

De Jure

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E-Commerce During Covid-19 And Thereafter



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Amidst the inevitable chaos and compulsive calm due to the prevailing restriction of movement pursuant to the outbreak of the novel coronavirus disease, the e-commerce sector amongst others has also taken a hit due to the virus. Since the onset of the country-wide lock down in India, the Ministry of Home Affairs ("**MHA**") had limited activities permitted under the e-commerce sector during Lockdown 1.0 and Lockdown 2.0. These restrictions have been eased somewhat during the third stage of lockdown i.e. Lockdown 3.0. The MHA through the guidelines issued on March 24, 2020 (further modified on March 25, 2020, March 26, 2020 and April 02, 2020) permitted delivery of essential goods such as food, groceries including hygiene products (*as clarified on March 29, 2020*), fruits and vegetables, dairy and milk products, meat and fish, animal fodder, seeds, fertilizers and pesticides, agriculture produce, drugs, pharmaceuticals, medical devices, their raw material and intermediaries during Lockdown 1.0 by companies operating under e-commerce sector.



Lockdown 1.0 witnessed panic buying across the country with a higher demand for goods that was unmatched with the corresponding supply of such goods posing a strain on the demand-supply chain. The annexure to the guidelines issued by MHA on March 24, 2020 in relation to the measures to be taken by the Government for containment of Covid-19 pandemic amongst other things clarified that delivery of only essential goods, including food, pharmaceuticals and medical equipment will be permissible through the e-commerce platforms.

Thereafter, during the second phase of lockdown i.e. Lockdown 2.0, the MHA issued a notification on April 19, 2020 stating that vehicles used by e-commerce operators will be allowed to ply with necessary permissions. However, the notification did not clarify whether such e-commerce operators will be permitted to ply and deliver non-essential goods along with essential goods. In light of the ambiguity, the MHA on April 19, 2020 issued a clarification to the effect that e-commerce companies shall not be permitted to sell non-essential goods and their operations shall be restricted for essential goods sale and delivery.

India is now in the third phase of government imposed lockdown i.e. Lockdown 3.0 wherein the Government has segregated areas across the country into three (3) zones namely, red zone, orange zone and green zone depending on areas most affected by Covid-19 to the least affected

areas. The MHA revised the guidelines issued by it earlier and clarified that e-commerce companies would be permitted to resume operations in certain parts of the country which fall under the green and orange zones starting from May 4, 2020 wherein delivery of both essential and non-essential goods will be permitted. However, restriction on activities in red zones continue to remain with only sale and deliveries of essential items and no operations being permitted in areas designated as containment zones across the country.

With the relaxation in delivery of non-essential items in the orange and the green zones, the e-commerce sector has been able to commence delivery of even non-essential goods and as such is expected to witness an increasing demand. Several e-commerce platforms have tied-up with entities to cope up with the increased demand, ITC Foods Limited has partnered with Dominos Pizza Inc., Flipkart tied up with Tata Consumer Products Limited, Spencer Retail Limited and Uber Technologies Inc.¹ Having said this, e-commerce companies are also facing several challenges to match the demand-supply chain in India such as mismanagement of logistics; understaffing of employees/labour, continual demand due to want of hoarding of goods by customers leading to uneven supply to the needy and backlog of orders. As a measure to address these challenges

¹ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/covid-19-compounds-challenges-for-amazon-walmart-in-india-58108050>

faced by e-commerce companies, Amazon has undertaken several steps (as mentioned in its annual shareholder letter) to mitigate such challenges like suspension of 6000 sellers for price surging and hiring additional 75,000 individuals to meet customer demand.²



The Government has in Lockdown 3.0 relaxed restrictions imposed in India on the sale of non-essential goods in a phase-wise manner by designating affected areas zone-wise. This will be much needed not just from a convenience perspective, it would also help sellers of non-essential goods and the e-commerce entities through increased sales. However once the lockdown is lifted the e-commerce industry may not only witness changes in the approach of customers in terms of buying pattern of such customers but also face challenges due to the after effects of lockdown.

² <https://tech.economictimes.indiatimes.com/news/internet/amazon-says-india-business-most-affected-due-to-covid-19/75484094>



Social distancing becoming the new normal and increased hygiene consciousness will also have an impact on the way consumers will shop in the near future. This would also result in an increased shift in consumers buying from traditional shopping methods to shopping digitally. From the e-commerce entities side, while consumer buying patterns and social distancing and other hygiene norms will have to be factored in and adhered to, by these entities, these entities will also have to innovate to meet change in consumer behaviour. The Government can also provide impetus to the digital space by introducing guidelines so as to encourage more and more retail traders to use e-commerce platforms effectively and in a hassle-free manner as an option for selling their products. Covid-19 will definitely bring a sea change in not just day-to-day lives across the world but also in the way we shop.

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