

Cabinet approves first-ever e-commerce policy framework

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ISLAMABAD: With a delay of more than three years, the Federal Cabinet on Tuesday approved the much-awaited first-ever e-commerce policy framework.

While approving the framework at the cabinet meeting, Prime Minister Imran Khan remarked that e-commerce will add synergy to Pakistan's Kamyab Jawan Programme and One-Woman, One-Bank Account initiative, while proving to be a driver of youth empowerment and employment generation through digital connectivity.

The current size of the local e-commerce industry seems to have no ballpark number. The only barometer to quantify is from sales proceeds. As per statistics, e-commerce sales in 2017 were Rs20.7bn, which grew by 93.7pc to Rs40.1bn in 2018.

Compared to this, the e-commerce sales in India is \$33bn, while in China it stood at \$1,526bn. The e-commerce sales are very high in developed countries.

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Under the policy, there is a gradual shift of cash-on-delivery (CoD) payment method to digital payments, with a time line of September 2022 for payments beyond Rs10,000. Furthermore, efforts will be made to convert all CoD payments into digital payments preferably within 10 years (2029). Currently, 60pc e-commerce transactions by value are post-paid CoD transactions.

It is recommended that that Ministry of Information Technology in collaboration with the State Bank of Pakistan (SBP) will approach PayPal and other payment gateways to ensure availability of several international payment gateways in Pakistan.

As per approved framework, e-commerce is defined as buying and selling of goods or services including digital products, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks.

Under the framework, a National e-Commerce Council will be established and the re-export of faulty goods will be allowed. It has also been decided to allocate e-commerce to the commerce division and review and follow international best practices in taxation. The e-procurement model will also be introduced.

The Electronic Transaction Ordinance 2002 and prevention of Electronic Crime Bill 2016 provides the basis for legislative infrastructure for e-commerce operations. Additionally, an Electronic Certification and Accreditation Council has been established to deal with e-signatures and e-contracts for e-transactions.

However, there is a weak regulatory mechanism for consumer protection, data and information privacy, insurance liability and dispute resolution for e-commerce transactions. Under the policy, it has been proposed to establish e-Courts for quick processing of consumer cases, establish consumer courts in all districts, establish Independent Alternate dispute resolution mechanism at Federal & Provincial level and include e-commerce disputes in draft Trade Dispute Resolution Act (TDRA).

Moreover, it will be compulsory for all e-businesses, having sales of more than Rs1m per annum to register with Securities and Exchange Commission of Pakistan. Similarly, all online businesses to maintain a physical address in Pakistan and a code of conduct will be introduced for e-commerce platforms to ensure consumer protection.

An official announcement of the Commerce Division said that the framework will empower the women entrepreneurs and encourage micro, small and medium enterprises to play their role in Pakistan's economy and prosperity. It will also be a tool for export enhancement through e-commerce platforms.

Furthermore, it will serve as a breeding ground for an e-commerce ecosystem, responsive to consumers' interests, including dispute resolution. Lastly, it will be a harbinger of transparency and accountability in digital industry.

This policy framework has following nine policy areas having facilitation, promotion and regulation.

These includes — e-commerce regulation and facilitation, financial inclusion and digitisation through payment infrastructure, empowering youth and SMEs through business support programmes and trade development, consumer protection, taxation structure, ICT infrastructure and telecom services in Pakistan; logistics, data protection and investment and global connectivity and participation in multilateral negotiations.

The prime minister observed that around 64pc of Pakistan's population is under the age of 29 and is thus more open to embrace technology. Furthermore, he highlighted that Pakistan despite having 161 million cellular subscribers, 70 million 3G/4G subscribers, 72 million broadband subscribers and total tele-density of 76.56pc has not been able to capitalise upon the true potential of its available ICT infrastructure.

Khan underscored that the subject of e-commerce is ever-evolving and Pakistan has taken its first step in the right direction and this policy framework will bear fruits in near future and will prove to be a game changer for Pakistan in the longer run.

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