppola, 2021)<sup>3</sup>.

In Pakistan, Daraz.pk<sup>4</sup> is the largest online marketplace. It is a leading and pioneering e-commerce platform that started in 2012. The total visits to Daraz.pk was 205.03k and the average duration was one minute and twenty-three seconds during 2020. It is expected that Daraz.pk will provide approximately one million jobs by 2022 (Ahmed, 2020). Since the usage of e-commerce also has a direct impact on employment generation. The government of Pakistan launched some projects to provide employment opportunities for the youth and try to reduce poverty and upgrade their well-being i.e. Kamyab Nojwan, Ehsaas, and BISP etc.

Pakistan faces an unprecedented level of joblessness in FY-2020.<sup>5</sup> While, these programs contribute to the short term solutions but not appropriate for long term solution. The problem can be reduce by providing digital infrastructure to businesses. The government should initiate such a program that provides education and awareness regarding digital trading. Resultantly, digitization through e-commerce is a more appropriate source to engage youth in business activities and generate employment opportunities. It can be a source of employment generation as people adjust

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<sup>2</sup> <https://www.statista.com/outlook/dmo/ecommerce/pakistan>

<sup>3</sup> <https://www.statista.com/outlook/dmo/ecommerce/fashion/pakistan>

<sup>4</sup> The data extract from <https://www.daraz.pk/>

<sup>5</sup> I have to add total unemployment youth ratio (Pakistan youth unemployment rate for 2019 was 7.81%, a 0.17% decline from 2018).



to the e-commerce market according to their interests. It is pointed out that better penetration of optic fiber in rural areas and along the Indus River route field provides the necessary infrastructure for the e-commerce industry.

### **1.3 The state of Internet Connectivity in Pakistan**

Pakistan has a substantial potential for adaptation to digitization. The increase in internet access and availability increases economic activity and transformation to digitization. Pakistan Telecommunication Authority (PTA)<sup>6</sup> mentioned that 101 million people used internet service with 183 million mobile subscriptions. Meanwhile, access to broadband service and mobile connections are 46% and 85% of the population.

According to PTA, there were 161 million users of 3G/4G in July 2019 and reached 90.5 million at the end of December 2020. While in November, there were 888.8 million and 1.7 million subscribers. (Oberlo.Com. 2021)<sup>7</sup>. Furthermore, there are almost 169 million cellular subscribers, covering 80% of the population. Therefore, Pakistan is an emerging-cellular economy with digital technology at an initial stage in the way people work and trade.

In 2018, the total contribution of the mobile economy was \$16.7 billion and contributed 5.4% of GDP. Furthermore, it has also contributed \$2.2 billion to public sector revenue i.e., \$1.5 billion in direct and \$0.7 indirect taxes, and created approximately 450,000 jobs (PIDE. Reform agenda

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<sup>6</sup> Pakistan telecommunication is a leading regulatory body for internet connectivity and smartphone penetration the data access for their website <https://www.pta.gov.pk/en>

<sup>7</sup> The data access from the blog (Oberlo.Com. 2021. 10 Amazon Statistics You Need to... - Google Scholar, n.d.)

2021)<sup>8</sup>. The market is not ready for electronic trading because Pakistan is still trying to penetrate 4G servers and 2G and 3G services in several remote areas.

#### **1.4 Regulatory framework for e-commerce**

As for the regulatory framework governing e-commerce, activities are concerned there is no dedicated regulatory framework for digital trading to promote trade and protect the consumers' rights in Pakistan. Various ministries, several regulatory bodies, and different government institutions are in place to protect consumer rights in the traditional trading system. However, no government institutions have a readily available policy framework for e-commerce and digital trading consumer rights protection. Consumer protection is a necessary condition to ensure the efficiency and effectiveness of the digital market, especially in the case of e-commerce and internet connectivity.

Institutions must perform a critical role in developing and enforcing the regulatory framework for consumer rights protection in e-commerce. The regulatory bodies and institutions are key drivers in the marketplace to promote trade, consumer rights protection, and fair-trading practices and protect them from fraudulent practices.

The government and regulatory bodies play the leading role in encouraging digitization by ensuring fair trade and consumer rights protection. They can foster public interest by providing general rules and regulations for digital trading. The main challenges in regulating the e-commerce industry are related to the enforcement of laws and regulations monitoring the digital trade that exceeds administrative boundaries domestically and internationally (Wang, 2020).

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<sup>8</sup> <https://pide.org.pk/Research/PIDE-Reform-Agenda-Report.pdf>

The changes confronted by the government and regulatory bodies due to digital trading and e-commerce are enormous as e-commerce has blurred the conventional definition of markets and framework for consumers' protections. However, there is a dire need to update the existing institutional infrastructure to promote digital trading in Pakistan. Several institutions promote trade and protect consumer rights in traditional trading. A brief description of these institutions at the federal and provincial levels is below.

#### **1.4.1 Federal Level Consumer Rights Related Institutions**

1. Ministry of Commerce (MOC)
2. Consumer Rights Commission of Pakistan (CRCP)
3. Consumer Competition of Pakistan (CCP)

#### **1.4.2 Provincial Level Consumer Rights Related Institutions**

- KPK Consumer Protection Court (1997)
- Punjab Consumer Protection Court (2005)
- Sindh Consumer Protection Court (2014)

Yet, there is no regulatory framework exists in the case of e-commerce. These institutions mentioned above only deal with traditional trade rather than digital trade.

### **1.5 E-commerce around the World**

With the advancement of technology, the nature of businesses takes place at an unprecedented speed globally. According to Statista<sup>9</sup>, global sales on e-commerce platforms reached nearly 4.28 trillion US\$ in 2020. However, it is projected to grow to 5.4 trillion dollars in 2022. Moreover,

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<sup>9</sup> The data can have accessed at <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

international merchants' trade through e-commerce during 2017 was around \$20.7 million, which grew by 93.7% during 2018. Approximately 40% of internet users have purchased products online via mobile, desktop, tablet, and other devices. Several countries provide an appropriate framework to provision of digital infrastructure to the businesses, commerce and consumers.

Bangladesh's legal framework ensures that appropriate judicial, administrative, and legislative processes promote trade and consumers' proper protection in the digital market. They have adopted the policy to unleash the magic triangle of e-commerce to generate competition, revenue, and profit.

The competition commission of India (CCI) released a report on understanding the functioning of e-commerce in India. It increases its jurisdiction to incorporate e-commerce into its domain. On the other hand, the department of Indian consumer Affairs has also amended the consumer protection rules accordingly (E-commerce, rule 2020). To protect consumer rights by establishing authorities for effective and timely dispute resolution in e-commerce.

The United Nations has also approved FTC amendments to protect consumers and businesses from antibusiness in digital market activities. Similarly, several other organizations and agencies are working to provide consumers' rights protection globally. The OCED and UNCTAD are two global agencies that promote competitive and healthy international trade and consumer protection. The OECD work on digital trade aims to help better identify and respond to emerging challenges arising from digitization and help policymakers based on debates (Mbise et al., 2018).

According to the World Retail Congress (2019) report, the e-commerce market ranking globally, including the US, UK, China, Japan, and Germany, were the top-ranked e-commerce markets. While Pakistan does not have any place in this ranking. International Consumer Protection Enforcement

Network (ICPEN) is that starting in 2002, they had also amended the rule of business in 2012 to incorporate digital trading. A membership of consumer rights protection organization from 64 countries. Pakistan is also part of the network. The network address coordination and cooperation on issues regarding consumer interest and disseminates information on consumer protection trends and good practices regarding consumer protection law ( Teitz & Stewart, 2017 ).

The evolution of virtual shopping globally gives rise to new and complex consumer protection issues. The rapid growth and the emerging trend of e-commerce have changed the dynamic of business and changed the preferences to buy and sell goods and services online.

### **1.6 Research question**

- 1) Whether, the institutions and e-commerce platforms at federal level and provincial level providing appropriate regulatory framework for digital trade to protect consumers' right and promote digital trade.
- 2) Does, the institutions and e-commerce platforms are providing applicable complaint driven mechanism to protect consumers and promote digital trade.
- 3) Does, digital trade depend upon availability and accessibility of internet service.

### **1.7 Objectives of the study**

The purpose of the dissertation is to understand better how to manage trade and consumer rights protection in the digital market. The study's objective is to explore critical factors contributing to established consumers' right protection and endorse trade in the digital market.

The study aims to measure the significant findings of the research is to measure the relevancy, efficiency and effectiveness of existing institutions and policy frameworks in digital trading. The

study will also help to identify whether the current regulatory framework or organizational structure of institutions and consumer courts are appropriate for digital trading or not?

Similarly, the study's first objective is to investigate the role of institutions to ensure the provision of consumers' rights protection and promote trade in the digital market. Furthermore, the study evaluates whether the existing legal framework is suitable for protecting the Consumer from fraudulent transactions and deception in the digital market.

Second objective of the study is focus on the institutions' role in ensuring the provision of Consumer's rights protection based on complaint-driven mechanisms. To achieve this objective, we measured efficiency and effectiveness based on the total time required from filing a complaint to making decisions and recommendations by the institution and response on complaint by the e-commerce platforms and institutions.

The study's third objective is to highlight the role of internet connectivity in digitization. The world has become a global village with the advancement of technology; people around the globe connect online via the Internet. The internet-enabled businesses share products or services with the consumers at national and international levels. The main aim is to identify the affordability and availability of the Internet conducive to the growth of e-commerce.

## **1.8 Study organization**

The research is divided into seven sections. Section-1 provided a discussion on the introduction, covering an overview of digital trading, e-commerce, connectivity (Internet) and regulatory bodies/institutions, international practices, and relevant aspect of digital trading and connectivity. Section-2 discussed the general regulatory framework, including its organizational structure, function, and consumer rights protection framework. Section-3 deliberated the Regulatory framework for e-commerce, which includes the framework proposed by the author.

Section-4 contained digitalization in terms of connectivity, gives evidence on the role of the Internet on e-commerce. Section-5 included international practices for comparative analysis consisting of literature and international practices supporting consumer rights protection, digital trade, digitalization, and e-commerce. Additionally, that covers efforts made by regulatory bodies and consumer protection authorities.

Section-6 included two parts, and the first part contained evolution for conventional consumer's right protection and the second for e-commerce. The first part evaluates two institutions, one for the federal level and one for provincial-level based on the complaint mechanism. Consumer rights protection is measured by efficiency and effectiveness based on the time to file a complaint to decision/recommendation. The second part includes an evolution e-commerce platform by quantity method; the questionnaire sends to the target consumer. The questions related to consumer protection in e-commerce, complaint mechanism, service provider response, etc. Section-7 last section, gives policy results and decisions, conclusion of the study, recommendations and policy implications.

## **Chapter-2**

### **Methodology and Limitations**

In Pakistan, several institutions work to defend consumer rights and encourage commerce. The investigation begins with a thorough examination of the institutions based on consumer protection and trade promotion. The study's limitation is that it only assesses three institutions at the federal level and consumer courts at the provincial level. The Ministry of Commerce, Pakistan Competition Commission, and Consumer Rights Commission of Pakistan at the federal-level institutions are included in the study.

Similarly, Consumer Rights Protection was specifically explored to prevent consumers from obtaining defective items, unfair trade, fraudulent practices, and misleading activities. Furthermore, an assessment of the institutions based on the existing regulatory framework is performed to provide guidelines and recommendations for the e-commerce regulatory framework. We have also evaluated these institutions based on relevancy, efficiency, and effectiveness.

The evaluation of the relevancy of the institutions is performed by having a critical examination of the mandate assigned to the institutions by the underlying Act or Ordinance. The primary objective that we kept in mind while evaluating relevance is whether the given mandate and organizational structure ensure and safeguard consumer rights or not. For measuring efficiency, we consider the resources, both human and complaint mechanisms used to facilitate consumer grievances by the institutions, are applicable or not. While the effectiveness has been gauged by looking into the service delivery of the relevant institutions, such as how much time take by the institutions to resolve a complaint or take action against a consumer grievances.



In the case of provincial-level institutions, we focused on Punjab Consumer Rights Protection Act. Since, the Acts passed by other provincial governments are roughly the same. Therefore, looking at the relevance of mandate, effectiveness, and efficiency of consumer courts in Punjab can give us a broader spectrum of consumer rights protection in other provinces. To measure efficiency and effectiveness, we evaluated only CCP based on compliance reported by the consumers. Conversely, the ministry of commerce and CRCP provide policy guidelines for consumer protection and trade promotion.

To perform these tasks, we have conducted a detailed examination of the documents and reports and primary data collection. To come up with recommendations for the proposed policy framework, we surveyed the customers involved in digital trading or e-commerce. Through Google sheet, we distributed the structured questionnaire to the targeted customers who experienced any unfair deals in e-commerce or online buying.

For a comparative analysis, we also explored the practices around the world to protect consumer rights in the e-commerce marketplace. In this case, we mainly focused on the Federal Trade Commission of the US, the Indian Consumer Protection Act 2020, and the Organization for Economic Cooperation and Development (OECD) rules, regulation and policies.

Finally, to assess the impact of internet connection on e-commerce, connectivity indicators were utilized to determine the impact on e-commerce. Secondary data was employed.

## **2.1 Primary data collection**

What role do institutions and e-commerce platforms play in preserving consumer rights and encouraging digital trade? We used a mixed-methods approach to obtain our primary data, including questionnaires and interviews. Consumers harmed by unfair trade practices in the e-

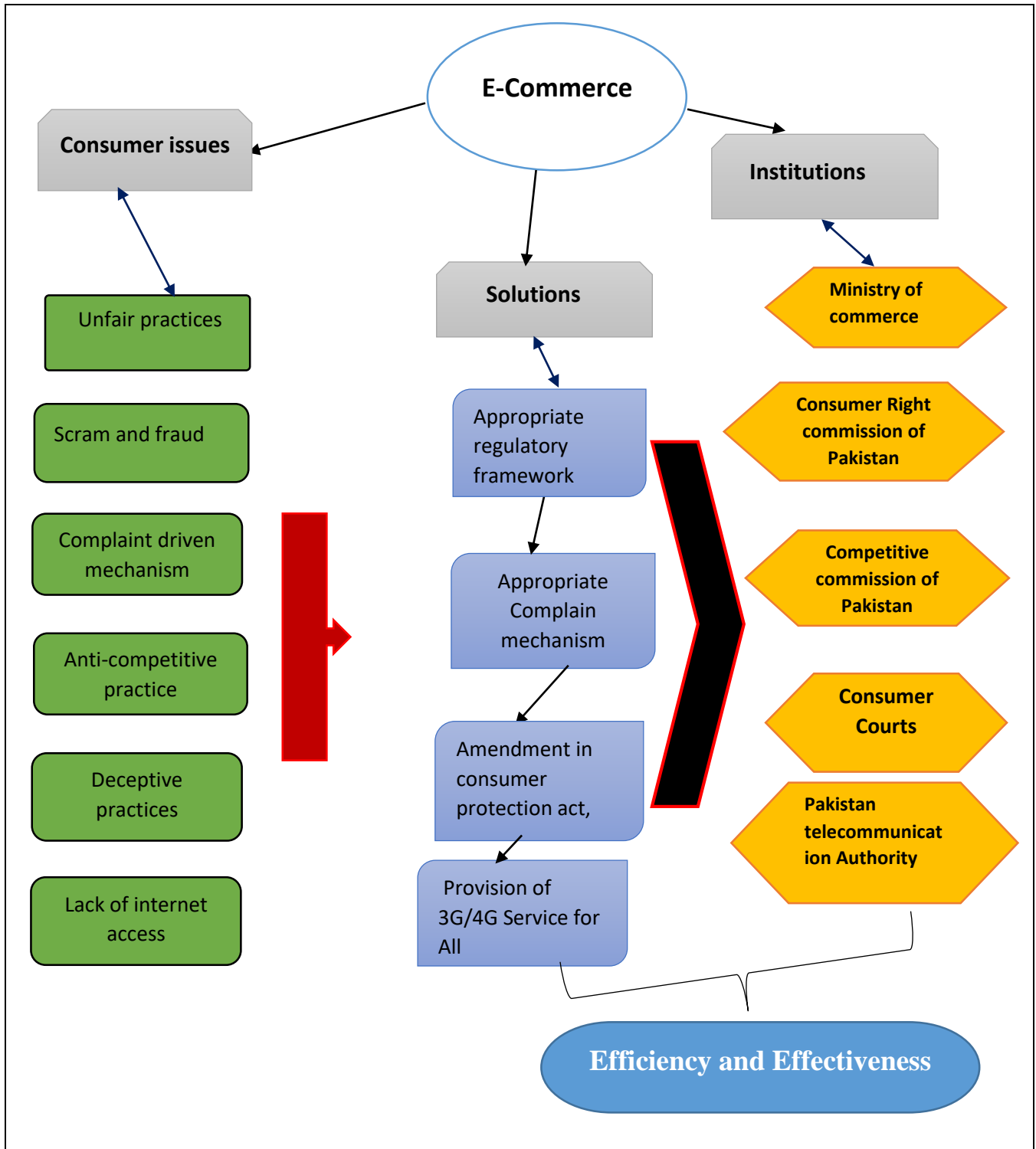
commerce business were interviewed once the relevant organizations planned the interviews. The goal of this survey was to learn more about the relevancy, efficiency and efficacy of e-commerce platforms.

The survey's questions were based on elements discovered in digital trade (e-commerce) that influenced customer interest, digital consumer confidence and trust. The snowball sampling (social media and reference) strategy targeted consumers. The survey was distributed to 65 digital customers who had been victims of fraudulent trade practices in the e-commerce business when purchasing online.

## **2.2 Secondary data collection**

We also used secondary data from various sources, including books, papers, reports of intuitions and their actions, government websites, and the internet. However, the literature we studied examines many aspects of the regulatory framework of institutions based on the protection of consumer rights and the promotion of digital trade. Similarly, we have attempted to provide the most commonly discussed variables and regulatory framework, emphasizing their relevance in fostering commerce and protecting consumer rights.

Figure 1 Conceptual Framework



## **Chapter-3**

### **The general structure of Regulatory Framework**

The present regulatory framework does not provide any protection mechanism to the digital Consumer from deceptive business practices. Therefore, it is not encouraging digital trading in Pakistan. To promote digital trading and encourage e-commerce, a revision of this policy framework is the need of the hour. However, several ministries and institutions aim to promote trade and protect consumer rights in the traditional trading mechanisms. The study will focus on six institutions. Out of these institutions, three are at the federal level. At the same time, the other three are consumer protection courts that fall under the provincial domain—the evaluation of the institution's existing framework and organizational structure.

#### **3.1 Federal level Institutions**

##### **3.1.1 Ministry of Commerce (MoC)**

The Ministry of Commerce<sup>10</sup> was established after the independence of Pakistan. The Ministry endeavors to support, facilitate, and promote trade and trade liberalization, contribute to the national economy and encourage creating a competitive business environment and reducing business costs. The Ministry provides guidelines on critical components regarding the promotion of e-commerce.

###### **3.1.1.1 Functions of the MoC.**

1. The Ministry is passionate about balancing export and imports across the custom frontier.
  - a. The Ministry decrees agreements, treaties, protocols, and conventions with other countries and international agencies to bear commerce and trade.

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<sup>10</sup> The information was collected from the official website of MOC and through interviews from the official of MOC.

- b. Another function of the Ministry is the extension of foreign trade
  - c. The Ministry intended the provision of a standard quality of goods to be exported and imported.
2. The Ministry is intended to facilitate inter-provincial trade and facilitate trade commercial intelligence and statistics.
  3. Facilitate standard quality of goods to import and export and enable the tariff policy and its implementation.

### **3.1.1.2 Structure of MoC**

Ministry of commerce Organizational structure and its function.

- i. **Foreign trade wing:** This wing is responsible for trade promotion with foreign countries and taking an access initiative regarding the respective regions. There are three foreign wings in Ministry.
  - a. Foreign trade-I
  - b. Foreign trade-II
  - c. Foreign trade-III
- ii. **World Trade Organization wing:** This wing deals with multilateral trade negotiation and synchronizes domestic law with WTO law. The branch also works on policy guidelines for e-commerce.
- iii. **Trade policy wing:** The wing is responsible for formulating the national trade policy and related documents/ manuals.
- iv. **Export-import wing:** The wing facilitates issues related to both imports and exports.

- v. **Domestic commerce wing:** Domestic wing was established to examine and propose policy intervention and institutional arrangement within the public and private sector to fulfill the strategic-trade policy framework (2012-15).
- vi. **Services Trade Development Council (STDC) wing:** The strategic trade policy framework 2012-15 provides for creating a service trade development council in the Ministry of Commerce, with the ambition to make the service sector more competitive, focusing on export development in Pakistan.
- vii. **Trade-in service wing:** The wing focused on policy related to the development of trade-in services; as a result, the creation of STDC within the ministry.
- viii. **Development wing:** Development wing deals with the Ministry's development projects. Furthermore, it also contributes to tabulating and evaluating trade-statistics.
- ix. **Administration and finance, insurance wing:** The wing is responsible for facilitating the administrative, financial, and budgetary affairs and its attached organization insurance companies and trade-office boards. Furthermore, it contracts with trade-group officials, commerce administration, and career planning.

### **3.1.1.3 Consumer's protection**

Ministry of Commerce supports, facilitates, and promotes trade not directly linked with consumer rights protection. The existing regulatory framework does not support domestic or national re-export of goods and services. Furthermore, the policy guideline not support refund and replacement rules. The system in Pakistan also does not allow service providers to re-export the products.

However, the Ministry of commerce established a department by the World Trade Organization (WTO) wing to provide policy guidelines for e-commerce. Furthermore, the Ministry has proposed

eight areas for commerce e-commerce policy guidelines; however, Consumer rights protection is one of them (e-commerce, 2019). The Consumer's grievances are neglected.

### **3.1.2 Competition Commission of Pakistan (CCP)**

The competition commission of Pakistan<sup>11</sup> is an independent quasi-regulatory and quasi-judicial organization that helps ensure efficient competition for effective economic growth. The commission was established in 2007 under the completion ordinance. Later on, the Completion Act 2010 is a state of modern law that provides the commission legal Framework to provoke free competition commercial and economic activity in all spare. The Act legislated to increase economic activity and protect businesses from unfair and deceptive practices.

#### **3.1.2.1 Functions of CCP**

The dispassionate of the commission is to provide a legal framework for businesses by providing a healthy competitive environment for businesses and protecting them from anti-competitive practices. Similarly, the CCP struggles to foster a robust economy and help to promote economic growth through enforcing and encouraging free competition in all areas of commercial, economic activity. Furthermore, it also ensures consumer protection from deceptive and unfair market practices. The commission also deals with business violations through misleading comparisons of fraudulent goods using other registered trademarks in the advertising process.

**Protect antibusiness activities:** The act applies the following undertaking to protect anti-business activities.

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<sup>11</sup> The information is gathered from the website and interview from the official of commission. Website [https://www.cc.gov.pk/index.php?option=com\\_content&view=article&id=59&Itemid=103&lang=en](https://www.cc.gov.pk/index.php?option=com_content&view=article&id=59&Itemid=103&lang=en)

- i. **Abuse of dominant position:** - Under section-3 of Competition Ordinance (CO) 2012, the Act prohibits abuse of dominant position that prevent the practices include restrict, reducing, or distorts-competition in the relevant market. The practices are limited to declining production, unreasonable price increases, different prices with different consumers, etc.
- ii. **Prohibited agreements:** Under section-4 of CO, the prohibited agreement restricts free trading and competition between businesses. The understanding or practices are based on undertaking or association from entering into any agreement, likewise, deciding on production, supply, and distribution position of goods, etc. The ordinance aims to prevent restricting, reducing, and distorting competition with the relevant market, including sharing market and price.
- iii. **Deceptive marketing:** Under section 11 of CO, practices could result in the transaction based on misleading or inaccurate information. The deceptive marketing practices include; misleading market practices and misrepresenting materials related to promotional or advertising.

### 3.1.2.2 Structure of CCP

- i. **Advocacy and media cell:** The department is dedicated to creating awareness about competition. To seek this objective implies different strategies to promote competitive culture.
- ii. **Administration cell:** The cell provides logistic and administrative support to the employees and commission.
- iii. **Cartel and trade abuses cell:** The department was established to protect businesses under Section-3 of the Competition Ordinance (2010). The department is liable to



investigate prohibited dominant undertakings of the power market. In contrast, section-4 shows prohibit an agreement among the business administration and trade association, which are also for the distorted competition in the market. The department investigation on potential violation of the sections involves collusion cartelization and recommends action against the violator.

- iv. **Competition policy and research cell:** Under section 29 (b) of the Competition Ordinance (2010), the department promoted competition and increased consumer welfare. It also enacts to empowering commission through reviewing policy frameworks to encourage competition and make suitable recommendations for fostering competition.
- v. **Exemption's cell:** The department operates under the supervision of the two departments, including (i) information-system and technology (ii) international and external affairs. The department works under Section-4 of the Ordinance prohibiting cartelization of production, distribution, and control of the relevant market. The department also proposed an agreement that includes improving production & distribution and promoting technical and economic progress.
- vi. **Finance cell:** The department deal with account and internal control.
- vii. **Human resource cell:** The wing is involved in planning and assessing the number of employees and maximum skills needed.
- viii. **Information system and technology cell:** the department is responsible for managing all information related to the commission services to increase the efficiency of the employees.

- ix. **Legal cell:** The department manages the legal issue of commission, providing legal assistance and advice to the operational departments and undertaking matters. The concerned department is also liable for drafting rules and regulations to ensure compliance with the law.
- x. **Merger and acquisition cell:** Under the act of section-11, the department is responsible for mergers and acquisitions. It plays a supportive role and guides any undertaking, which is forcefully merging or acquiring the businesses.
- xi. **Office of international and external affairs:** The department is established as a focal coordinating with the competent international organizations. The office is also responsible for exploring the relationship with donors and competition agencies for possible technical assistance.
- xii. **Office of the commission's registrar:** The office provides administrative and secretarial services. The office deals with complaint-driven mechanisms.  
  
The office is also responsible for the hearing show cause issues, hearing notices and managing hearing materials and schedules, issues order, and certifies of commission.
- xiii. **Office of fair trade (2008):** Office of the trade is established to enact the protection of consumers. The office is responsible for protecting the Consumer against deceptive and misleading practices. The office's objective is to create a healthy competition and protect consumers from antibusiness activities.

### **3.1.2.3 Consumer protection**

While different competition-related agencies worldwide have amended their regulatory frameworks to incorporate e-commerce, such as the American regulatory body FTC has amended its rules and regulations for e-commerce. CCP established an online complaint cell to facilitate the

individual consumers undertaking has established an "online complaint cell" for lodging the complaint about deceptive marketing. The existing complaint cell-only deals with traditional antibusiness activities and consumers. There is no regulatory structure for the e-commerce market. There is a need to develop e-commerce policy guidelines to protect antibusiness activities and protect consumers from deceptive and unfair trade practices.


### **3.1.3 Consumer Rights Commission of Pakistan (CRCP)**

CRCP is an independent civilian enterprise under the Act, 1882, to protect consumers. It was recognized in 1998 that CRCP is an autonomous non-profit and non-governmental organization that designs consumer protection in an all-encompassing way. Its vision and procedures had remarkable cross-linkages with business performance and administration issues. It also works for customer protection and promotes the right of citizens and customers at all socio-economic levels through volunteer and local fundraising. Additionally, it works as a linkage cross between market practices and issues of government.

#### **3.1.3.1 Function of the CRCP:**

The CRCP uses some tools to protect consumer rights. The Right to Information (RTI) is a universal fundamental right of every citizen and the right to access information held by the public. The commission strengthens institutional and legal frameworks for sanctioning Freedom of Information (FOI) for consumer protection. In Pakistan, FOI and RTI picked up momentum in the 1990s. CRCP highlighted the issues regarding the right to information on different platforms all around Pakistan. The effectiveness of federal and provincial FOI laws has been underscored by

Rehman (2014)<sup>12</sup> that the law encourages and facilitates disclosure of information while providing suitable absolution to the consumers.



The image shows a screenshot of a web form titled "Online Complaints" from the Consumer Rights Commission of Pakistan (CRCP). The form is white with a black header. Below the header, there is a sub-header "CONSUMER RIGHTS COMMISSION OF PAKISTAN (CRCP) - ONLINE COMPLAINTS". The form contains several input fields: "Name" with a red asterisk, "Phone" with a red asterisk and a default number "0301 2345678", "Email" with a red asterisk, "Date of Call", and "City" with a red asterisk. Each field has a horizontal line below it for text entry.

Furthermore, the bill on RTI was present in the

National Assembly for the comprehensive performance of RTI law in 2004, 2008, 2010, and 2011.

During this period, CRCP identifies weaknesses and suggests improving the liability in the law.

Furthermore, the organization reviews all private member bills and highlights gaps and apprehensions.

CRCP has provided these service programs to protect consumer interest.

- i. Campaign for public and prosecution reform
- ii. Campaign for safe water drinking
- iii. RTI-Pakistan Campaign
- iv. Water and sanitation
- v. Policy research
- vi. The survey, assessment, and evaluation
- vii. Capacity building, training, and mobilization
- viii. Advocacy and media cell campaigns

### **3.1.3.2 Consumer protection**

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<sup>12</sup> <https://www.right2info.org/recent/rehman-offers-rti-bill-in-pakistan-national-assembly>

CRCP collaborates with governments, regulatory bodies, and consumer courts to establish consumer rights based on research and development. The organization has not taken e-commerce into its domain yet. However, CRCP is willing to consider e-commerce and consumer rights protection in e-commerce. They have a well-established online complaint mechanism. Therefore, extending its domain to e-commerce would not require much work. A sample of the online complaint registration form is mentioned.

### **3.2 provincial-level institutions**

The Consumer's courts are established to protect and promote the interest of consumers. The courts are intended to improve the standard of goods and services by removing defective products and faulty services. In 1994, the National Assembly of Pakistan debated on consumer rights legislation. As a result of the discussion, the federal ICT Consumer Rights Protection Act<sup>13</sup> was promulgated in 1995. The proposed court's function was to receive complaints and investigate those complaints. Later on, the KPK government also passed the Consumer Protection Act in 1997. The government of Baluchistan and Sindh promulgated the consumer protection Act in 2003 and 2004, respectively. While the Punjab government has legislated a Punjab protection Act during 2005.

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<sup>13</sup> ICT Consumer court, [http://www.na.gov.pk/uploads/documents/1329725797\\_452.pdf](http://www.na.gov.pk/uploads/documents/1329725797_452.pdf)

**Table 1 Consumer protection courts in Pakistan**

<b>KPK</b>	<b>PUNJAB</b>	<b>SINDH</b>
<b>D.I Khan</b>	Bahawalnagar	Sukkur
<b>Bannu Jahanzeb shinwari</b>	Bahawalpur	Tando Muhammad Khan
<b>Mansehra</b>	Bhakkar	Jacobabad
<b>Abbottabad</b>	D.G khan	Kashmore Kandhkot
	Faisalabad	Nawabshah
	Gujranwala	Nosher Feroz
	Gujrat	Sanghaar
	Lahore	Karachi Central
	Layyah	Karachi
	Mundi Bahauddin	Karachi East
	Mainwali	Karachi West
	Multan	Karachi
	Rahim Yar Khan	Karachi
	Rawalpindi	Karachi
	Sahiwal	Badin
	Sargodha	Dadu
	Sialkot	Sajawal
		Thata
		Ghotki
		Mirpur Khas
		Tharparkar
		Tando AllahYar
		Larkana
		Shahdad Kot
		Khairpur
		Hyderabad
		Sukkur
		Umer Kot

Here, I have evaluated only Punjab Consumer Rights Protection Act critically because all acts enacted by other governments are approximately the same with almost similar clauses. Since the Punjab Consumer Protection Courts (PCPC) are more effective in complaint-driven mechanisms, it also ensures the dissemination of details related to all registered complaints at the district level to the general public. Therefore, evaluating consumer courts can easily be achieved by gauging the performance of PCPC.

ICT, consumer protection, Act	First consumer protection act, was received in 12th of the October 1995 by parliament, Islamabad Pakistan and published in national assembly secretariat at 18th October 1995. the purposed of the act is "to provide for protection and promotion of consumer's interest"
KPK, consumer protection, Act	On 27 November 1997 established KPK a\Act "to provide for the protection and promotion of interest of consumer" and the act is beneficial for commercial practice, readdress the complaint arising and connected with the consumers and their promotion and protection of interest aforesaid.
Baluchistan consumer protection, Act	The government passed Baluchistan act in 30 Act 2003 in Baluchistan assembly. The act proposed to provide for the healthy Growth of fair commercial-practices, promotion and protection of consumer's interest and address complain of consumers.
Sindh, consumer protection, Act	On 2014, Sindh consumer bill has passed by the provincial assembly and assented by governor of Sindh 20 <sup>th</sup> February, 2015. Published as act on 16 <sup>th</sup> of the march 2015, under the legislature of Sindh
Punjab, consumer protection, ACT	The government of Punjab punished Punjab Consumer Protection Act in 2005 and establish director of consumer protection council, Government of Punjab to protect consumer right by complain-driven mechanism in every district under the supervision of consume courts and consumer council in

### **3.2.1 The Punjab Consumer Protection Act 2005 (PCPA)**

The government of Punjab legislated the Consumer Act in 2005. According to the Act, district consumer courts are established across the province and the consumer protection council. The main objective of the PCPA is to protect consumers from damage or substandard products, faulty services, and misleading information. It provides judicial, quasi-judicial, and Alternate-Dispute Resolution (ADR) for Consumer complaint-driven mechanisms. The mandate of the Punjab

**3.2.1.1 The Consumer Protection Council:** The Punjab consumer court established consumer council as per the notification from the government of Pakistan. The council intends to develop new policies for protecting consumers from unfair trade practices. The council may contain a chairperson and some other official and non-office members. consumer courts is to "provide consumer protection and promote the rights and interest of consumers." The consumer courts are currently functioning in the seven districts of Punjab.

- I. The council is responsible for the formulation of policies for the protection of consumer rights.
- II. The council is predisposed for coordination between government and industries.

### **3.2.1.2 Jurisdictional Periphery of the Consumer Court**

Before proceeding with cases in the consumer court, a consumer who received faulty services or defective products has to write a note to the producer about the practice. Suppose the defendant denied or failed to fulfill the Consumer's complaint in time. The Consumer can access court to claim a dispute. In that case, the court might first offer a quasi-judicial settlement of the conflict or order for further proceedings under the law.



The court procedure can be described as follow.

- a) The Consumer can register a complaint against the delivery of defective products or faulty services to the service provider within ten days of the sale delivery.
- b) The service provider shall reply to the Consumer within fifteen days.
- c) A claim by the Consumer or authority shall be filed within thirty days if the service provider has no reply or is unsatisfied with the response.
- d) If there is a need for the testing product, the consumer court may refer the sample of the defective product to the laboratory to find the default.
- e) If the firm offers a settlement starting with the amount given to the claimer and the opposite party accepts, then the consumer court passes the order in terms of payment.
- f) Under sections 5, 6, 7A, 7B, and 7C, the director also investigated his very own motivation in any case.

**3.2.1.3 Inquiry and inspection:** The director may inquire about a defect of the goods or products.

There is no need to notify the manufacturer earlier; the director can examine his motivation.

- a) The director can inspect the issue with reason and without reasonable policy assistance.
- b) The director can take a sample and check the defect and stander through laboratory tests or other means.
- c) The manufacturer required all the records of the product.

**3.2.1.5 The procedure used by the consumer court**

**1. Penalties:** under the Consumer protected act, the guilty person of a violation should be punished with rigorous detention in any volition. However, the Act proposed that the imposed fine would not be less than ten thousand and not more than 50 thousand. The court is passionate about

providing relief or compensation to the Consumer. The court anticipates the following order for violation law.

- a) Whoever makes a misleading advertisement on social, electronic, or print media, the violator would be punished with rigorous imprisonment. The punishment does not exceed twenty days and less than seven days. Fine should not be less than 10,000 rupees and extend to 20,000 rupees.
- b) The court may order compensation to the consumers who have suffered damage or loss due to unfair trade practices.
- c) The court may estimate the necessary decision to protect other consumers' rights and deem appropriate order for a defect.

#### **3.2.1.6 Consumer protection**

The consumer court provides incentives to the affected consumers to claim any kind of violation. After investigation and hearing, the court may make a decision. If the response is guilty, the court makes an order for punishment or a fine. In contrast, the Act supports only traditional consumers, not digital. Still, there is no amendment that has been taken place regarding e-commerce rules.

**Table 2 Consumer Right Protection Acts**

SN	Courts	Mandate	Legal status	Year	Amendments	Courts in District
1	ICT Consumer-Protection Act.	promotion and protection of consumer interest	ICT, Consumer Protection Act, 1995	1995	17 February 2020	No consumers court
2	KPK Consumer Protection Act	promotion and protection of consumer interest	KPK, Consumer Protection Act, 1997	1997	10 Jan 2005	04
3	Baluchistan Consumer Protection Act	promotion and protection of consumer interest	Baluchistan Consumer Protection Act, 2003	2003	20 August 2007	No Consumer court
4	Punjab Consumer Protection Act	promotion and protection of consumer interest, speedily address of consumer complaint and matter connect with them	Punjab Consumer Protection Act, 2005	2005	Punjab consumer protection rule, 2009	17
5	Sindh Consumer Protection Act	promotion and protection of consumer interest	Sindh Consumer Protection Act, 2014	2014	Sindh consumer protection rule, 2017	28

Source: Author's illustration of the Acts

### 3.3.1.7 Definitions

**Consumer:** “a person buys or obtains anything for consumption, not for sale or commercial purpose” While, for the

**Manufacturer** “a person, who is in the business of manufacturing goods for the purpose of trade or commerce.

**Services** “Hire any-services for the consideration and include any-beneficiaries of such a service” not for the commercial purpose.

**Damage** “damage means economic loss raise from the deficiency in or loss of the services and products”.

**Entity** means “an organization has a legal identity apart from its members.

**Council:** Consumer protection council, established under section-8 to protect and promote the interest of consumers”.

**Defect:** Mean any fault, imperfection, or shortcoming in quality or quantity and stander in relation with the product is required to force by preserved under any law.

**Deficiency:** It is the standard of performance and quality as well as the nature of services, which has been undertaken by an individual/ person providing a particular service under the law.

**Authority:** Secretary or director general as well as, price department or another office which are acquainted by the government.

**Counterfeit:** Made an exact in imitation (fake) on anything with the intention to deceive or defraud  
Product means as assigned word “good” in the sale of good act 1930

**Trade:** The conduct of business that makes sure providing of good and moveable property, as well as service primary for the personal, domestic family or may be used for the household purpose.

## **Chapter-4**

### **Regulatory framework for e-commerce<sup>14</sup>**

Technological advancement in digitalization allows businesses to move away from conventional and digital trading platforms. The rapid growth of the Internet and e-commerce resulted in many online platforms and the dimensions of consumers and producers relations changed. Digitalization has enhanced the ability of sellers to collect easily, monitor and optimally utilize data to target specific profiles of potential customers. Service providers have an incentive to use the Internet as a communication tool to reach many consumers. Whereas, the sellers should offer all detailed information about the products or services including; prices, quality, size, color, delivery charges, delivery day etc. It's become a consumers right that the service provider should provide all the details of goods and services.

Thanks to the Internet, consumers can get information from various sources including; websites, consumer reviews, blogs, advertisements and social media. Consumers are also able to gather information about products and services online. If the Consumer places an order, it becomes the seller's responsibility to provide the order to the Consumer within a given time and deliver the appropriate product ordered. Whereas, the emerging issue in the e-commerce market shows that service providers delivered defective and low-quality products. After receiving, the Consumer perceived to hesitate put claim at the appropriate forum because the e-commerce platforms do not provide consumer support and dispute resolution mechanism.

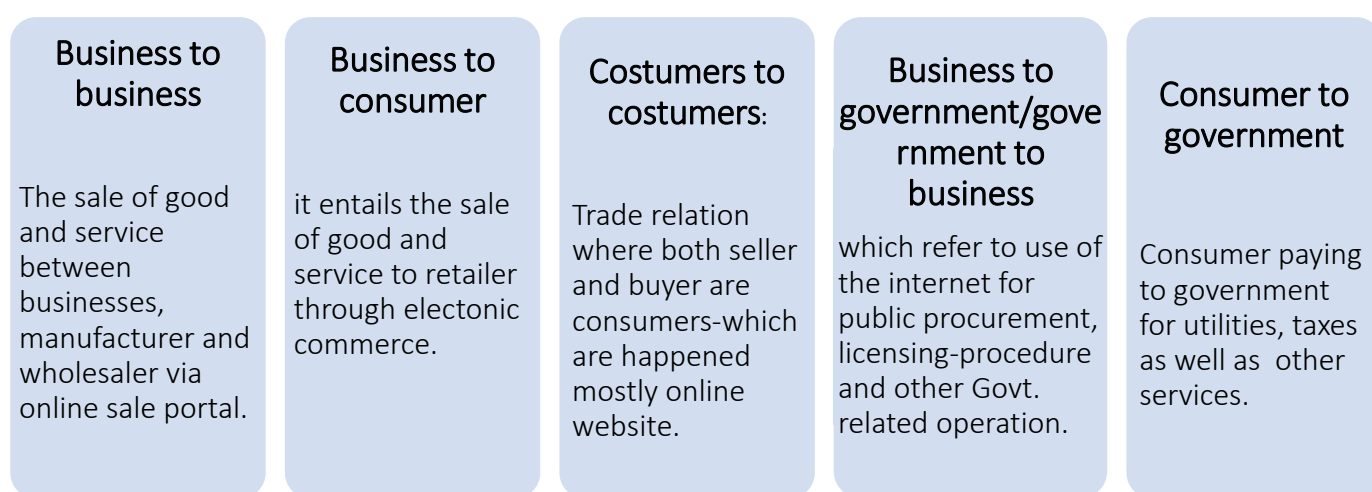
In the e-commerce market, an e-payment system is an electronic transaction that provides an incentive for the consumers to pay and sellers to receive products through electronic pay without

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<sup>14</sup> The regulatory framework proposed by critically investigate on the issue in e-commerce market face by the consumers and the solution anticipated on the basis of interviews from officials, literature, and authors own perception.

paying cash on delivery. Similarly, some e-commerce platforms deal with digital payment while, most deal with cash on delivery. On the other hand, some financial institutions, cellular companies, and banks can use digital payment systems that indirectly support digital payment in e-commerce. Thus, the regulatory framework provided by institutions and e-commerce platforms plays a key role in resolving consumer disputes and determining to support consumer grievances.

### **Type of business in E-commerce <sup>15</sup>**

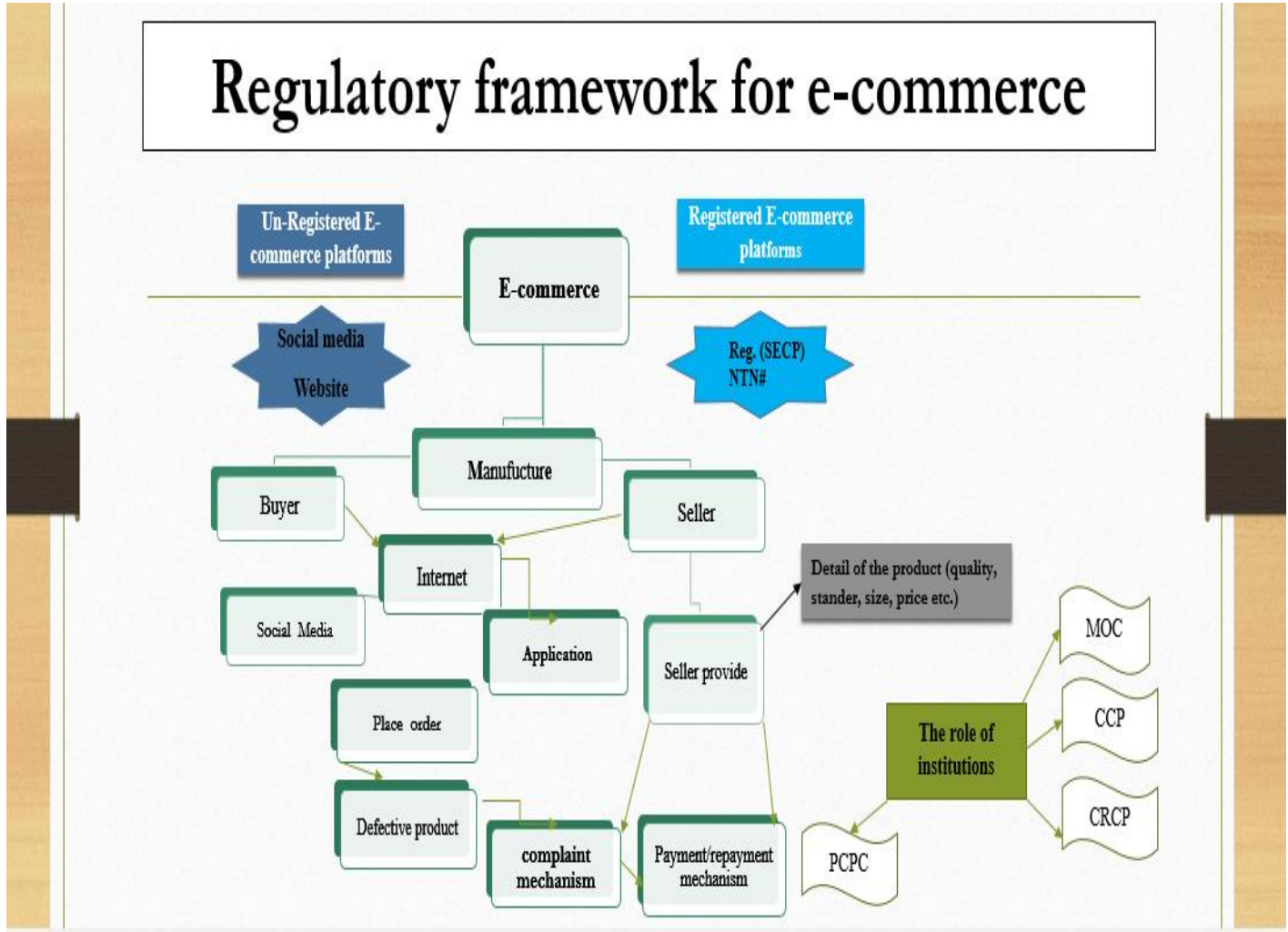


#### **4.1 Regulatory framework for e-commerce**

There are several issues regarding the regulatory aspects of e-commerce including legal, jurisdiction, liability, security, taxation, intellectual property, consumer protection and content regulations. The current study indent to highlight the issues related to consumer protection and unfair trading in the digital market. Nowadays, the digital Consumer has access to an unprecedented choice of products. But the Consumer faces several challenges with using e-commerce inadequate online dispute resolution.

<sup>15</sup> <https://www.bigcommerce.com/articles/ecommerce/types-of-business-models/#four-traditional-types-of-ecommerce-business-models>

Figure 2: Regulatory framework for e-commerce



Source: Author's proposed regulatory framework for e-commerce

#### 4.2 Key issue regarding e-commerce activity

Generally, e-commerce is regulated under the statutes concerning traditional commerce. There is an abundant number of problems and issues that exist in e-commerce. Likewise, Arshad & Zaidi, (2020) described these challenges in the e-commerce marketplace, including;

- Gateways payment
- Lack of ICT infrastructure
- Tax on online purchasing products
- Lack of regulation e-payment
- Complaint mechanism found ineffective
- Weak in the e-commerce industry

The concern of the dissertation is to manage complaint mechanisms in the e-commerce market to protect digital consumers and promote digital trade. The Consumer depended on online purchases but suffered setbacks after getting defective products and felt helpless when their grievances were not solved (Shehzad & Waqas 2021).

While, in the transaction market, the delivery of products may not match the Consumer's expectations, be of low quality, break within their warranty period. The most common delivery issues reported are; missing products, damaged products, low-quality products, fake products, wrong products, no funds or replacements, no delivery while updated delivered, and no consumer support. These issues cause one to lose confidence in online shopping. Consumers should have the right to file complaints about unfair trade practices. If they filed a complaint about the practice, only a few responded, while most did not. The e-commerce website does not have a complaint file mechanism and consumer support policy.

**Solution:** The policy regulatory framework work proposed here suggest that it should be mandatory for all e-commerce platforms to provide appropriate consumer support and dispute resolution mechanisms for digital consumers. Because they have not adopted any policy regarding complaints, drove, and consumer support mechanisms yet. Complaint mechanisms and resolving disputes are neglected concerns in e-commerce. Furthermore,



none of the e-commerce platforms has a website policy and has a confusing and unclear return and refund policy that should be avoided. Even there is not any policy or mechanism which determines, sellers often accept or reject the claim of a consumer to refund the money or return the product. Likewise, the e-commerce platforms should provide a compliant-driven means for their consumers to claim because the mechanism indicates confidence and trust in e-commerce.

Although in various cases, the Consumer has been advised to file grievances at appropriate forums. But some platforms have a complaint mechanism and policy, while most e-commerce platforms do not have a complaint mechanism or policy. There are no appropriate forums where the Consumer can present their claim. Then the Consumer loses their money and confidence as well. In Pakistan, some e-commerce platforms have complaint mechanisms; likewise, on daraz.pk, a consumer can file a claim on the complaint box to receive a defective product. Also, a consumer can leave feedback in the review section. Thus, some e-commerce platforms also treat consumers fairly and respond to their feedback while the rest do not adopt. Meanwhile, there is a need for customer care, and complaints function to voice their inquiries and issues.

#### **4.2.1 Payment and repayment in e-commerce**

**Issue:** The emerging issue of the e-commerce market is meeting the consumers' expectations. Digitization and technological advancement bring changes in the expectations regarding their offering, including payment options and personalized shopping experiences. The e-commerce platforms offer traditional payment and repayment mechanisms during online shopping rather than adopt new payment methods (like e-wallet, crypto-currency, or PayPal) or offer multiple other options for the potential consumers. Thus, electronic payment often arises as a challenge facing

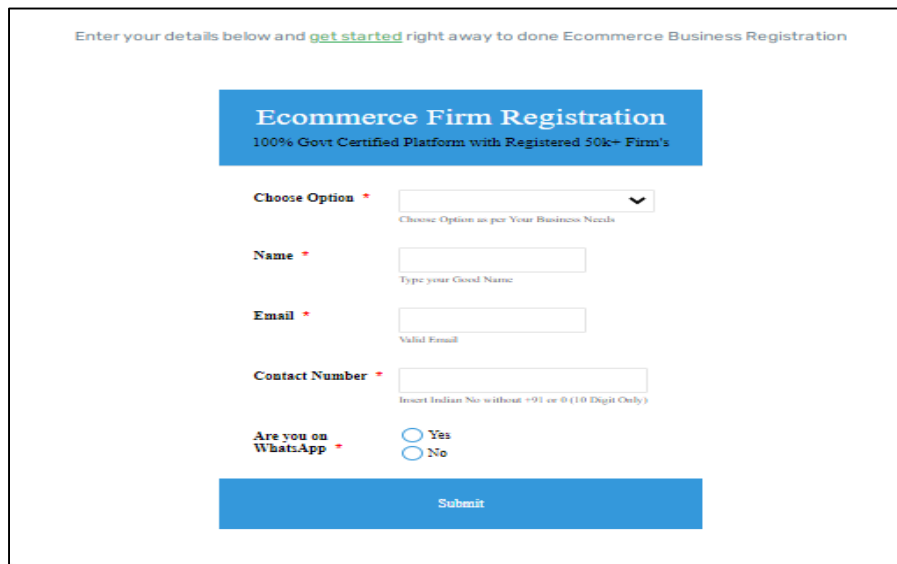
businesses trying to expand e-commerce. Many consumers become victims of online payment and repayment in the digital market. Unless payment structures are changed, cash will remain the primary channel for e-commerce. Similarly, most transactions in online shopping are based on cash on delivery, and credit cards remain the most common forms of payment for e-commerce transactions.

**Solution:** The transaction may frequently involve a relatively formal contract. It usually involves more documentation and record-keeping, which is necessary for e-commerce. Similarly, on daraz.pk, there are online payment mechanisms available include; a wallet for payment and repayment that is enabled in their application/website, where the consumers can pay online and receive repayment. Meanwhile, a critical investigation into e-commerce platforms shows that most of the e-commerce platforms do not have any mechanism or policy for online payment and repayment through a website or application. The service provider should display repay or re-export policy on their website to ensure consumer protection for domestic, national, and international transactions.

#### **4.2.2 Registration of e-commerce platforms:**

**Issue:** consumers suffer from fraudulent, deceptive, and unfair trade practices due to unauthentic websites and unregistered e-commerce platforms. The most common problem the consumer faces in digital trading via online shopping is no guaranteed quality of goods. The fraudulent sellers sell low-quality products and fake products in the name of branded and original products (H.U. Khan & Uwemi, 2018). Consumers lose their confidence and trust due to fraudulent trade practices and scams in the digital market—one of the reasons why unregistered e-commerce platforms are unfavorable for digital trading.

**Solutions:** All e-commerce platforms should be required to register under the company act, register their platform with SECP or register with FBR and obtain an NTN. According to the report of the Ministry of Commerce 2019, online/e-commerce businesses should be registered with SECP to ensure the legality of their business entity. Currently, there is no registry mechanism for e-commerce businesses. The policy is proposed to simplify the registration of e-commerce businesses should be mandatory for the soundness growth of e-commerce platforms and promote digital trade.



The image shows a web form titled "Ecommerce Firm Registration" with the subtitle "100% Govt Certified Platform with Registered 50k+ Firm's". The form includes the following fields and options:

- Choose Option \***: A dropdown menu with a downward arrow. Below it, the text reads "Choose Option as per Your Business Needs".
- Name \***: A text input field. Below it, the text reads "Type your Good Name".
- Email \***: A text input field. Below it, the text reads "Valid Email".
- Contact Number \***: A text input field. Below it, the text reads "Insert Indian No without +91 or 0 (10 Digit Only)".
- Are you on WhatsApp \***: Two radio button options, "Yes" and "No".
- Submit**: A blue button at the bottom of the form.

At the top of the form, there is a line of text: "Enter your details below and [get started](#) right away to done Ecommerce Business Registration".

**Source:** (<https://www.myonlineca.in/e-commerce-business-registration/>)

Several countries declared that e-commerce platforms should be registered with the concerned authorities. Likewise, it's a mandatory requirement for all e-commerce businesses to register and apply for GST before starting a business in India. As they also provide an incentive for them, they can register online, as shown in figure 2.

#### **4.2.3 Deduction for e-commerce platforms:**

The management of e-commerce platforms depends on consumer protection and promoting digital trading. In terms of efficiency and effectiveness, the framework for e-commerce protection has to be improved proportionately to enhance its size and build consumers' confidence and trust. Online shopping has become the most suitable way for consumers to buy products at an affordable price. Although, e-commerce platforms have paved the way for the development of trade. The World Bank pointed out that it can help increase economic growth and job creation in developing countries. Several countries have established consumer rights protection bureaus to deal with consumer complaints both offline and online and with authority to compel remedial behavior for the service provider or e-commerce platforms. Indian National Assembly passed a bill on consumer protection in 2018. The bill is focused on regulating and holding e-commerce companies accountable for fraudulent practices and defective product sales. The bill enforces consumer rights protection and provides a mechanism for redressing complaints.

#### **4.3 The role of Consumer's courts and institutions**

The role of institutions and government is partially dependent on each Government's perceived degree of intervention in commerce. However, even at the federal and provincial levels, there are different views on the role of institutions, and their approaches to digital trading and consumer rights are also different. Existing federal and provincial regulatory frameworks do not specifically deal with digital consumers nor contain any laws and regulations for digital trading (e-commerce). Institutional infrastructure for consumer protection is in place at Pakistan's federal and provincial levels under the promulgated rules many years ago.

#### **4.3.1 Ministry of Commerce deals with E-commerce (proposed policy guideline).**

Ministry of Commerce report (2019) highlighted policy guidelines for e-commerce and identified several problems with e-commerce. The highlighted issues related to the entry of international e-commerce platforms, regulatory variations, and ensuring a level-playing field for all the stakeholders in the e-commerce marketplace. Transparency in economic activity and harmonization of the tax system is also highlighted.

The Ministry of Commerce collaborates with other institutions on the e-commerce policy framework, including the State Bank of Pakistan (SBP), on payment mechanisms by providing payment cards, an internet banking security framework, and cyber security control.<sup>16</sup> One way is to register them with the Security Exchange Commission of Pakistan (SECP) and give them their physical address in Pakistan.

Consequently, existing e-commerce primarily deals with electronic transactions in general, including payment cards, internet banking, branchless banking, and payment system operators (PSOs). However, the first legislation to give legal recognition to electronic documents, records, and information, e-signatures, communication, and transactions in the ordinance on electronic transactions and deal informally. Commerce Ministry proposed a policy guide for a few aspects of e-commerce. At the same time, a maximum number of issues were not discussed; likewise, consumer protection and complaint-driven mechanism for digital consumers.

Few departments in the Ministry of Commerce deals with e-commerce, i.e., WTO wing is a front line, and their collaboration with other departments to provide policy guidelines and resolve e-

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<sup>16</sup> The Ministry of commerce suggested a need for access to finance for SMEs to promote digitalization and development of skills and establish an efficient market for business to consumer in the digital market. Additionally, SMEs can be made better by providing excess to the finance. Similarly, the government of Pakistan is working on AHSAS, BISP, Kamyab-Jawan, Aga Khan, and AKUWAT to ensure empowered youth and the growth of small and medium enterprises. Another issue in the e-commerce industry is the registration of merchants.

commerce market disputes. Again, consumer disputes are neglected, especially consumer grievances in the digital market. Ministry does not collaborate with the Consumer's court and CPP to propose digital consumer policy guidelines.

#### **4.3.1.1 Department deal e-commerce in the Ministry of Commerce**

- I. **Development wing:** Development wing deals with the development projects of the Ministry of business and is attached to the organization. Furthermore, it also contributes to tabulating and evaluating trade statistics. The department also works with the WTO wing on the policy guidance framework of e-commerce.
- II. **WTO-Wing:** The department of WTO-Wing of the Ministry of commerce draft to facilitate e-commerce in Pakistan. The policy aims at the holistic growth of e-commerce. The wing seeks to provide employment opportunities for young people and skilled unemployed freelancers, train and promote local businesses (SMEs), and connect them with the global online market. Furthermore, the wing proposed streamlining the regulatory framework for e-commerce businesses to protect the interests of digital buyers and sellers.

#### **4.3.2.1.1 WTO-Wing recognized below issues in e-commerce**

- i. Trade and development issue
- ii. Trade and investment issue
- iii. Trade and transfer of technology
- iv. Trade facilitation
- v. Import licensing procedure
- vi. Trade policy review
- vii. Collaboration with International organizations (UN, UNCTD, IDB, ASEAN, ECP and SAARC)

### **4.3.2 CCP and e-commerce**

The purpose of the commission is to provide a competitive framework for businesses to protect themselves from antibusiness activities and consumers from deceptive and unfair trade practices. The existing framework deals only with traditional trade practices. Several departments deal with business activities; similarly, the registrar's and fair-trade offices provide administrative and secretarial support to the commission. Besides, they deal with claimers' complaints on deceptive marketing, advertisements, and misleading information. They also offer a show-case hearing for complaints and manage all the materials and schedules.

The Competition Commission of Pakistan should amend its competition ordinance to prohibit antibusiness activities from supporting e-commerce. Likewise, there is a need to change the rules that apply to abuse of dominant position and deceptive marketing to help digital consumers protect them from deceptive and unfair marketing or trade practices. The commission does not have a single department to promote e-commerce, monitor deceptive practices, or drive complaint mechanisms for digital trade. The commission only deals with conventional antibusiness activities.

The growth and development of e-commerce are dependent on the involvement of regulatory bodies and consumer protection institutions. Conversely, the FTC's consumer protection bureau stops deceptive, unfair, and fraudulent practices by providing laws and developing rules to maintain a fair marketplace and educating businesses and consumers regarding their fundamental rights in the e-commerce market. Furthermore, developed nations in digital trading, such as India and China, implement digital trading policies, rules, and regulations. Most countries are much more mature businesses regarding digital trade than in Pakistan.

### **4.3.3 Consumer courts and e-commerce**

The consumer courts are established to protect consumers and promote trade to improve the standard of goods and services by removing defective services. While the consumer courts only deal with traditional consumer grievances, digital consumers are again neglected. Even though existing Consumer acts only protect traditional consumers, no changes to e-commerce rules have occurred. Furthermore, the law and regulations do not consider the ubiquitous nature of transactions carried out by consumers and sellers. Consequently, the court finds it difficult to determine the issues related to the court's jurisdiction, the location of the product provider, the nature of the complaint, etc. At the same time, consumers are also discouraged from approaching consumer courts.

To promote digital trade and protect digital consumers. The consumer laws of Islamabad and four provinces should identify the current situation affecting digital consumer protection at the provincial level. There is a need to amend their consumer protection rules (e-commerce) in 2022. Conversely, the Indian consumer protection law has amended the e-commerce rule (2020).

### **4.4 E-commerce platforms in Pakistan**

Daraz.pk is the leading Pakistani e-commerce company. Daraz.pk is Pakistan's largest and most observed online marketplace; a pioneering e-commerce platform started in 2012. It involved retailers and progress in the market for the brand, home fashion appliances, and electronics. Furthermore, It offers only genuine and non-smuggled products with warranties from the brand and official distribution. The total number of visits to Daraz.pk was 205.03k.



Food Panda is an online food and grocery delivery brand-food that enables consumers to place orders online. It is the largest food delivery platform operating in Pakistan and 12 Asian countries. They established over 7500+ restaurants across Pakistan and last 12 months generated a staggering one billion rupees. Furthermore, according to Dawn April's (2021) report, they roughly received 150,000 orders a day and approximately 4.5-5 million orders a month.

**Table 3 E-commerce platforms in Pakistan<sup>17</sup>**

NO	E-commerce platform / website	Category	Product/Service	NO	E-commerce platform / website	Category	Product/Service
1	Daraz.pk	online market place	Products	101	Buttsports.pk	Sports	Products
2	Kaaymu.pk	Merge (Daraz.PK)	Products	102	Well.pk/sports	Sports	Products
3	Home shopping.pk	Real estate	Both	103	Apollosports.pk	Sports	products
4	Symbios.pk	Green shop	Products	104	Thesportstore.pk	Gift	Products
5	Yayvo	Marketing	Products	105	Pkgiftshop.com	Gift	Products
6	Is hoping.pk	Electronic mage store	Products	106	Pakgiftshop.com	Gift	Products
7	Mega.PK	Tech Accessories	Products	107	Buyon.pk	Gift	Products
8	Telemart.pk	multiple products provide	Products	108	The warehouse.pk/gifts	Gift	Products
9	Bit Links Tech	Electric appliance/electronic	Products	109	Tohfay.com	Groceries and food	Products
10	24hours.pk	women's clothing	Services	110	Cartpk.com	Groceries and food	Products
11		Website development (tech)	Services	111	Gomart.pk	Groceries and food	Products
12	Plan Z	Design products and brand	Services	112	Part.pk	Groceries and food	Products
13	Focusteck	( designing engineering and marketing product	Products	113	Hummart.com	Groceries and food	Products
14	Maestro Digital	Tech solution	Products	114	Mycart.pk	Groceries and food	Products
15	Hometownshoes.com	Shoes	Products	115	Metro-online.pk/home	Groceries and food	Products
16	Labelstore.com	Dress	Products	116	Grocerapp.pk	Grocery Store	Products
17	Bit Links Tech	Website development (tech)	Services	117	TossDown	Food industry	Products

18	Alfatah.com.pk	Electronic	Products	118	Olaround	explore restaurant	Products
19	Instock.pk	Electronic	Products	120	Food panda	Food	service/product
20	Cityelectronics.pk	Electronic	Products	121	Eatoye	Food	service/product
21	Circuit.pk	Electronic	Products	122	Zameen.com	Real estate	service
22	Oshi.pk	Electronic	Products	123	Lamundi.pk	Real estate	service
23	Eauto.pk	Automobile	Products	124	khadi.com	Fashion	Products
24	Pakwel.pk	Automobile	Products	125	Lime.pk	Fashion	
25	Carmundi.PK	Auto mobile	Products	126	Sapphireonlin.pk	Fashion	Products
26	24advert.pk	Automobile	Products	127	Enrobe.com	Fashion	Products
27	Autostore.pk	Automobile	Products	128	chasevaluecentre.com	Fashion	Products
28	Sehgalmoter.pk	Automobile	Products	129	Warda.com	Fashion	Products
29	Sharaz.pk	Automobile	Products	130	hasevaluecentre.com	Fashion	Products
30	Tajori.pk	Fashion accessories	Products	131	Warda.com.pk	Fashion	Products
31	Hiffey.com	Fashion accessories	Products	132	ryсахulatbazar.pk	Fashion	Products
32	Dhikawa.pk	Fashion accessories	Products	133	Shoperx.com	Electronic and media	Products
33	Qne.com.pk	Fashion accessories	Products	134	Czone.com.pk	Fashion	Products
34	Chasevaluecentre.com	Fashion accessories	Products	135	Breakout.com	Fashion	Products
35	Slikavenue.pk	Fashion accessories	Products	136	Beonoshopone.com	Fashion	Products
36	Pk.sappireonline.pk	Fashion accessories	Products	137	crossstitch.pk	Food and personal café	Products
37	Aodour.pk	Beauty	Products	138	Aodour.pk	Toy , hobby and DIY	Products
38	Makeupcityshop.com	Beauty	Products	139	Sehgalmoters.pk	Fashion	Products
39	Just4girls.pk	Beauty	Products	140	Bata.com	Fashion	Products
40	Shopping.pk/health beauty	Beauty	Products	141	exportleftovers.com	Fashion	Products
41	Beautybar.pk	Beauty	Products	142	Vegas.pk	Fashion	Products
42	Naheed.pk/health beauty	Beauty	Products	143	btwonline.pk,	Fashion	Products
43	Saloni.pk/makeup	Beauty	Products	144	akgalleria.com	Fashion	Products
45	Modest.pk	Girls	Products	145	7stare.pk	Fashion	Products
46	Sanauillastore.com	Girls	Products	146	chenone.com	Fashion	Products
47	Zellbury.com	Girls	Products	147	Bytes.pk	Fashion	Products
48	Kayseria.com	Girls	Products	148	Borjan.pk	Fashion	Products

49	Femalechoice.pk	Girls	Products	149	Jafferees.pk	Food	Products
50	Yesonline..pk	Girls	Products	150	Metro-online.pk	Fashion	Products
51	Alkaramstudio.com	Girls	Products	151	Babyplanet.pk	Fashion	Products
52	Toyzone-pk	Kids and babies	Product	152	Brandspopper.com	Electronic and media	Products
53	Bachaaparty.com	Kids and babies	Products	154	Mistore.pk	Electronic and media	Products
54	Mayascloset.pk	Kids and babies	Products	155	46mistore.pk	Electronic and media	Products
55	Cherryberrystores.com	Kids and babies	Products	156	mobilenmobile.com	Electronic and media	Products
56	Mothercare.pk	Kids and babies	Products	157	hushpuppies.com.pk	Fashion	Products
57	Babyplanet.pk	Kids and babies	Products	158	paklap.pk	Electronic and media	Products
58	Healthhomie.com	Health and fitness	Products	159	cartpk.com	Food & Personal	Products
59	Myvitaminstore..pk	Health and fitness	Products	160	Lemon Tard	Dress	products
60	Healthhut.pk	Health and fitness	Products	161	Blossom Night	clothing Brand	products
61	Ajmal.pk/shop	Health and fitness	Products	162	Replica Brand	clothing Brand	products
62	Qarshihealthshop.com	Health and fitness	Products	163	lasani Kloset	women's clothing	Products
63	Bookitnow.pk	Event booking	Services	164	Re Store picks	clothing Store	Products
64	Bookirea.com	Event booking	Services	165	Nishatlinen	clothing Brand	products
65	eticketing.pk	Event booking	Services	166	Alkaram	shopping and retailer	products
66	eticketing.pk	Event booking	Services	167	Ace Galleria	Men kurta	products
67	Easytickets.pk	Event booking	Services	168	Elo	Dress	products
68	Cinepax.com	Travel	Services	169	Pakstyle	Dress	products
69	Wego.pk	Travel	Services	170	Grace store	Dress	Products
70	Hoppa.com	Travel	Services	171	Fitted	Dress	products
71	Checkin.pk	Travel	Services	172	Broncoo	Dress	products
72	Faremakers.com	Travel	Services	173	Cotton Embroidered	women's clothing	products
73	Sastaticket.pk	Stationary	Products	174	Acart	Men clothing	products
74	Stationeryx.pk	Stationary	Products	175	Loud wear	Men clothing	products
75	Thestationers.pk	Stationary	Products	176	Buckle Design	Men clothing	products
76	Paperclip.pk	Stationary	Products	177	Formos.pk	Men clothing	products

77	Metro-online.pk	Stationary	Products	178	Brandsroots	Men clothing	products
78	Katib.pk	Stationary	Products	179	Zibal Fitwear	Men clothing	products
79	Well.pk	Home equipment	Products	180	Essenia	retail company	products
80	Shoprex.com	Home equipment	Products	181	Deal20one	Men clothing	products
81	Homeappliances.pk	Handicraft	Products	182	Stitcher	Men clothing	products
82	sindhcrafts.com	Handicraft	Products	183	Brumona	Men clothing	products
83	Pakistanicrafts.com	Handicraft	Products	184	ReverB universal apparel	Men clothing	products
84	Craftshome.pk	Pet	Products	185	Charcoal	Men clothing	products
85	Petsmall.pk	Pet	Products	186	sapphire Pakistan	Men clothing	products
86	Reempetstore.com	Pet	Products	187	Radstore.pk	Men clothing	products
87	Petsworld.pk	Pet	Products	188	the Equatore stores	Men clothing	products
88	Petmania.pk	Pet	Products	189	Urban roadPk	Men clothing	products
89	Agentpet.com	Pet	Products	190	limelight.pret	Men clothing	products
90	Petshub.pk	Books	Products	191	Instamall.pk	Men clothing	products
91	Libertybooks.com	Books	Products	192	NDURE	Men, women, kind clothing	Products
92	Booksinn.com.pk	Books	Products	193	pakbook.com	Books	products
93	Kitabain.com	Books	Products	194	Delite	Home equipment	products
94	Globalbooks.com.pk	Books	Products	195	Outfitters	Dresses	products
95	Linkshop.pk	Books	Products	196	Fitted shop	Men clothing	products
96	Kitab.com.pk	Books	Products	197	Milano.com.pk	Men clothing	products
97	Readings.com.pk	Book	Products	198	Saya	women's clothing	products
98	Shopse.pk	Sports	Products	199	levi's	outlet store	products
99	Asssports.com	Sports	Products	200	ApperalsDen	Men clothing	products
100	Sialkotshop.com	Sports	Products	201	SEGUE	men clothing	products
202	Radstore	Shoes	Products	203	ARM Apparels	Men clothing	products
204	Book.me	Online Tickets	Service	205	Granah.com	Real estate	Service

**Source-1:** social media (Facebook and Instagram) and **source-2** blog<sup>18</sup>

<sup>18</sup> <https://www.reviewxp.com/blog/best-online-shopping-sites-in-pakistan>

**Source-3:** <https://www.goodfirms.co/ecommerce-development-companies/pakistan>.

Internet. OLX is the leading website for users in Pakistan that is used to buy and sell products via the Internet. Zameen.com is a digital real estate firm specializing in real estate, finance, and automobiles. Now it has become Pakistan's highest-earning company. Consequently, in the first half of 2021, Zameen.com revenue recorded \$27.4 million (Zameen.com 2021).

Henceforward, e-commerce platforms provide a vital role in terms of digitalization. These platforms offer a way for consumers and producers to buy and sell without physical clues; they also provide employment opportunities and economic growth for the country. The development of the platforms depends upon an appropriate regulatory framework.

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<sup>21</sup> There are not any institution or authority that store the data of e-commerce platform, the above section total 205 e-commerce platforms collected from different source, include, advertisement, face book, Instagram, blogs etc. Greater number of e-commerce platforms are nor registered.

## **Chapter-5**

### **Digitalization in terms of connectivity**

Digital connectivity is the cornerstone that will make change feasible and smooth transformation. Digital connectivity consists of using the internet to get information and is also appropriate to support e-commerce and online shopping. Sozinova & Fokina (2015) elaborated that the internet makes it possible to increase business activities for commercial purposes. In the modern era, the internet is become an essential and integral component of all sections likewise, Health, Education, Banking, Agriculture and Commerce, etc. Furthermore, the internet is the primary carrier of information and data in e-commerce. Digitization has brought a revolution in the current era regarding internet technology (Mohd Satar et al., 2019). It facilitates e-commerce and assists new information-based companies like online advertising and marketing and online services. However, the development of e-commerce and other business activities depends on the quality of the internet.

The dissertation also analyses the major issues regarding the availability and affordability of internet connectivity. Affordability is considered an essential factor on the supply side of the internet. According to the GSMA (2019) report, affordability is an important indicator that supports mobile connectivity. Inclusive internet index 2020 shows that Pakistan falls into 76<sup>th</sup> out of hundred countries while 24<sup>th</sup> out of 26 Asian countries in terms of affordability of the internet. On the other hand, the number of internet users is deficient in Pakistan compared to other countries, including India, Nepal, and Bangladesh, due to limited access to internet services in secure areas (Hussein, 2021)<sup>19</sup>.

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<sup>19</sup> The data access from the P&R PIDE, [file:///C:/Users/hp/Downloads/Internet-for-All-Vol2-Issue-8%20\(2\).pdf](file:///C:/Users/hp/Downloads/Internet-for-All-Vol2-Issue-8%20(2).pdf), the paragraph written by Sadam Hussein

The surveillance indicated a lack of affordability in terms of digital connectivity found in Pakistan. Additionally, approximately 50 percent of people use 2G service by cheap phones. Meanwhile, more than 60 percent of people do not have 4G devices (Hasan, 2021).

There is a need to understand the scope and importance of the internet. The government of Pakistan should collaborate with internet service providers to provide the internet for all and integrate to reduce the dependency on outdated activities and move toward digitalization across many sectors of the economy. Moreover, it's high time for the telecom companies and government to revise the existing policy to make the internet affordable and accessible for every individual.

### **5.1 Telecommunication**

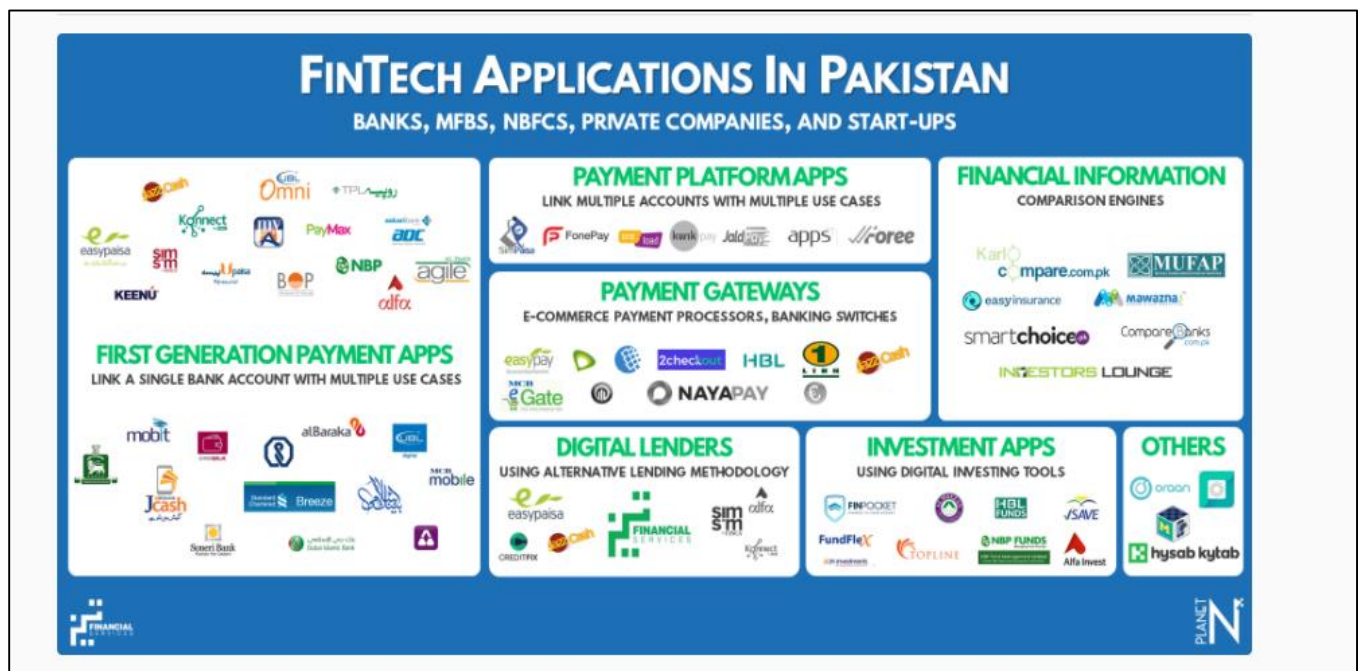
Telecommunication is essential for the progress toward digitalization. The telecom companies play a leading role in bridging the connectivity gap and promoting business activities and an online shopping environment. In Pakistan, the companies, namely Warid, Zong, Jazz, Ufone, PTCL and Telenor, etc., provide service incentives to the consumers at a subsidized rate (Afzal, 2021). In contrast, the rest of the FINTECH applications are included in figure-3. They launched easy transactions of money without moving through the internet. i.e., Easy Paisa was launched by Telenor, whereas Ufone and Jazz launched U Paisa and Jazz Cash. Thus, the consumer buys goods and services online and pays online.

The seller can sell their products and receives payment respectively. That encourages people to stay home and buy and sell products without physical movement. But the rest of the telecom industries do not provide such incentives because internet service is different from district to district and city to city within the province. The nature of service provision is different from each

other. Another major issue faced by the telecom companies is related to spectrum. The spectrum released in Pakistan is the lowest in the world as well as, no new spectrum is released every year.

As a final point, the development of e-commerce depends upon access and the availability of internet services by telecommunication companies. Similarly, mobile technology facilitates e-commerce in several ways likewise; online payment, placing an online order through an application or website, and the risk associated with cash on delivery. According to the report<sup>20</sup> of GSMA, It has been projected that Pakistan will be the lowest-end by using smartphone users and Coverage of 5G service in 2025 among the Asia Pacific countries. While (2019) evaluated that the mobile industry will reach approximately \$24 billion in Pakistan in 2023.

**Figure 3 FINTECH Application in Pakistan**



Source (<https://www.tezfinancialservices.pk/tfs/fintech.php>)

<sup>20</sup> The report of GSMA accessed from, <https://www.dawn.com/news/1642492>



## 5.2 Pertaining Issues

The question arises that: why do people not move toward digitalization in terms of connectivity?

There are many reasons behind that likewise: High taxes on internet service, not access to internet service, making it difficult for them to adopt Wi-Fi or 4G services, and the price of smartphones and other devices are high that is not affordable for them. The policies regarding internet connectivity do not support possible connections for all. Furthermore, a lack of digital infrastructure, a lack of planning regarding tower placement, and an essential skill labor force are significant issues in connectivity.

Conversely, rural areas are being neglected especially Northern regions of Pakistan; some parts do not access internet service or mobile networking. Likewise, Gilgit Baltistan has been neglected in digitalization for a decade. There was only a network name by SCOM, the first-ever GSM cellular service in GB, and AJK was launched by the Special communication organization (SCO). While in 2016, provided 3G/4G Service. But, the largest network is not covered in an area with an equal footprint in rural and urban. However, service is not affordable for the entire population. Few of them enjoy it by accessing it. Currently, Telenor and Zong telecom companies are starting to provide 3G/4G service again the network coverage is not feasible for the entire population.

On the other hand, it is difficult to provide internet service to the entire population because the provision of internet service varies from province to province and city to city. Similarly, Baluchistan is the most backward in terms of digitalization, having a low availability of smartphones, computers, and the internet. Additionally, out of 32 districts in Baluchistan, nine districts lack internet facilities, while KPK has only 5% access to broadband internet (Afzal, 2021). Consequently, the Internet has become a luxury rather than a necessity without comprehending the

scope of the internet and digitalization. The internet has become an integral part of every sector: education, health, commerce, banking, agriculture, shopping, etc. Most sectors are unwilling to adopt digitalization because of cost or access to the internet.

Amin ul Hage, PM for information technology, argued that the government is trying to provide the best internet services to facilitate people to the entire population by setting up a universal service fund (USF) that aims to extend fiber optic connectivity the unserved (Musyani 2020)<sup>21</sup>. There are two vital funds ignite technology fund and the universal service fund generated by the telecom companies while controlled by the government. These funds need to be deployed effectively to subsidize internet and device availability.

### **5.3 Impact of Covid-19**

This year and last year come with their own challenges for business as well as economies globally. The onset of the pandemic severely affected national and global economies and businesses on a diverse scale. On the other hand, the current pandemic significantly changes the behavior of businesses and working habits of people, and the internet plays a significant role. Thanks to the pandemic on change nature of businesses during pandemic physical opening shops are not possible. Thousands of people will lose their jobs and face downturns in business. But, the consequence of pandemic is changing people's behavior toward digitalization and usage of the internet for business and commerce purposes accordingly.

The pandemic's spread poses a threat to humankind; it has forced several activities to change or shut down drastically. Businesses face uncertainty globally due to the lack of communication between countries and within the region. Millions of companies shut down their businesses during

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<sup>21</sup> <https://thediplomat.com/2020/07/pakistans-great-digital-divide/>

the lockdown because physical clues were not available at that time. The pandemic allowed the company to adopt online buying and selling without physical access (Bhatti et al., 2020). The COVID-19 has emphasized the widespread use of social media and increased sales with a website.

The pandemic showed that the internet plays a prominent role in supporting several sectors, including; education, social activities, business, etc. Similarly, trade-stores and social media are essential channels of sale for e-trade companies. Indeed, the global population depends on the internet's connectivity to sustain these sectors (Li et al., 2021).

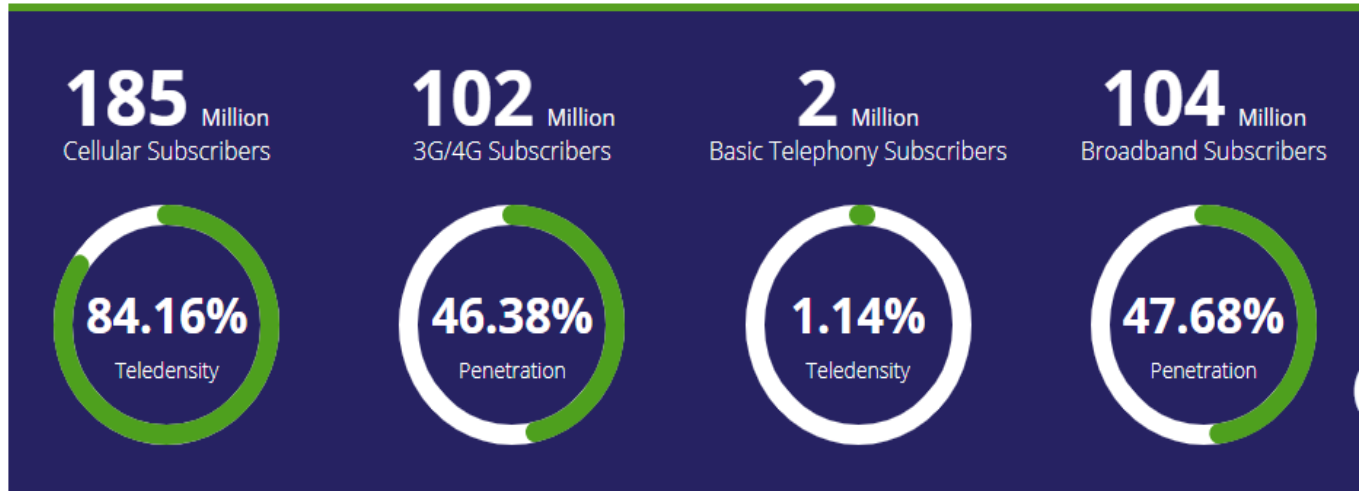
#### **5.4 Unique challenges of the Internet**

The current challenge of the country is to make the internet and devices affordable and accessible for the entire population "internet for all." The internet has become a necessity for all like, food, clothing, and shelter, becoming a source of income and revenue generation. E-commerce startups experienced tremendous growth in some areas, while others did not benefit from digitalization. For instance, almost 40 percent of Pakistan's population depends on agriculture. A more significant number of farmers cannot sell their products directly to the market without the assistance of a massive middleman. However, the largest share of profit on final goods comes from inside of the middle man (Khwaja, 2021)<sup>22</sup>. Digitization in terms of using the internet and well-designed apps allow consumers to deal with wholesalers and retailers directly. Therefore, the government should ensure access and affordability of the internet for all as a sustainable way to achieve efficient business and economic activities.

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<sup>22</sup> The data accessed from the P&R PIDE, [file:///C:/Users/hp/Downloads/Internet-for-All-Vol2-Issue-8%20\(2\).pdf](file:///C:/Users/hp/Downloads/Internet-for-All-Vol2-Issue-8%20(2).pdf)  
Author of paragraph, Senior research Economist Dr. idress khwaja

**Figure 4 cellular penetration and tendency**



**Source: Pakistan telecommunication Authority (July 2021)**

Pakistan is emerging in the sense of cellular subscribers. The above figure-4.1 shows that 185 million subscribers that are covered approximately 84 percent of the population of a country. The mobile subscriber penetration is still low and only 46 percent of people are 3G/4G subscribers. Mobile networking is still low in Pakistan.

**Table 4 Connectivity Indicators**

		KPK	Punjab	Sindh	Baluchistan	Pakistan	
1	<b>Purpose of using internet</b>	Internet used for education and research	4%	5%	4%	5%	4%
2		Information seeking (News, health, etc.)	1%	1%	2%	1%	2%
3		Business purpose	0%	1%	0%	0%	1%
4		online shopping and banking	2%	1%	1%	1%	1%
5		Chatting, Facebook, Whatsapp watching/ downloading, etc.	87%	86%	86%	89%	87%
6		Doing all of above activities	6%	6%	6%	3%	6%
7	<b>Not use internet due to</b>	Do not need	54%	51%	45%	51%	50%
8		Do not know use of internet	20%	36%	31%	16%	29%
9		cost of internet is high	2%	2%	7%	3%	3%
10		Others	6%	1%	4%	5%	3%
11	Internet Use last 12 month		15%	17%	17%	7%	16%

**Source: Borrowed from Hina, (2021)**

Table-6 illustrates the indicators of connectivity and the internet's purpose of usage. The result shows that a maximum number of the population use the internet only for entertainment purposes. In contrast, only 1% used the internet for business purposes from the entire population of Pakistan. Also, only 1% of individuals again use the internet for online shopping and banking purposes. Consequently, people use the internet for entertainment, not business, shopping, and other economic activities.

Lack of awareness, less acceptance of digital trading, and misuse of the internet are key indicators. According to the survey, the high cost of internet service is not a significant issue regarding using the internet. At the same time, a maximum number of individuals do not know how to use the internet. The survey shows that Punjab is the most digitized province in terms of internet connectivity, while Baluchistan is the most backward.

## Chapter-6

### Comparative analysis: International Practices

#### 6.1 Federal Trade Commission (United States of America)

The federal trade commission is an independent regulatory body of the United States. It was established in 1914 with the channel of the federal-trade commission Act. Its mission is to enforcement of anti-law and promotion of consumer-protection. The regulatory body protects the consumer from deception and fraudulent practices.

##### 6.1.1 FTC established the following departments for the protection of digital consumers.

i. **Bureau of consumer protection:** The department is established to protect consumers against deceptive or unfair trade practices in e-commerce. The function of the Bureau is to investigate and enforce action against unreliable methods and provide education to both consumers & businesses regarding digital trading. The area of principal deals following practices includes advertising, marketing, financial products and practices, identity and privacy protection, and frauds & scams. Similarly, the Bureau office of responsibility for the claim and refund development plan for returning that money to the right person. As a snapshot of the last 18 months of FTC refunded 1.2 billion amount.

ii. **Bureau of competition:** the division was established to take action against disregard and "anti-competitive" business practices. Nevertheless, FTC empowers the division by enforcing criminal and antitrust laws to prevent anti-competitive business activities.

Based on the current need, FTC has adopted some policies to secure digital consumers from deceptive and anti-business practices in the digital market as they enforce laws and rules to stop the illegal practice and obsessive to refund to harmed consumers or businesses when possible.

- a) **Funeral home industry:** The federal trade commission regulates the funeral home industry for consumer protection from deceptive practices. Funeral-industry defined rules required to provide all customers with the General Price List (GPL) specifies and outlines prices of goods/services.
- b) **Behavior targeting:** FTC is also involved in addressing misleading online advertisement industries and their practices of targeting behavior. "Do not track." The mechanism provides a way to address deceptive advertisement practices.
- c) **Cyberspace.com case:** the commission is passionate about protecting consumers from misleading online information separate over the internet.
- d) **Sears holding case:** it is supposed to be the software provided or collects all information regarding all online-behavior and deceptive practices. Indeed, it was revealed in Terminology, suppressed within user license-agreement.
- e) **Sweep:** FTC launched the fraud sweep concept, where the commission and federal, local, and state partners take action through legal procedures against telemarketing frauds.

#### **Six steps provide by FTC in every refund**

1. the first step, identify who is responsible for a refund
2. determine how the money will be divided
3. Mail check
4. update and address as needed
5. consider whether an additional check, the mail is feasible
6. send address mail to U.S treasury

**Table 5 Federal trade commission (USA) case reported<sup>23</sup>**

NO	Case description	Casefile	Case timeline	Enforcement type	Court	Legislature
1	American financial benefit	Feb-18	19-Nov-19	FTC	The northern district of California	Federal
2	Marc Ching	Apr-20	19-Oct-20	FTC	The northern district of California	Administrative
3	8 figure dream lifestyle LLC	25 June 2019	4-Oct-21	Federal injunction	The northern district of California	federal
4	Critical resolution mediation	Sep 2020	15-Oct-20	FTC	The northern district of Georgia	Federal
5	Ponte investment, LLC	April 2020	25-Sep	Federal injunction	District of Rhode island	Administrative
6	Netforce seminars	July 2020	24 September 2020	FTC	District of Arizona	Federal
7	Renaissance health publishing, LLC	September,	24, September 2020	FTC	Southern District of Florida	Federal
8	Educate center service	20-Jul-19	29-Jul-21	Federal injunction	Western district taxes	Federal
9	ZyCal Bioceticals healthcare company	February 2020	17, September 2020	Federal injunction	District of Massachusetts	Administrative
10	Outreach calling, Inc	16 September 2020	26-Oct	Federal injunction	Southern District of NewYork	Federal
11	Neurometrix, INC	4-Mar-20	8 September 2020	FTC	District of Massachusetts	Federal
12	Pointbreak Media	15-May-19	18 August 5, 2020	Federal injunction	Southern District of Florida	Federal
13	Lifeloxk, Inc corporation	9-Mar-10	8-Oct-19	federal Injunctions	District of Arizona	Federal
15	Qualcomm case	17-Jan-17	29-Mar-21	Federal Injunctions	Northern District of California	Federal
16	TDARX	3-Dec-19	29-Jan-20	FTC	FTC	Administrative
17	Unrollme Inc., a corporation	8-Aug-19	17-Dec-19	Closed	part 2 Consents	Federal
18	Quincy Bioscience Holding Company	9-Jan-17	29-Jun-21	federal injunction	Southern District of New York	Federal
19	Bonzai Media Group	25 June 2015	21-Nov-19	Federal Injunctions	Central District of California	Federal
20	Evonik Industries AG et al	2 August 2019	10-Jan-20	Federal Injunctions	District of Columbia	Administrative

Source: federal trade commission the USA

<sup>23</sup> The cases are used to measure efficiency and effectiveness  
Most efficient time to resolve case are (90-150) Indian consumer protection Act 1986



The cases filed against the deceptive and anti-business practices by the FTC are hybrid because it includes both cases against conventional and digital practices. The total number of cases filed from 8th April 1962 to 8th December 2020 is 3199. Where only 94 cases were filed In 2021, and In FY2020 total of 133 cases were put. While in FY2019 are 2018 total number of cases filed is 144 and 98. The cases are hired in different courts of the US by federal and administrative levels.

We selected only twenty-one cases in (table-4) from the total cases as a sample to measure efficiency and effectiveness. The cases are extracted from the website of the Federal Trade Commission. The average time taken to solve cases by the court is approximately 373 days. Consequently, FTC also takes more time to resolve the cases. In this sense, FTC is also less effective. Similarly, the procedure and policies adopted to resolve consumer grievances are more efficient for traditional and digital trading.

## **6.2 Case details<sup>24</sup>**

**Case#1 (Electronic payment solution)<sup>25</sup>:** Money Now Funding (MNF) is worthless telemarketing. However, from 2011 to 2013, the MNF operated a deceptive telemarketing scam that provided falsely promising business opportunities to consumers. They claimed they could earn thousands of dollars with the collaboration of four companies, including KMA-wigdore defendants, FTC, Peterson, electronic payment solutions, and telemarketing sales. At the same time, they are not providing business opportunities to consumers. FTC took action against them to recover from them

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<sup>24</sup> The case studies are used to investigate on strategies applies by FTC to protect consumers.

Case file subtract decision date= total time taken

Average time taken to resolve a cases = average of total time

<sup>25</sup> The case study extract from the website of FTC, the case detail are <https://www.ftc.gov/enforcement/cases-proceedings/152-3213-152-3214/electronic-payment-solutions-america-inc-et-al-ftc-v>

and refund the consumers. The U.S. district court for Arizona entered the final order on January 22, 2021, and Peterson on August 28, 2019.

**Case#2 (Nudge)<sup>26</sup>:** FTC and the Utah Division of consumer protection action against the afflicted company. The consumers can buy real-estate training packages and promise to earn money after training. Affiliated company “NUDGE” alleged false money-making promises to the consumer and deceived nearly four thousand million dollars. Initially, the agency alleged supposedly “free training seminars” multi-step sale funnel led to costly pitch training. Two celebrities, Dean Grazioso and Scott Yancey are defendants in training on real estate. FTC procured action against the celebrity and recovered all the money.

**Case#3 (Lifelock, Inc corporation)<sup>27</sup>:** The marketer Leanspa used fake websites to promote Acai berry, and colon cleanse- weight loss products. They provide misleading information for a free trial, but the consumer pays \$79.95 for a free trial by playing nominal-shipment and handling cost. It was difficult to cancel the order. In 2015, FTC announced a decision and ordered a refund to the harmed consumers. They mailed approximately twenty-three thousand checks that are 3.7 million, to consumers who bought products. Similarly, in December 2019, the consumers sent a second-round check amount of \$321,000.

### **6.3 International Business-to-Business Competitors**

The Organization for Economic Cooperation and Development (OECD)<sup>28</sup> is established to increase competition and eliminate anti-competitive behavior. The headquarters are located in

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<sup>26</sup> The detail of case, <https://www.ftc.gov/enforcement/cases-proceedings/182-3016/nudge-llc>

<sup>27</sup> <https://www.ftc.gov/enforcement/cases-proceedings/072-3069-x100023/lifelock-inc-corporation>

<sup>28</sup> The literature and strategies applies are used to protect consumer from deceptive and unfair trade practices in digital market by OECD. The study provide information and knowledge about need of strategies and policy for digital market.

France (Paris). It was founded by multiple countries, including the United States, Germany, the United Kingdom, etc. The organization is responsible for the database of general statistics regarding the competition agencies. Furthermore, the report was published to support informed policy-making and enhance competition law and policy worldwide for global cooperation and competition agencies.

#### **6.4 International practices used strategies to protect antibusiness activities**

- i. **Consumer Protection Corporation:** The Corporation includes designs to handle cross-border breaches of various consumer protection rules that can destroy the interest of the consumers. Similarly, the Ministry of Social Affairs, Single lesion office, has a good working relationship with the commission to ensure consumer protection in the digital market.
- ii. **Enforcement:** The authority may use an enforcement request to implement all information measures to discontinue misleading business practices and the prohibition on the advertised advertisement
- iii. **The new consumer protection act (Digital trade):** The OECD in May 2015 entitled “A digital Struggle strategy for the Europe” introduced enhanced consumer confidence through more repaid enforcement of consumer protection. Under the European parliament, National Authority, and consumer protection law. Later on, on 28<sup>th</sup> October 2015, upgrading by entitling “Single Market “ to provide more faculties and opportunities to individuals and businesses. Similarly, the Commission introduces “Geo-blocking” for consumer protection during online shopping.

- iv. **Geo-blocking:** Geo-blocking addresses discrimination to eliminate justification discrimination on online selling. It is established to address digital market issues—especially related to copy-right in electronic commerce.
- v. **Sweeping:** The commission also focuses on misleading telemarketing and dripping prices in online shopping and discrimination between the initial and final prices. They concentrate on widely investigating the cost of goods and services provided by service and charge after place. The service provider's causal by adding surcharges and fees during booking.

### **6.5 Comparative Analysis**

Comparative analysis identified international practices used to eliminate anti-competitiveness behavior, increase completion, and protect the consumers from deceptive and unfair trade practices. Similarly, the Federal Trade Commission was established to protect consumers from anti-business and misleading trade practices. They had amended the ordinance to protect consumers from the digital market. Similarly, they found several departments to ensure consumer rights protection in the digital market.

Conversely, OECD also amended rules and laws for digital trade practices. Likewise, the funeral home industry was introduced to specify and outline the General Price List (GPL) and sweep and behavioral targeting to react to telemarketing fraud and misleading online advertisements.

The complaint filed details are extracted from the website of the Federal Trade Commission, which is promulgated to protect consumers from deceptive and unfair practices. The average time taken to solve cases by the court is approximately 373 days. The FTC's action on file case solutions is more efficient. The details of the cases include case file to solution, enforcement type, and case solution under the legislation. Furthermore, The FTC has taken action against deceptive or unfair trade in digital trade. The details of the case solution are available in the above section. More important, they adopt policies and constitute rules for e-commerce.

## **Chapter-7**

### **An Evaluation**

It is a systematic procedure that involves data collection for processing, service, projects, and organization resources. It enhances knowledge and decision-making regarding the validity of the information (Powell , 2006). However, the evolution encompassed the role of institutions to provide consumer rights protection and fair trading. The objective of the institutions is to facilitate consumers and businesses to get their rights. The enactment is always for the welfare of the consumer.

The consumer-related enactment is divided into two segments, i.e., federal and provincial. The evaluation is limited to only two institutions for the federal level evaluated CCP and the Punjab Consumer court for the provincial level.

They are primarily concerned with the outcome associated with the case file number and the total time taken to resolve the cases to measure efficiency and effectiveness. The result employed for the institution's decision-making.

#### **7.1 Competition Commission of Pakistan (CCP)**

The mandate of CCP is to protect Businesses from anti-competitive and deceptive practices that are dangerous for both competition and consumers. The commission encourages voluntary compliance and promotes a “competition culture” through a compliant-driven mechanism and recommendation under the CCP Ordinance. The CCP filed a total of 481 cases against anti-business activities. From total cases, around 362 cases are regarding approval of the merger and acquisitions, and 52 cases are related to deceptive practices. However, the deceptive cases are taken because these cases are against consumers’ right protection.

**Table 6 Deceptive marketing practice**

<b>Section</b>	<b>Practices</b>	<b>Cases</b>
Under section 37 of the competition 2010	Deceptive marketing practice	3
Under section 37 (1), of the competition 2010	Deceptive marketing practice	5
Under section 37(2) of the competition 2010	Deceptive marketing practice	44
Total		52

**Source:** competition commission of Pakistan

Table-5 shows the case filed related to deceptive marketing practices between 2008 and 2021. The cases resolve under the CCP ordinance by sections 37(1) and (2). The cases filed were related to misleading information. Most often, cases are related to traditional practice, while two issues are most relevant to digital trade.

Despite this, table-6 randomly selected 20 cases from the website of CCP to measure the efficiency and effectiveness. The cases measure effectiveness by the total time taken from a case filed to decision/recommendation. The average time of case solution is approximately 430 days, which indicates low effectiveness, because the commission consumes more time to resolve a single case. Meanwhile, the mechanism they adopt to investigate cases is efficient. The decision was announced under the supervision of experts. Likewise, as a case study, two cases' details were placed in the section.<sup>30</sup>

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<sup>30</sup> Most efficient time to resolve case are (90-150) Indian consumer protection Act 1986

**Table 7 cases detail ( CCP)<sup>29</sup>**

SN	Case title	Case File	Close /Order	Total time is taken (Decision)
1	Racket Benckiser Pakistan LTD complained by Square distribute and market system (PVT) Ltd.	27-8-2019	2-9-21	961
2	OLX Classified vs. pack wheels (PVT)	3-5-2019	23th-1-2020	533
3	New York pizza against New Yorker pizza	17-10-2018	4-6- 2021	207
4	ACCAP VS PIA, Qatar airway, Oman Air, Turkish Air	19-12-2019	19-6-2020	592
5	Master food industry complain by eastern product limited	25 <sup>th</sup> -11-2019	19-2-2020	664
6	Defense housing authority ISB/RWL alleged violation of section 3	07-7-2018	3-6-2021	128
7	Cream VS Uber	9-8-2019	31-1-2020	897
8	SUKKUR testing service complain about SIBA testing service	07-1-2019	12-2-2020	87
9	Rickett Benckiser for defective marketing	17-8-2017	26-12-2019	165
10	Irshad trading corporation by Polycon Pakistan LMT	30-9-2019	24-12-2019	85
12	Nimco corner Vs Karachi Nimco	12-7-2019	23-12-2019	164
13	CATKIN engineering sale service against the director of agriculture engineering	04-3-2019	16-12-2019	287
14	Pakistan flour mills association	22-2-2018	13-12-2019	659
15	Mir Hassan building and development complain by Meher developer and construction (PVT)	09-7-2019	22-11-2019	136
	Kamyu.pk	19-12-2016	30-3-2018s	466
16	Pharma Bureau	13-10-2016	06-8-2019	536
17	Oil companies advisory council	26-1-2018	20-6-2019	510
18	Cable Manufacturers for Deceptive marketing practices	18-11-2016	26-3-2019	858
20	Omni.com (PVT) Limited by Pakistan services	16-8 2018	19-11-2018	95
21	Average		430 Days	

<sup>29</sup> Measure effectiveness of the institution, we used twenty two cases from Punjab consumer court. total time taken to made decision is equal to date of case file subtract from date of decision likewise: (case file) 29-03-2018 and (case close) 23-01-2019 = 573 (total days)

Average= Average of total days of 22 cases are 430 days ( solved in excel sheet)



### 7.1.1 Case Study of Selected Cases<sup>31</sup>

#### **Case#1: *Complaint filed by OLX classifieds Pakistan against Pak wheels (Pvt) LTD***<sup>32</sup>

- Complainant OLX classifieds Pakistan
- Respondent Pak wheels (PVT) LTD

#### **Case file in 23-may-2019**

Date of hearing 20-Jan-2020, The **OLX classified Pakistan** alleged complaint against Pak-wheel. OLX claim that Pak-wheel has copied and reproduced on their website many advertisements, Listing photographs, and the trademark Logo of OLX without any permission. For the investigation, technical committees were established to investigate complainant and respondent websites. The dry test was conducted to figure out under the supervision of experts. The analysis noted that the respondent had neither any automated tools used to operate the data from the server of complainants nor reproduce any deceptive advertisement. The Case was closed on 23rd January 2020. The total time to complete the whole procedure was approximately seven months and eighteen days. These results indicated that the commission took more to resolve the case.

#### **CASE# 2: *Show cause notice issue M/S KAYMU.PK for the defective practice***<sup>33</sup>*(related to E-commerce)*

The case was filed on 19<sup>th</sup> December 2016. The Competition Commission of Pakistan issued notices to Kaymu.pk under section 10 (2) (a) and (b) on the volition of the CCP ordinance by providing deceptive practices to the consumers. They are not delivering such products that were displayed

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<sup>31</sup> The case studies are used to measure efficiency of the institution, on the basis of critically investigate on the solution cases,

<sup>32</sup> [https://www.cc.gov.pk/images/Downloads/olx\\_vs\\_pakwheels\\_sec\\_10.pdf](https://www.cc.gov.pk/images/Downloads/olx_vs_pakwheels_sec_10.pdf)

<sup>33</sup> [https://www.cc.gov.pk/images/e\\_cart\\_services\\_30\\_3\\_2018.pdf](https://www.cc.gov.pk/images/e_cart_services_30_3_2018.pdf)

on the website. Consumers most often receive low-quality products during online shopping. They had a policy for a consumer that they can put the complaint about any issue within ten working days. When the consumers put complaints resultantly, they did not respond on it while sometimes replayed by saying that location has been changed. CCP critically investigates the cause and resolves it. The final order was on 30<sup>th</sup> March 2018. In the case related to e-commerce, the commission solved the issue with the deeply investigation and research that indicated that the commission is more efficient. Total time is taken to resolve the case around one year and three months but less effective because consuming more time to resolve cases.

## **7.2 Punjab Consumer Protection Court**

The consumer protection Act, 2005 promulgated with the purpose of provision of stander products as well as expert service to the general public. However, the PCPC's established a platform where consumers can lodge complaints about receiving faulty services and defective products. For this purpose, the Punjab consumer court introduced a complaint-driven mechanism to protect or compensate suffering consumers. It is a complaint-driven system that provides judicial, quasi-judicial, and alternative dispute resolution.

The consumers can file a claim against the defective products and faulty services. If they were unwilling to settle, they were supposed to access consumer court. In contrast, pre-trial settlement is the beauty of the act; both parties can resolve their dispute before a court proceeding. The settlement provides relief to the public and helps to reduce unnecessary litigation.

**Table 8 Cases Reported against defective products and faulty services<sup>34</sup>**

NO	Year	Products	Services	Case file	Dispose- of	Total Pending Include (Base years)
1	2008	701	1723	2418	1503	1107
2	2009	1016	2866	3838	2750	2195
3	2010	1016	4901	3534	3058	3672
4	2011	12571	4901	3534	3058	2017
5	2012	1180	2761	4668	4487	2687
6	2013	6808	3488	5259	5068	2687
7	2014	1504	17778	4322	5131	2168
8	2015	1405	2115	3525	3993	1704
9	<b>2016</b>	<b>11167</b>	<b>24470</b>	<b>3006</b>	<b>2639</b>	<b>2071</b>
10	2017	12389	25961	2722	2638	2196
11	2018	13703	27403	2975	2794	2405
12	2019	881	2585	4477	3557	920
<b>Total</b>		77460	143023	58890	55240	25829
<b>Average</b>				7936	7378.154	2152

The performance of consumer court from 2008 to 2019 can be gauged. The data was obtained from the PCPA website. Only eleven district courts exist till 2016. After that, six other courts were established in some other districts. Now, there are seventeen consumer courts in Punjab.

<sup>34</sup> Table-7 provide total number cases file against deceptive market practice. The average time taken to dispose case are approximately 2152 in a year.

The consumer court is less efficient because most of the cases are pending each year from the total number of cases while some were disposed-off. Likewise, from actual cases, 58890 disposal cases were 55240, and still pending cases are 22562.

	Case file	Cases dispose	Cases pending
Average Per day	161	151	70
Average Per Months	1963	1841	860

The calculation indicated that the average rate of case claim per day is 161 cases, approximately 151 cases disposed-off. In contrast, the pending average number of cases is 70, including base year. The results show fewer cases were filed in consumer court, total form cases, and fewer cases disposed-off.

The Punjab consumer court is more efficient for traditional consumers but not rules or laws imposed for the digital consumer (E-commerce). In contrast, the complaint mechanism is efficient because the traditional consumer can file a claim online or physically. The amendment in their Act leads to the progress of digital consumers and consumer protection.

**Table 9 Defective Product and Faulty Service List**

Defective products		Faulty Services	
Electronic		Public Utilities	
Household items		Banking/money/insurance services	
Automobile part		General utility/ trade / business	
Food/Water/Beverage		Electronic	
Agriculture		Agriculture	
Construction material		Lucky draw/Lottery	
Medical products		Restoration of complaint	
Stationary		medical services	
Miscellaneous ( date of expiry and manufacturing, warranty)		Miscellaneous ( cinema,	

**Source:** Punjab consumer court

The table-8 shows that the Punjab consumer court has categorized defective products and faulty services into eight numbers in each section. The goods and services categories are for the traditional consumer, not e-commerce. The consumer can register a complaint against mentions in the table with the consumer court.

The data has been extracted from the Punjab directorate of consumer court; twenty-two cases were randomly selected from the Lahore consumer court to measure efficiency and effectiveness. The consumer court is more efficient because it allows consumers to claim online or offline on deceptive trade practices. The average time is taken to 430 days. The consumer court consumes

**Table 10: Cases Order Detail**

SN	Case title	Case file	Close /order	Total days ( Decision )
1	M.Adnan VS M.afzal	29-03-2018	23-01-2019	573
2	Arooj	28-01-2016	09-02-2019	1108
3	Rehman Car	21-01-2017	24-01-2018	368
4	M.S Ambreen VS pakases Pakistan	11-08-2017	06-02-2018	179
5	Abdullah Sar VS Bashir Son	03-05-2009	24-11-2010	3082
6	Anees Ahmed VS eden development	27-08-2008	11-11-2010	837
7	Ahmed khan Vs said Anwar	11-10-2018	09-05-2019	3132
8	Hasnain Afzal Bandu	21-01-2018	20-2-2018	30
9	Salman VS Naeem electronic	05-12-2017	31-01-2018	57
10	Mustaf javad vs Baba Raza	03-03-2018	24-04-2019	417
11	M.suban Vs Naveed ghorri properties	9-1-2019	24-4-19	105
12	Abduallah mubari VS ikram udin	24-09-2014	24-2-2018	1249
13	Faisal saeed vs jamal collection	09-1-2018	19-2-2018	41
14	Irfan Vs Karachi Red Rock Bar BQ	18-10-2016	26-3-2018	798
15	Taimor saults Vs Blueline express largo	19-1-2013	03-3-2018	1869
16	Umar Farooq VS Abdullah mobile	15-12-2017	08-2-2018	55
17	Yousef Ahmed VS Yousef Auto	07-1-2019	28-2-2018	313
18	Ahmad VS Ali crying Business	27-04-2017	2-4-2018	340
19	Mattress Guarantee	30-06-2015	15-12-2015	168
20	Mr sheraz VS Haier Electronic Company	10-02-2009	01-04-2010	415
21	Akhtar Ali VS C-E star Technology	04-02-2010	25-11-2010	294
22	Aness Ahmad VS Eden development	27-08-08	11-11-2010	804
<b>Average</b>				<b>430<sup>35</sup></b>

Source: Directorate of consumer protection council (Punjab)

More time to resolve. Furthermore, it shows that less effective and efficient for digital consumers because the court does not provide incentives for the digital consumers.

### 7.3 Case Study of selected Case

**Case#1 claim before district consumer Gujranwala on 10<sup>th</sup> February 2009**, the title of the case” Mr.Sheraz VS Haier Electronic Company<sup>36</sup> the complaint claim file against the company because the received defective product ( refrigerator) and, lost her life. The court awarded her

<sup>35</sup> To measure effectiveness of the institution, we used twenty two cases of Punjab consumer court- total time taken to made decision find by date of case file subtract from date of decision likewise: (case file) 29-03-2018 and (case close)23-01-2019 = 573 (total days)

Average= Average of total days of 22 cases 430

<sup>36</sup> The case are extracted from the website of Punjab consumer protection court [https://pcpc.punjab.gov.pk/system/files/4\\_10Judgment\\_of\\_Hair\\_Electronics\\_1.pdf](https://pcpc.punjab.gov.pk/system/files/4_10Judgment_of_Hair_Electronics_1.pdf)

0.5million as damage along with RS. 100,000 fine. The case closed on 1<sup>st</sup> April 2010. The court took around 330 days to resolve the case.

*Case#2 the case claim 30-June-2015 on Bahawalpur* the respondent sells “mattress” with a lifetime guarantee<sup>37</sup>. The claimant claimed that the mattress lost tension and became loose. The respondent said they replaced it with a small mattress, but the claimer did not agree. Then the claimer has access to a court. After investigation, the court was fined 50,000 with the mattress replacement on 12 November 2015. Thus, the total time taken to resolve the case takes 132 days.

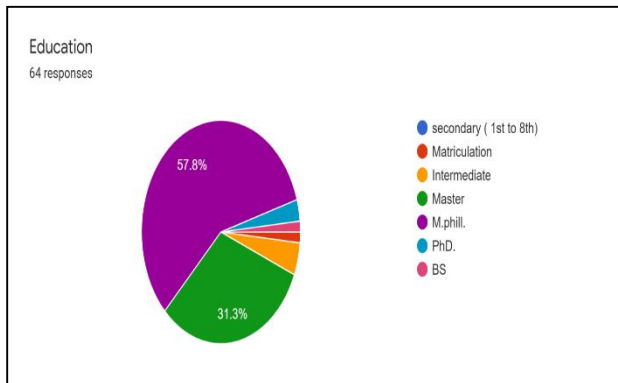
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<sup>37</sup> Order of Bahawalpur court, [https://pcpc.punjab.gov.pk/system/files/11\\_15Muhammad\\_Moeen\\_Ansari.pdf](https://pcpc.punjab.gov.pk/system/files/11_15Muhammad_Moeen_Ansari.pdf)

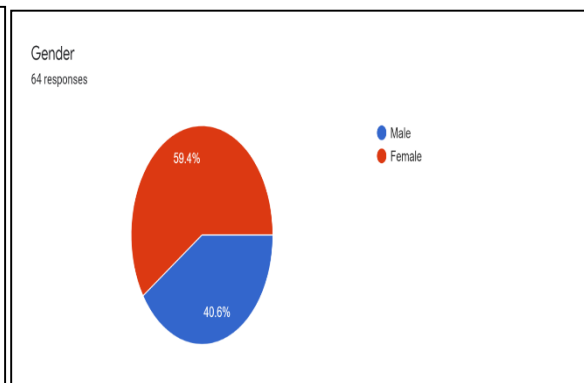
## Chapter-8 Evaluation: E-commerce platforms

The survey was conducted by using a questionnaire to collect primary data. According to Gill et al. (2008), data collected via questionnaires is the most prominent and appropriate tool for quantitative studies because the questionnaire is the most recognized and exemplary tool. Story & Tait, (2019) questionnaire is composed of brief questions about the topic and demographic information. The first section of the questionnaire is composed of information regarding the respondents. In contrast, the second section is based on information related to consumer's issues and the complaint-driven mechanism during online shopping. Consequently, the data has been collected online through questionnaires from the targeted consumers.

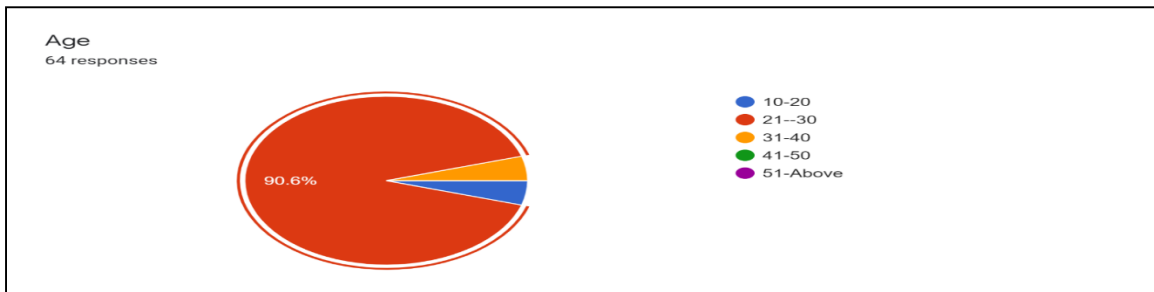
**Figure 5: Education level of respondents**



**Figure 6 Gender of respondents**



**Figure 7: Distribution of Respondent Age**

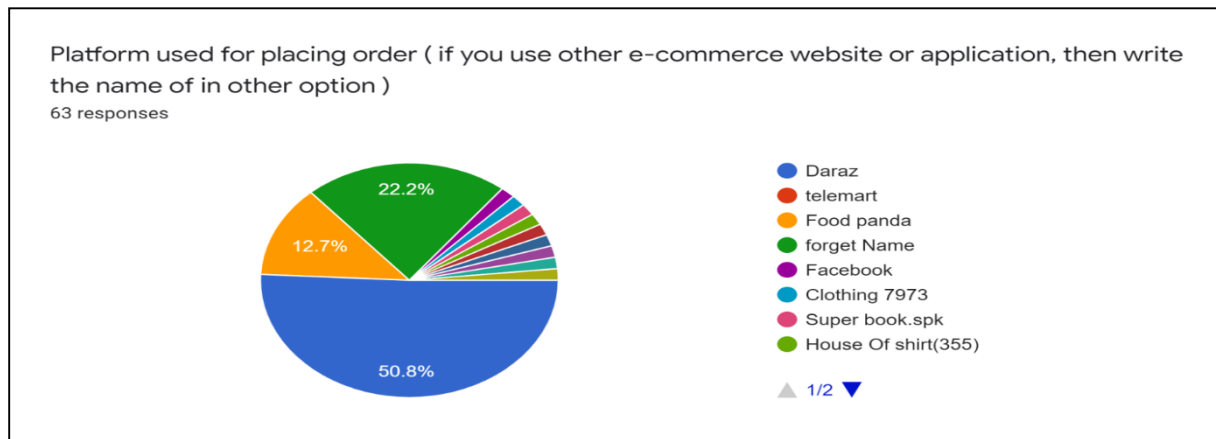




The figure-5 illustrates the distribution of respondents according to gender. There was a total of 64 respondents. Of the total respondent, 59.4% are female, and the rest are males. The figure indicates that female consumers preferred online shopping to male consumers.

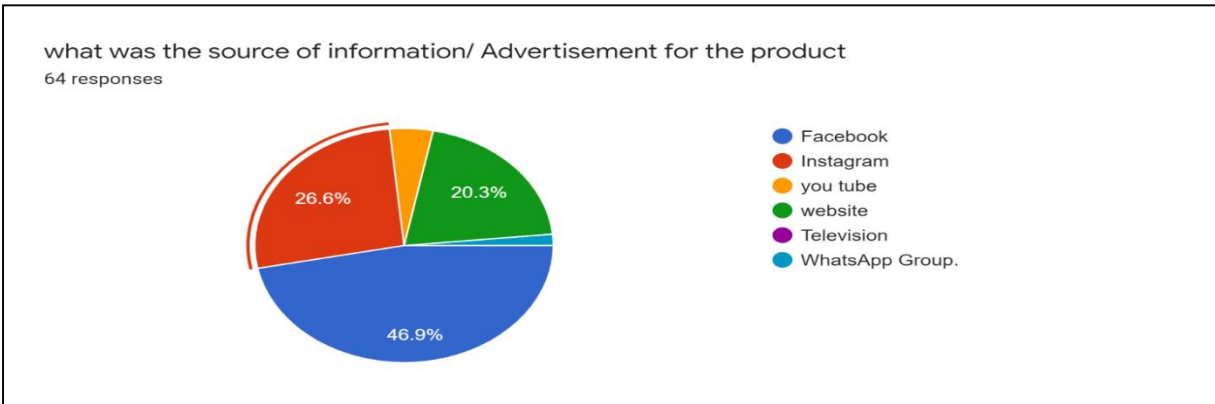
Figure-4 shows the education level of respondents. The education of respondents has been categorized into seven parts. The results showed that highly educated people preferred online shopping. Additionally, Figure-6 demonstrates the distribution of respondents according to age. These findings indicate that youngsters are more likely to be involved in online shopping.

**Figure 8: The respondents use sources for online shopping**



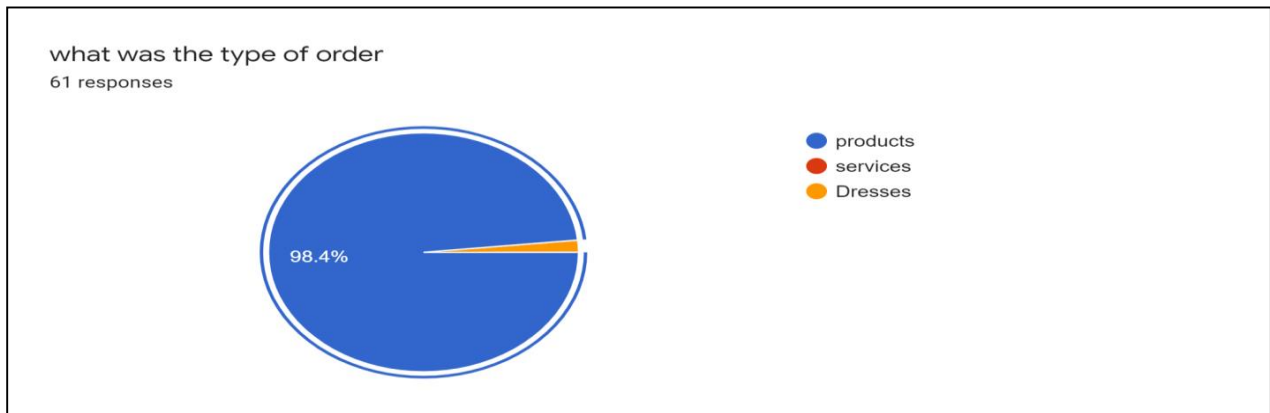
These figure-8 show that the respondents regularly utilize these platforms to place an online order. Most of the respondents later forgot the platform's name where they placed an order. Daraz.pk and Food Panda are the most utilized platforms by consumers.

**Figure 9: Respondents use sources to get information for Products**



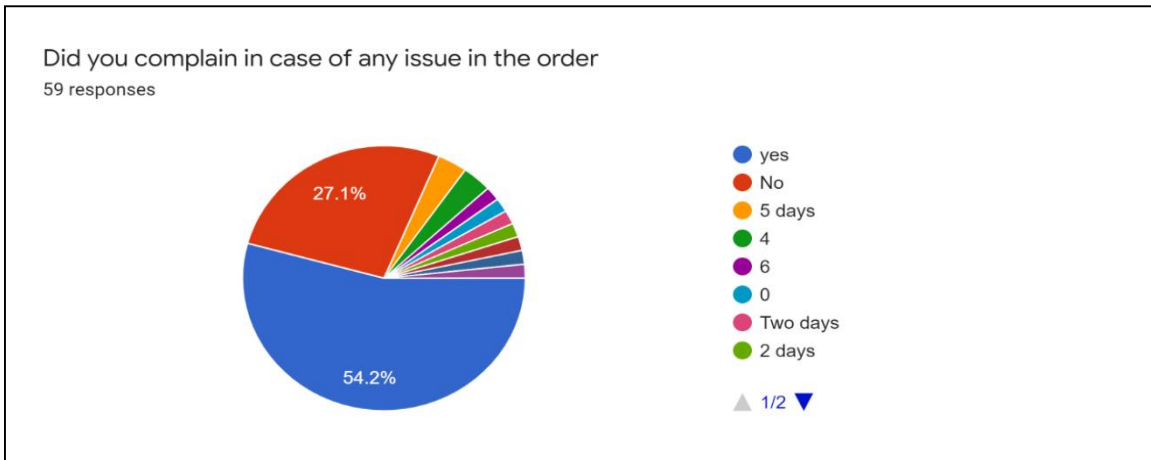
The figure-9 indicates that consumers used different sources to get information for online shopping include: Facebook, Instagram, and companies websites are the most widely used applications during online shopping. Facebook is the dominant source to get information. Thus, networking sites like Facebook, Instagram, and Twitter have become a source of advertising.

**Figure 10: The respondents preferred online shopping**



This given figure-10 shows the consumer preference online shopping over purchasing products or getting services online. The finding tends that most respondents are preferred online shopping of products.

**Figure 11: the respondents filed a complaint against Defective Product**



The highest number of respondents are those who file complaints about receiving defective products. While a few of them are not complaining. Of the respondents, 54.2% registered complaints on receiving defective products, while 21.1% did not register. The graph indicates that most respondents filed complaints about receiving defective products. Consequently, it can be concluded that most consumers have suffered poorly due to the sub-slandered material delivered by these platforms.

**Figure 12: Reason Respondents filed Complaint**

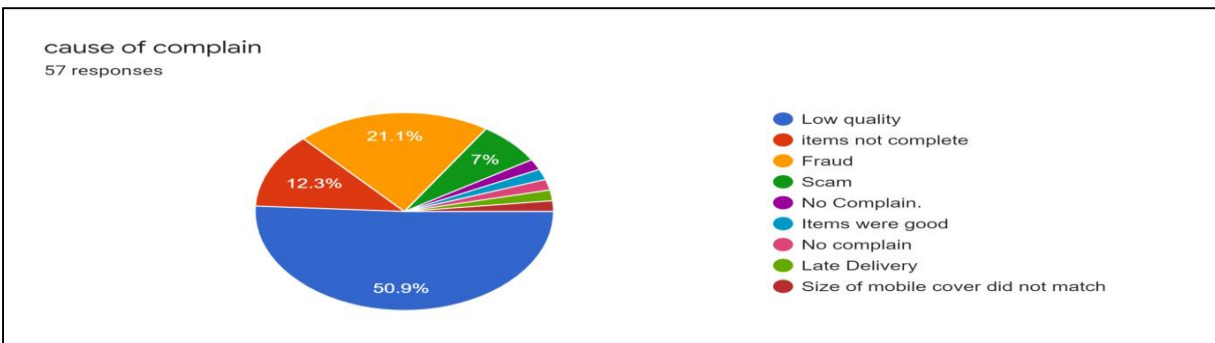
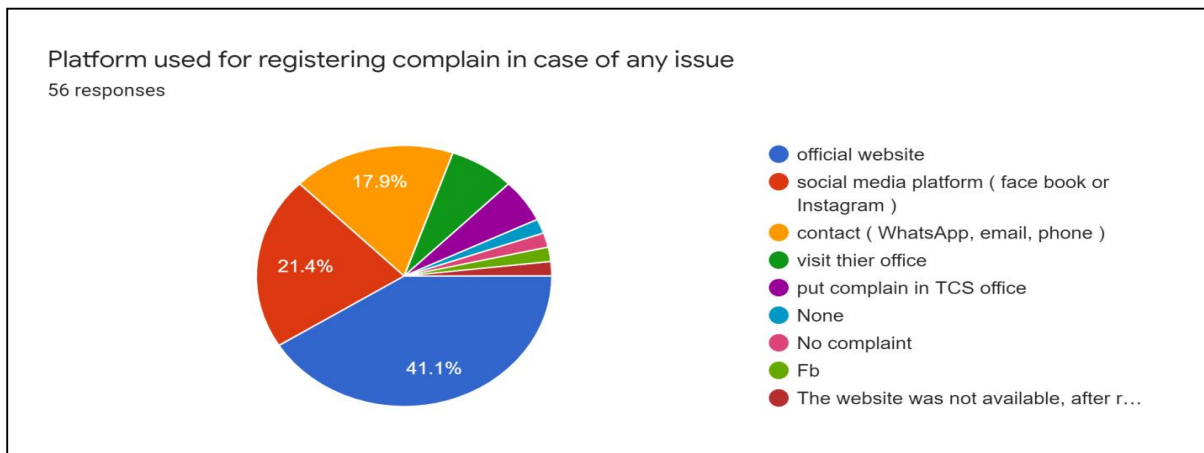


Figure-12 explains the reasons for the complaint. Most of the respondents complained due to the low quality of commodities. The second reason is the fraud of companies during online

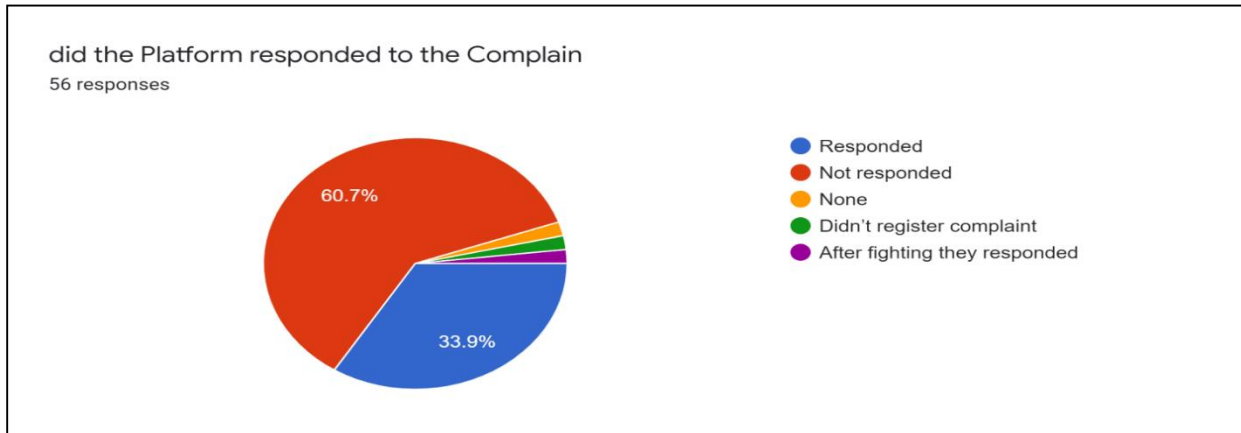
shopping. The result indicated that consumers received low-quality products during online shopping. These mentioned platforms deceived their customers by showing good quality stuff during their online marketing advertisements while delivering low-quality things to their consumers. Henceforward, the complaint mechanism increases consumers' confidence and trust in online shopping.

**Figure 13: the respondents used the platform to file Complaint**



Officially websites of companies are mainly targeted sites for registering a complaint. Additionally, the customer used social media sites like Facebook, Instagram, and Whatsapp to register their complaints. Some of them are put in the TCS office and visit the company. Consequently, most respondents complained through the website, and some used social media.

**Figure 14: Platform used to register Complaint**



The given figure-14 evaluates the behavior of service providers, whether they are responding or not to the consumer on complaints. Most of the platforms did not respond to the complaint, and only a few platforms responded in a better way. As a result, the discovery reflects customer complaints and aids in determining consumers' future expectations of online shopping.

**Figure 15: e-commerce platforms Response on Complaint**

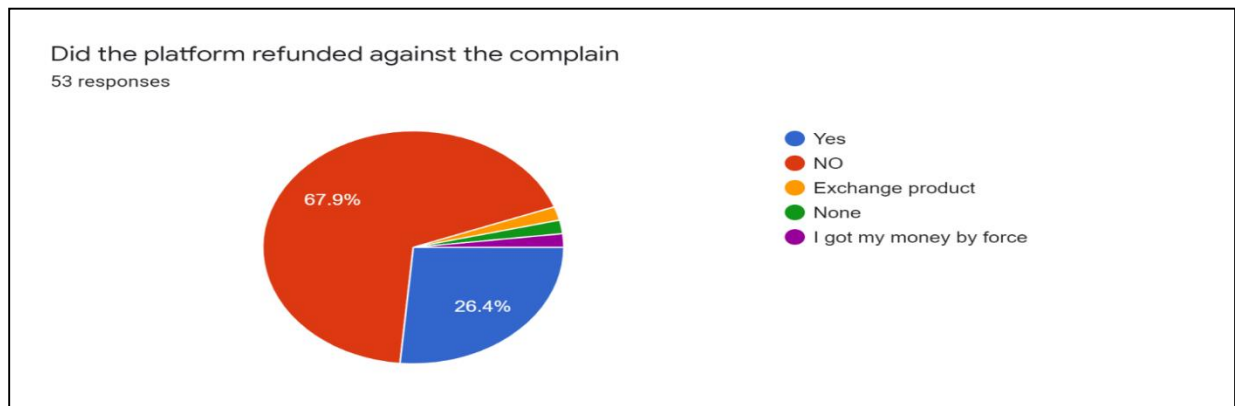


Figure-15 shows service providers' behavior on refunding or exchanging products on a complaint. Several respondents are not getting a refund to complain, while few got refunds on complaints 67.9% and 26.4%, respectively. They argued that most of them are not complaint policy and mechanism. The findings indicated that the e-commerce platform has no policy regarding consumer support.

## **Chapter-9**

### **Result and Discussion**

As we have reviewed, the institutions' strategies and policies and the adopted complaint holding mechanism are essential factors in protecting consumers from deceptive practices. On the other hand, complaint grievances by the consumers are neglected. The institutions existing regulatory framework and organizational structure do not support digital consumers and digital trading (e-commerce) because institutions only deal with traditional practices related to conventional trading. In the Ministry of Commerce, only the WTO wing deals with e-commerce; they provide policy guidelines. The Ministry of Commerce does not offer any guidelines for grieved e-commerce consumers.

Despite that, the Competition Commission of Pakistan has actively promoted competition law and policy to protect consumers' rights from misleading information and anti-business activities. The cases that are dealt with are just related to conventional practices. Again, CCP has not amended existing rules and provided alternative rules to assist digital consumers and digital trading.

The evaluation finding shows that the commission has solved 481 cases till now. Of those, 52-cases are related to deceptive practices. Our study extracted 20 cases based on the filing date and solution/decision for evaluation. The competition commission's average time to resolve cases is around 443 days, which is ineffective.

For individual cases, i.e. the Cream VS Uber case, the case was filed on August 9, 2019, and closed on January 31, 2020. However, the court announced its decision after 176 days. In addition, another case involving OLX vs. Pak wheel was filed on May 3, 2019 and closed on January 23, 2020. The total time taken to announce the decision was around 277 days.

The commission investigates every case under the competition ordinance. Consequently, the observations indicated that the Commission is more efficient in complaint mechanisms for conventional consumers because they have an appropriate complaint mechanism. A consumer can file a claim online or in person. In contrast, it is less effective because, it consumes more time to resolve the cases. After all, the efficient time to decide is (90-150) days proposed by Indian consumers' courts.

On the other side, the commission is less effective as well as less efficient for digital trade and digital consumers because the commission does not make any policies or rules for digital trading and has not established any strategy to ensure digital consumer protection from deceptive practices in the e-commerce market. Although, they have not amended any rules in their ordinances regarding e-commerce. Furthermore, the filed cases are entirely related to traditional practices, while only two cases were associated with digital trade.

The mechanism for handling consumer complaints works as follows: the main purpose of consumer courts is to provide consumers with protection from unfair trade practices. The consumer can file a complaint against any unfair or deceptive trading practices, and the court will announce recommendations according to their observations. The Punjab consumer protection court has been very active in protecting consumers' rights from defective products and faulty services in traditional trading practices. From 2008 to 2019, there were 58890 total cases filed in the courts. Of those, 55240 were discarded, 22562 are still pending, and a few more were not processed further.

The evaluation indicated that Consumers could file a claim for a defective product and faulty service online or in-person in consumer court. Consumer courts are more effective than CCP

because it takes to resolve the case when seen from the lens of an average time. PCPC's average time to resolve a case in consumer court is approximately 172 days.

The cases filed in consumer court are related to traditional consumers. The Punjab consumer court is not efficient nor effective for digital consumers and digital trading (e-commerce or online shopping). Meanwhile, the consumer court has not amended any rules or laws regarding e-commerce. As mentioned earlier, the Indian consumer court amended consumer protection rules for e-commerce (2020). In contrast, the consumer court has yet to establish any rules under the Changing market conditions.

For comparative analysis, the complaint file details are extracted from the website of the Federal Trade Commission, which is promulgated consumers protection from deceptive and unfair practices. The average time taken to solve cases by the court is approximately 373 days. The FTC's action on cases filed and their disposal is more efficient. The details of the cases include case file to solution, enforcement type case solution under the legislation. Furthermore, the FTC has taken action against deceptive or unfair trade in digital trade. The details of the case solution are available in the preceding section. The FTC is also less effective because it took more time to resolve cases while efficient for the e-commerce market. As the commission proceeds, both traditional and digital consumers' grievances.

We have examined how different factors caused consumer rights during online shopping. The section presents an analysis of the responses collected by the data from 65 participants who suffered from deceptive and unfair trade practices during online shopping. According to the survey, most educated and young people preferred online shopping from age 21 to 30. We were able to distinguish some factors that perceive as more important. We can see that social media



networking is an essential factor in the digital market. As for getting information regarding goods and services from social media, including Twitter, YouTube, Whatsapp, Facebook, Instagram, etc., also most consumers place orders through social media. Facebook and Instagram are more usable platforms for online shopping.

Many consumers are deceived as they receive low-quality products and are defective during online shopping. It is also crucial for the service provider to provide good consumer service by offering consumer support and help for commercial activities online. While complaining about receiving a defective product, companies' official websites are the most targeted sites for registering complaints. The customers also used social media sites like Facebook, Instagram, and whatsapp to register their complaints. Whenever a consumer puts in a complaint, they often do not respond from the service providers. Sometimes the service provider responds, but they proclaim to the consumers that they cannot replace or refund due to the non-existence of any such policies. Hence, consumers lose both trust and money. Yet, the e-commerce platforms do not create policy guidelines to support consumers' grievances. The consumer grievances and consumers support policy determine future an expectation regarding e-commerce. It is vital for the consumer's right to protect them against such activities and secure them from fraudulent and unfair trade practices.

The respondents share their experiences. Some of the respondents stated that the whole process of online shopping is frustrating and that they have now stopped online shopping. One of the respondents mentioned that he had ordered two pairs of trousers for the winter season. The product description and quality were good on the website. The product he found could not be used in the summer season, as it was of low quality. When complaining to the service provider through Whatsapp, they blocked his number after delivering the product.

In some cases, if the service providers agree to replace, the return cost is more than the product's price. Consequently, the consumer cannot file any complaint against deceptive practices because the service providers are not compensating. However, one respondent argued that non-professionals are starting businesses on the digital market due to the non-existence of any solid check and balance, leading to fraudulent behaviors in the e-commerce market.

Conversely, the OECD surveyed to investigate consumer protection based on consumer experience during online shopping. According to EU consumers, 26% of consumers have received a damaged product, and 22% are worried about repairing or replacing damaged products. In contrast, 22% stated that returning products in e-commerce is complicated. Furthermore, the consumers share their experience; five consumers have experienced a problem buying and using e-commerce. The consumer complained about the late delivery, and one stated that the promised product never arrived.

Thus, consumer grievances are ignored during online shopping in Pakistan; the developed countries and developing countries do not have appropriate policies for consumer protection in the e-commerce market. However, consumers are being affected by receiving defective products. After that, complaining about imperfect trade practices, they are not getting any response, leaving them in a state where they can't return or replace the product, and the repayment against the defective products is non-existent.

As a final point, digitization in Pakistan depends upon internet service to the entire population. The exploration determines 3G, and 4G services will connect individuals with initiating possibilities for individuals and businesses. It can be predicted that it will provide a way forward to improvements in business, public safety, manufacturing, and online buying and selling.

Telecommunication companies boost digitalization and make a friendly environment for businesses. Additionally, Branchless banking and financial institutions also play a significant role in developing e-commerce. Likewise, Easy-paisa launched by Telenor, whereas Ufone and Jazz launched U Paisa and Jazz cash, respectively. Similarly, several regions in Pakistan do not have access to the network for the internet. Baluchistan is the most backward in-term of digitization; only nine districts have access internet out of 32. The same situation exists in other regions of Pakistan. There is a need to provide awareness regarding digitization and provide internet services for all, leading to the move toward traditional to digital.

## **Chapter-10**

### **Conclusions**

The dissertation focused on managing an e-commerce regulatory framework to protect consumer rights from unfair and deceptive trade practices. Overseeing the effectiveness of e-commerce platforms depends on the regulatory framework provided by the respective institutions and e-commerce platforms. For many reasons mentioned in chapter-3, the institutions do not provide an appropriate regulatory framework for e-commerce. Also, there is a lack of consumer support found by e-commerce platforms.

However, the government and institutions are not providing an environment to protect digital consumers. They are behaving in a way that will not help promote the e-commerce industry in Pakistan. Since they do not target or overwhelmingly understand consumer interests and consumer support (a complaints-driven mechanism). The consumer side has been neglected in the digital market. Nonetheless, institutions or consumer courts have amended no rules or laws to protect digital consumers from deceptive and unfair practices, scams, and fraudulent practices. Similarly, for the traditional cases, the institutions consume a lot of time to resolve consumer grievances.

These practices lead to a lack of confidence in online shopping and a trust deficit between consumers and sellers in e-commerce. It remains an unexploited marketplace in Pakistan. Whereas the Ministry of Commerce is developing e-commerce policy guidelines with the help of several other organizations, the wing of the MoC is the World Trade Organization, which deals with e-commerce policy as they provide policy guidelines for several different areas of e-commerce. However, policing relating to consumer grievance are once again being neglected. The policies are

not in line with the complaint-driven mechanism to ensure consumer rights protection in the digital market.

Additionally, no amendments proclaimed the rule for "protect antibusiness and unfair trade" in their Act for e-commerce by the Competition Commission of Pakistan. The existing structure and regulatory framework only support traditional commerce. Similarly, CCP does not have a single department to support the e-commerce market. As a result, the institutions do not provide a regulatory framework for e-commerce as the organization supports only traditional consumers.

It might have been easier to distinguish the challenges and issues in the e-commerce market. The e-commerce platforms mentioned in table-3 are collected from various websites, including social media networks (Instagram and Facebook), blogs, articles, and the internet. There are no appropriate websites or database sources available that provide data on e-commerce trading in Pakistan. Similarly, a more significant number of e-commerce platforms are not registered with any one of the respected reporting institutions; likewise, SECP or getting an NTN number from FBR.

Surveying the form of a questionnaire seems like an appropriate strategy to get a picture of the challenges faced by consumers during online shopping. The purpose of the survey is to gather information about how online shopping is perceived to be conducive to consumer protection and how e-commerce platforms manage consumers' grievances. We have found that consumers get information regarding goods and services through social media networking sites. However, Facebook and Instagram are the more preferred platforms. Additionally, consumers are also placing orders through social media networks. From the survey, we can see that they most often got defective or low-quality products if they placed an order online. After receiving it, they report

it but do not get a suitable response from the service providers. Despite this, many e-commerce platforms do not contain consumer support policies and complaint-driven mechanisms. There is no applicable policy, term, or condition for replacement or refund on consumer complaints.

Still, the service providers' deal with cash on delivery, the service providers have not adopted digital payment systems, and the respected institutions cannot provide incentives for digital payment for the e-commerce industry. Furthermore, telecommunication companies boost digitalization and create a friendly environment for businesses. Branchless banking and financial institutions also play a significant role in developing e-commerce. Likewise, Telenor launched Easy-paisa, whereas Ufone and Jazz launched U Paisa and Jazz Cash. However, the affordability of the internet also depends upon the internet charge borne by the telecommunication companies to their respective consumers. The findings showed that prompt response from the service provider and appropriate policy to support digital consumers are of great importance to promoting digital trade and consumer rights protection

Despite, based on comparative analysis, international practices and literature are included to identify which techniques are used to eliminate anti-competitiveness behavior, increase completion, and protect the consumer from deceptive and unfair trade practices. Similarly, the Federal Trade Commission was established to protect consumers from anti-business and misleading trade practices. They amended their act to protect consumers in the digital market and department and a council to monitor and enforce digital trade activities. The OECD will provide a policy guide to protect digital consumers and promote digital trade. Likewise, they provide a policy guideline for sweep and behavior targeting claims to respond to telemarketing fraud and deceptive online advertisements, respectively. The amendments to the Indian Consumer Protection Act and

e-commerce rule (2020) are also included for comparative analysis of whether the existing regulatory framework supports digital consumers or not. The amendment in their act is mentioned in the appendix.

The competition commission and other institutions should adopt supportive policy guidelines and rules proposed by international institutions. Hence, these international practices are viable to support the regulatory framework for e-commerce. To conclude, the aim of the dissertation was not to build any theory or model but to get a better understanding of consumer protection in the e-commerce marketplace. The proposed regulatory framework for e-commerce highlights these issues and provides an appropriate solution to the existing challenges.

To end with, Pakistan is at an initial stage of digitalization because a limited number of people have access to internet facilities. At the same time, a limited number of people access internet services in Pakistan, while most of the population cannot access the internet. Several regions in Pakistan do not have access to network services. Baluchistan is considered backward in terms of digitalization. Out of 32 districts, only nine districts have access to internet service. The same situation exists in other regions of Pakistan.

Consequently, the future of e-commerce depends upon the internet for all. Its efficiency and effectiveness are based on affordability and access to the internet for the entire population. The provision of 4G and 3G services for the whole population will assist in the digitalization of Pakistan. It will connect individuals with a robust, purpose-built generation, thereby commencing possibilities for industries and commerce. It can be predicted that the access and affordability of the internet will provide a way forward to gain from destiny improvements in business, manufacturing, and e-commerce (online Buying and selling).

## **Chapter-11**

### **Recommendations and policy Implications**

This chapter contains a concise list of recommendations for future actions for e-commerce platforms and the institutions dealing with consumer protection and trade promotion. It presents the general assumption upon which the future regulatory framework for e-commerce action should be based and a specific regulatory framework for e-commerce.

#### **11.1 Recommendations**

Based on the study and the information gained in the research process, our findings can provide some practical recommendations for concerned institutions and e-commerce platforms. We found that a suitable regulatory framework for e-commerce is essential for consumer rights protection and the promotion of digital trade. We, therefore, conducted our study. However, it can help manage a practical framework for e-commerce platforms. The issues highlighted and proposed in Chapter-3 for e-commerce pertain to which institutions and e-commerce platforms can be adopted and implemented for a practical regulatory framework and which institutions and e-commerce platforms can better serve consumer protection and promote digital trade.

- The effectiveness of e-commerce depends on the regulatory framework proposed by the institution to protect digital consumers. The institutions at the federal level and consumer courts at the district level in Pakistan are not providing an appropriate framework for protecting digital consumers' rights in the digital market. There is a need to afford a proper framework for the respective areas and amendments should be made to their acts for e-commerce rules. The revision of the framework will ensure consumer soundness and protect them from misleading and deceptive practices. The consumer protection act should openly and appropriately address the consequences of digital consumers by gaining



unprecedented law-making capabilities for the market. The Consumer Act should set market standards (including e-commerce rules) for consumer rights protection in the digital market.

- The consumer protection courts should amend their acts because the existing Act is outdated & similar and does not support digital trade. Additionally, Baluchistan and Islamabad have consumer protection Acts but do not have a consumer court. Meanwhile, Gilgit-Baltistan and Kashmir do not have a consumer court nor a consumer protection act. Consequently, the expansion of consumer courts should be throughout the country
- On the other hand, maintaining consumer rights protection in the digital market, some judges of consumer courts make decisions on their initiative or motivation. In contrast, the rest of the judges do not take cases related to digital trade. There is a need to establish consumer courts and legislate acts to support the e-commerce market and digital consumers. There is a need for consequential legislature law for e-commerce because existing law is provincial for only traditional commerce. The rest of the judges do not take cases related to digital trade.
- Ministry of Commerce should provide policy guidance for consumer rights protection, especially for consumer grievances in the e-commerce market because the issue is being neglected.
- CCP should amend its ordinance regarding deceptive and unfair practices in e-commerce. The consumer might be willing to claim over deceptive practices. Furthermore, there is a need to begin policy guidance for consumer support for digital consumers.

- CRCP should research and development for deceptive and unfair practices in e-commerce, provide consumer policy guidelines for consumer protection courts based on evidence and give a complaint portal for the consumers, where the suffered consumer can claim.
- It should be mandatory for all e-commerce platforms to recognize and implement compliant-driven mechanisms in their respective applications and websites. The consumer can easily file a claim for deceptive practices and defective product delivery
- Several other signs suggest an appropriate regulatory framework for e-commerce, specifically when comparing the institutions with other countries regarding consumer protection. Others have worked with a vision to improve consumer rights protection for both conventional and digital consumers. Likewise, the FTC, a US-based regulatory body, has implemented new rules and regulations for e-commerce to protect consumers from deceptive and unfair trade practices. There is a need to learn from their best international practices regarding e-commerce.
- In connection with consumer rights protection for the replacement and re-export of damaged goods, the institution and consumer courts should establish policies and rules regarding exciting aspects to look at in the e-commerce market.
- There is a need for linkage between consumers and service providers. It will be made possible by engaging in advocacy through various means, including seminars, awareness campaigns, and social media appliances like Facebook, Instagram, etc. It will also facilitate information transactions among them in a digital market.
- Scams and fraudulent, deceptive, and unfair practices have been found in the e-commerce market. Thus, these practices lead to a lack of confidence among the consumers and the

consumer's grievance being affected. Similarly, no regulatory body or institution exists responsible for monitoring digital trade practices and supporting consumer grievances. It can be recommended that there is a need to establish a consumer protection regulatory body for the e-commerce market or the existing institutions or regulatory bodies should establish a department or wing to support digital consumers. However, it will monitor the e-commerce market and enforce e-commerce rules.

- Additionally, it is a prerequisite to establishing a software/application or digital consumer portal for protection, through which consumers can easily access information and ensure the resolution of their complaints. As the Consumer Affairs Agency, Japan established the "Watch Over" network to highlight issues regarding digital consumers by using human resource consultants for their better treatment.
- There is a need to provide internet service for the entire population. However, a smaller number of individuals have access to internet services. Especially, rural areas and the northern region of Pakistan. The development of e-commerce depends on the affordable and accessibility of internet service.

## **11.2 implications for future study**

Here are some suggestions for future research.

The e-commerce way goes forward during COVID-19 because it provides incentives for businesses to transfer themselves from conventional commerce to electronic commerce. The way forward to studying during COVID-19: Does the existing regulatory framework emphasize digital consumer rights and fair trading practices in the digital marketplace?

- Future research is to conduct the same survey on consumer rights protection in the e-commerce market. At the same time, large sample size is being generated from different parts of the country. Furthermore, the respondents may not be targeted; the data may be collected from general consumers about issues and challenges in digital trading or e-commerce.
- The upcoming issue will be regarding logistic infrastructure. The current need for time is to research logistics infrastructure for the e-commerce industry. It is the process of shipping orders to the consumer or transporting products to the seller. The e-commerce platforms outsource their logistics to third-party logistics companies that provide incentives to store and transport goods, ensuring cost-effectiveness. Their party might be a cargo or courier service. However, there is a requirement to provide policy guidelines to upgrade digital infrastructure and resolve issues such as online booking and tracking shipments that go missing during transit, among other things, for the system to be sustainable and effective.
- One possible direction for future research is conducting the same evaluation for other institutions. Still, the current study is limited to only three institutions: at the federal level consumer courts at the district level. Future research can include more institutions at the federal and provincial levels to ensure consumer protection. Additionally, researchers in the future can look into both the supply and demand sides of e-commerce. Given below are the following institutions that are working for consumer rights protection.

### **1. Federal consumer-related**

1. Price control and prevention of profiteering and hoarding Act 1997
2. Pakistan stander and quality control authority Act, 1996

3. The cantonment pure food Act, 1966
4. Pakistan penal code 1960

## **2. Provincial-level**

1. The Punjab weight and measure (international system ) enforcement act 1975
2. Punjab essential article (control) ordinance 1973
3. The food authority Act 2011

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## **APPENDIX-A**

### **Amendment of Indian consumer court 2020 (E-commerce) Rule.**

The Department of Consumer Affairs proposed an amendment to the consumer protection (e-commerce) rule for 2020. The act is known as the Consumer Protection Act, and it applies to the entire country of India except for the state of Jammu and Kashmir. Any person owns, operates, or manages a digital or electronic facility for e-commerce. Its platform is used by a person fulfilling an order placed by a user on its platform under Section-2 (76) of the Company Act. To provide consumer interest protection and establish authorities for effective and timely administration and consumer dispute settlement in addition to that.

### **Consumer Behavior**

1. For any e-commerce entity, cross-selling is the sale of goods and services related to or complementary to a purchase made by the consumer at a given time.
  2. If the order is placed by a consumer and delivered by the seller, the entity fails to pay the good and service due to negligent conduct, omission, or commission. The seller is liable to fulfill the liabilities of the e-commerce marketplace entity that caused a loss to the consumer.
- The e-commerce platform sells goods and services by deliberately misrepresenting the nature of the goods the user is purchasing. The e-commerce platforms must register with the DPIIT (Department of Industry and Internal Trade). Every e-commerce platform should have an appropriate complaint redress mechanism concerning the number of complaints typically received. The purpose of the amendment is to inform consumers regarding the

redress mechanism for complaints. Appoint a chief compliance officer, who will be responsible for complaints regarding the rules and acts made thereunder.

3. Any audio or visual publicity, endorsement, or pronouncement made utilizing light, sound, smoke, gas, print, electronic media, websites, or the internet, as well as any notice, circular, wrapper invoice, or another document, is considered an advertisement.
  - The act is recognized by the state government and the central government of Pakistan and is issued subject to guidelines.
  - The central or state governments established any law that carries out evaluation or testing of any product to ensure the good suffers from any defect and maintains aid or finance.
4. A complaint is any written claim the complainant makes to obtain any relief provided by or under the act.
5. Unfair trade is any service provider or business practice that is restrictive or unfair.
  - They buy and sell goods and services and hire any service, online or offline, via electronic means, direct selling, phone, or multi-level marketing.
  - **Consumer dispute:** The person named in the complaint, who denies or disputes the criticism, refuses or conflicts. It has the right to know the quantity, quality, potency (strength), purity, and standard price of goods and services.

**(13) Direct selling:** Direct selling refers to the distribution or sale of goods and the provision of services, as well as the marking and distribution of the seller's network, rather than the permanent location of retail.

(16). **E-commerce:** "Buying or selling of goods and services, likewise digital products over a digital electronic network."

(17). "**Direct service provider**" means a person enabled to sell products via technology and engage in advertising or selling services or goods to the consumer through an online marketplace or online auction.

(18) Endorsement, a reference to the advertisement,

1. Any statement, message, or demonstration, whether verbal or nonverbal,
2. Description of the name, an individual likeness, or another identifiable personal characteristic.
  - The depiction of a seal of any organization or institution, which leads to the consumer's belief, leads to decision-making.

(19) "Establishment" includes an advertising agency, commission agent, manufacturing, trading, or any other commercial agency that carries on any business, trade, or profession or any work in connection with or incidental or ancillary to any (20) An "express warranty" is any material statement, factual affirmation, promise, or description relating to a product or service that warrants that it conforms to such material statement, accurate declaration, promise, or explanation, and includes any sample or model of a product that warrants that the entire product conforms to such example or model. (25) "Mediation" means the process by which a mediator mediates consumer disputes;

**Consumer protection council**

(1). the central government was established by the major consumer protection council, also known as the central council. It is an advisory council and consists of the following names:

The objective of the central council is to advise on the protection and promotion of the consumer's rights act.

The objective of every state is to provide advice and promote the consumer protection act's interests within the state. Every state shall be notified and shall establish a state consumer protection program. The chair is held by the Minister in charge of consumer affairs in the State government.

(3). the district council shall be an advisory council composed of the council collector and any other officials and non-officials appointed by the council. Every district council shall provide advice on the promotion and protection of consumers under this act within the district.

### **Product liability**

Apply any claim for compensation under product liability action by complaint about any harm caused by a defective product or service from the seller or manufacturer. Section (1) of Section 79 of the Information Technology Act of 2000 exempts any e-commerce platform liability. No e-commerce entity shall display or allow the display or promotion of misleading information or advertisements in the spirit of business.

## APPENDIX-B

### Reported cases (Calculation) Punjab consumer court

case file			Case Peding			Dispose off					
year	case file	per month	per day	year	Pending	per Month	per day	year	No#	per month	per day
2008	2418	80.6	6.62466	2008	1107	36.9	3.03288	2008	1503	50.1	4.11781
2009	3838	127.9333	10.5151	2009	2195	73.16667	6.0137	2009	2750	91.66667	7.53425
2010	3534	117.8	9.68219	2010	3672	122.4	10.0603	2010	3058	101.9333	8.37808
2011	3534	117.8	9.68219	2011	2017	67.23333	5.52603	2011	4487	149.5667	12.2932
2012	4668	155.6	12.789	2012	2687	89.56667	7.36164	2012	5068	149.5667	12.2932
2013	5259	175.3	14.4082	2013	2687	89.56667	7.36164	2013	5131	168.9333	13.8849
2014	4322	144.0667	11.8411	2014	2168	72.26667	5.93973	2014	3993	171.0333	14.0575
2015	3525	117.5	9.65753	2015	1704	56.8	4.66849	2015	2639	133.1	10.9397
2016	3006	100.2	8.23562	2016	2071	69.03333	5.67397	2016	5131	87.96667	7.23014
2017	2722	90.73333	7.45753	2017	2196	73.2	5.67397	2017	2638	171.0333	14.0575
2018	2975	99.16667	8.15068	2018	2405	80.16667	6.01644	2018	2794	87.93333	7.2274
2019	4477	149.2333	12.2658	2019	920	30.66667	6.58904	2019	3557	93.13333	7.65479
Total	58890	1963	161.342	Total	25829	860.9667	70.7644	Total	55240	1841.333	151.342

#### Assumption of calculation

1. Similarly, per month is calculated by the total case file divided by 30, the same as for the pending and dispose-off cases.
2. Calculate per day by total cases divide by the 356, same for others