

**INDIAN CONSUMER LAWS IN DIGITAL  
TRANSACTION - AN ANALYSIS OF ITS  
EFFECTIVENESS**



**CHANAKYA  
UNIVERSITY**

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## **DECLARATION**

I, B.J. Shreevara hereby declare that the dissertation work titled INDIAN CONSUMER LAWS IN DIGITAL TRANSACTION - AN ANALYSIS OF ITS EFFECTIVENESS is an original work done by me under the supervision of Assistant Professor Dr Harshita Kulkarni, School of Law, Governance and Public Policy, Chanakya University, Bangalore.

I further declare that to the best of my knowledge this LL.M. dissertation does not contain any part which has been submitted for the award of any degree either in this University or in any other Institutions without proper citations. It is further declared that all the sources of information used in the dissertation have been duly acknowledged. I understand that the dissertation may be electronically checked for plagiarism by anti plagiarism software to assess the originality of the submitted work.

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Place: Bengaluru

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*Spring Meadows Hospital v. Harjol Ahluwalia*, AIR 1998 SC 1801

*Verbraucherzentrale Bundesverband v. Amazon*, Case C-649/17,  
CJEU, Judgment of 2 July 2019, ECLI: EU:C:2019:576

## List of Abbreviation

ACCC	Australian Competition and Consumer Commission
ACL	Australian Consumer Law
ADR	Alternative Dispute Resolution
AI	Artificial Intelligence
AIR	All India Reporter
ANPD	Autoridade Nacional de Proteção de Dados (Brazil's National Data Protection Authority)
APEC	Asia Pacific Economic Cooperation
AUD	Australian Dollar
BCE	Before Common Era
BNPL	Buy Now Pay Later
CCI	Competition Commission of India
CCP	Central Consumer Protection
CERT-In	Indian Computer Emergency Response Team
CJEU	Court of Justice of the European Union
COPPA	Children's Online Privacy Protection Act
CPA	Consumer Protection Act
CUTS	Consumer Unity & Trust Society

DSA	Digital Services Act
DPDP Act	Digital Personal Data Protection Act
DPSP	Directive Principles of State Policy
E-commerce	Electronic Commerce
Edn	Edition
FTC	Federal Trade Commission
FTC v. AMG	Federal Trade Commission v. AMG Capital Management
GDPR	General Data Protection Regulation
Google LLC	Google Limited Liability Company
HIPAA	Health Insurance Portability and Accountability Act
ICPEN	International Consumer Protection and Enforcement Network
IMA	Indian Medical Association
IT	Information Technology
KYC	Know Your Customer
LDA	Lucknow Development Authority
LGPD	Lei Geral de Proteção de Dados (Brazilian General Data Protection Law)
MRTP Act	Monopolies and Restrictive Trade Practices Act
NCC	National Consumer Commission
NGO	Non-Governmental Organization

NGOs	Non-Governmental Organizations
NPCI	National Payments Corporation of India
OECD	Organisation for Economic Co-operation and Development
ODR	Online Dispute Resolution
P	Page
PIL	Public Interest Litigation
PP	Pages
RBI	Reserve Bank of India
SCC	Supreme Court Cases
SC	Supreme Court
Section 43A	Section 43A of the Information Technology Act, 2000
Section 66C/66D	Section 66C and 66D of the Information Technology Act, 2000
SPDI	Sensitive Personal Data or Information
TRAI	Telecom Regulatory Authority of India
TV	Television
UIDAI	Unique Identification Authority of India
UPI	Unified Payments Interface
UN	United Nations

UNCTAD	United Nations Conference on Trade and Development
UNCITRAL	United Nations Commission on International Trade Law
VLOPs	Very Large Online Platforms
Vol	Volume

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**CHAPTER I - INTRODUCTION**  
**AN ANALYTICAL REVIEW OF THE EFFECTIVENESS OF**  
**INDIAN CONSUMER PROTECTION LAWS IN DIGITAL**  
**TRANSACTIONS**

## 1.1. Introductory Paragraph

The government scheme called Digital India transformed the Indian banking system from cash based transactions to digital payments.<sup>1</sup> This change represents a fundamental shift in the economic and social fabric of the country. Until the introduction of this scheme, the nation heavily relied on the conventional banking system. Today, India harnesses digital power across all sectors from small roadside vendors to multinational companies. Every Indian was once accustomed to the traditional banking system. Although the process appeared simple, it was plagued with several issues for example, lack of transparency, inefficiency, and most significantly, corruption. Financial exclusion becomes serious concern, especially for rural and marginalized segments of society, who were denied access to formal banking channels. Digitalization slowly began to address these customer issues. Before digitization, the system suffered from delayed and inadequate grievance redressal mechanisms. The informal nature of transactions allowed fraudulent activities to flourish, making them difficult to trace. This led to repeated violations of consumer rights, with little or no recourse for the victims. The shift to digital transactions was not a technological revolution, but also a strategic necessity. The rollout of Aadhaar, India's biometric identity system<sup>2</sup>, along with initiatives like Jan Dhan Yojana (a financial inclusion scheme) and mobile banking apps set the stage for a financial system that was inclusive and accessible.<sup>3</sup> The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI), revolutionized consumer engagement with financial institutions by bringing about real time, interoperable, and low cost digital payment mechanisms.<sup>4</sup> For the majority of Indians,

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<sup>1</sup> Ministry of Electronics and Information Technology, *Digital India Programme*, Government of India, Available at: <https://www.digitalindia.gov.in/> (last visited may 5, 2025)

<sup>2</sup> Government of India, *Pradhan Mantri Jan Dhan Yojana – A National Mission on Financial Inclusion*, Ministry of Finance (2014), available at: <https://pmjdy.gov.in> (last visited may 5, 2025)

<sup>3</sup> Unique Identification Authority of India, *About Aadhaar*, UIDAI, available at: <https://uidai.gov.in> (last visited may 5, 2025)

<sup>4</sup> Reserve Bank of India, *Report on Trends and Progress of Banking in India 2021-22*, chapter IV: Payment systems (December 27, 2022), PDF.

particularly those in semi urban and rural areas, these innovations gave their first real exposure to formal financial systems.

Even while electronic transactions have brought many benefits convenience, quickness, reduced cash handling, and increased accountability these in turn have created new challenges. Growth in electronic commerce has been accompanied by the growth of cyber fraud, theft of data, phishing, and unauthorized financial transactions. These have hit the typical consumer hard, a vast number of whom lack the digital competence and resources essential for effective protection for themselves. Examples of consumers being targeted by imitation applications, misuse of their banking details, or misleading ads have become common. The visibility of consumers in the new digital world underscores the imperative necessity of systemic consumer protection measures specifically designed for the digital world. Even beyond the world of the Internet, consumer protection has faced profound challenges. The most notable example is *Hindustan Coca-Cola Beverages Pvt. Ltd. v. Purushottam Gaur and Ors.*<sup>5</sup> where a consumer discovered insects inside a closed beverage container. The courts established the consumer's case, and compensation was provided for both health risks and for the psychological pain suffered. The case highlights the paramount importance of ensuring product security as well as the legal environment's recognition of consumer rights. These cases reflect that no matter the physical or virtual nature of the market, protecting consumers against dangerous or inappropriate practices remains an ongoing concern. In the past, consumer protection in India was primarily addressed by the Consumer Protection Act, 1986.<sup>6</sup> Although the act established the basic framework of consumer protection for consumer rights, it was perceived to be weak in addressing the intricacies and issues of the digital economy. Sensing the lacuna, the Indian Parliament subsequently enacted the Consumer Protection Act, 2019, effective

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<sup>5</sup> *Hindustan Coca-Cola Beverages Pvt. Ltd. v. Purushottam Gaur & Anr*, Civil Appeal No. 9084 of 2017, decided on 3 May 2023 (Supreme Court of India).

<sup>6</sup> *The Consumer Protection Act*, 1986, No. 68 of 1986, *Gazette of India*, Extraordinary, part II, Sec 1, dated December 24, 1986.

from July 2020.<sup>7</sup> The new legislation introduced significant provisions concerning e-commerce, unfair trade practices, product liability, and redress mechanisms for consumer disputes. Above all, it tasked the Central Consumer Protection Authority (CCPA) with regulating affairs concerning violations of consumer rights arising out of the digital economy. Even though India is trying to recover from every problem, there remains a significant gap. Consumers continue to remain largely ignorant of their rights, and this group constitutes a substantial percentage of the population. Many consumers are still unaware of their rights in the digital space. In the context of transborder digital transactions, current laws are not fully implemented and remain patchy, particularly when it comes to foreign e-commerce websites selling products in India. The fast evolving nature of technology, coupled with varying legal frameworks across jurisdictions, often outpaces the law's capacity to respond effectively. When issues such as data breaches or unsuccessful digital transactions arise, consumers are frequently left without clear legal recourse. Uncertainty continues to surround the question of who bears responsibility particularly in cases involving digital service providers. In this regard, India's consumer protection regime still falls short of aligning with global standards. For instance, the European Union's General Data Protection Regulation (GDPR) treats data protection and privacy as fundamental rights.<sup>8</sup> In contrast, although India's legal system is gradually evolving, it still lacks a fully developed and comprehensive data protection law. The United States follows a sectoral approach, with stand alone regulations for each sector. China, on the other hand, follows a centralized approach, with strong state regulation. India is attempting to create a hybrid framework that balances economic growth and innovation, while also addressing consumer protection and data security. However, the sheer scale and diversity of the Indian population, along with varying levels of digital literacy and infrastructure access, make this effort more challenging. Coping with this backdrop, the present dissertation attempts to analyze the evolution of Indian consumer

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<sup>7</sup> *The Consumer Protection Act*, 2019, No. 35 of 2019, *Gazette of India*, Extraordinary, part II, Sec 1, dated August 9, 2019 (came into force on 20 July 2020).

<sup>8</sup> European Union, *General Data Protection Regulation (GDPR) – Regulation (EU) 2016/679*, *EUR-Lex*, <https://eur-lex.europa.eu/eli/reg/2016/679/oj> (last visited May 4, 2025).

law and examine its effectiveness in the context of digital transactions. A critical analysis will be conducted to assess the adequacy of the existing legal framework, identify prevailing loopholes, and recommend international best practices tailored to national realities. In the digital age, this study will adopt a combination of doctrinal research, case law analysis, and comparative legal analysis to evaluate whether the current regulations are sufficient to protect the interests of Indian consumers

The dissertation will also attempt at suggesting reforms, with a focus on

- i. Improving legal awareness,
- ii. Simplifying mechanisms for dispute resolution,
- iii. Enhancing regulatory enforcement,
- iv. Incorporating consumer feedback into policy-making.

As India continues to grow as a digitally-driven economy, consumer protection has become an ethical mandate no longer merely a legal necessity, but a fundamental responsibility. The law needs to keep pace with the technology, with the consumer as the driving force of the digital revolution. This dissertation hence adds to the discourse on consumer rights and digital governance, trying to shape policy, practice, and future research in this significant field.

## **1.2. Problem Statement**

The spectacular rise in electronic transactions in India, driven by technological breakthroughs and government initiatives like the Digital India initiative, has turned the nation into one of the leading digital economies of the world. With this digital revolution, however, came new exposures of Indian consumers to new risks, particularly concerning the industry of e-commerce. Even after the enactment of the Consumer Protection Act of 2019 and enabling regulatory codes like the Consumer Protection (E-Commerce) Rules

of 2020 that were enacted to counter such problems, colossal loopholes continue to exist in enforcement mechanisms, education to consumers, and supervisory regulations.<sup>9</sup>

The main problem is the lack of awareness among Indian consumers regarding their rights and remedies under the Consumer Protection Act, 2019 and related digital commerce law. Lacking statutory protection, the majority of consumers remain ignorant of legal recourse available to them and therefore are deterred from accessing effective redress.<sup>10</sup> This legal illiteracy is compounded by growing digital transaction complexity and ineffective consumer outreach by consumer protection authorities. Thus, even when consumer injury does result by fraud, misrepresentation, or exploitation of data many victims are reluctant or incapable of seeking redress through formal grievance machinery. The protection of consumer rights in the e-commerce sector is largely uneven. Agencies such as the Central Consumer Protection Authority (CCPA), though empowered to take action against unfair trade practices and e-commerce misuses, are constrained by capacity limitations, uncertainty regarding jurisdiction, and procedural inefficiency.<sup>11</sup> Though the consumer grievance redressal system has been introduced through online portals and call centers, it continues to suffer from inefficiencies, especially in dealing with complaints regarding sophisticated digital transactions or new age fraud techniques. Further, online platforms and intermediaries often shirk accountability for consumer harm due to vagueness in the regulatory environment. Data privacy has become a building block issue in the digital economy, especially with increasing use of artificial intelligence (AI) and big data technologies. Existing legal responses provide patchy protection and are insufficient for dealing with the misuse of personal data.<sup>12</sup> Customers typically engage with websites that gather, process, and potentially exploit huge amounts of personal data with minimal transparency or consent. With AI systems rendering profiling customers

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<sup>9</sup> Supra note 1.

<sup>10</sup> Anurag Joshi, "Consumer Awareness in Digital Transactions: A Legal Gap Analysis." *Journal of Cyber Law & Policy* (2021).

<sup>11</sup> Central Consumer Protection Authority, *Annual report 2022-23* (Ministry of Consumer Affairs, Food and Public Distribution, Government of India, 2023), p. 45.

<sup>12</sup> Dvara Research, *Data Protection and Consumer Rights in India* (2023) p. 1.

more potent and changing customer's purchasing behavior, lacking strong legal protections creates serious ethical and legal issues in the field of autonomy, consent, and surveillance. Adding to these concerns is the issue of jurisdiction and enforcement regulation in cross border online commerce. An increasing share of online transactions involves foreign sellers or platforms, generating legal doubt about applicable rules, competent authorities, and enforcement regimes. Indian consumers often find themselves at a disadvantage when involved in disputes with international entities.

This is also the result of the fact that national laws offer few avenues for redress, if any, and are almost never articulated according to international legal norms and mechanisms for enforcement. That has meant foreign businesses at times can escape accountability. In the world of cross border e-commerce, issues of jurisdiction, enforcement of consumer rights and regulatory disharmony stand in the way of justice for consumers. The Indian consumer will never get justice if the provider of services is abroad. To this must be added problems concerning conflicts of laws, uncertainty as to the interpretation of contractual provisions and inadequate access to effective dispute resolution facilities. They are the very things that make justice so often delayed or even denied, again and again leaving common Indian people disillusioned as well as underserved. That is partly because national laws provide little if any opportunity for recourse, and are rarely written in a way that complies with international legal norms and the mechanisms to enforce them. That has allowed foreign businesses to sometimes evade accountability. In the world of cross border e-commerce, problems of jurisdiction, consumer redress and regulatory conflict present barriers to justice for consumers. Unless the seller of services is in India, we will never get justice in India as a consumer.” To all this must be added difficulties relating to the conflict of laws and the value of interpretation of contractual terms and the insufficient of access to an efficient justice system. These algorithms analyze a large amount of user data in order to show personalized content and guide purchasing decisions. Being always learning algorithms, they update their predictions accordingly until it matches the personal preference of specific consumers. While this

may increase user engagement, it also incurs serious risks for manipulation through black box algorithms and behavioral targeting. To mitigate the risks, the legal and regulatory framework has to advance enough so that the technologies can be used in an ethical and transparent manner. Their oversight is especially important when such systems are undermining consumer autonomy or data privacy, often without consent. Our nation's digital consumer protection policy should also be reviewed in light of international policy. The European Union's General Data Protection Regulation (GDPR) and the U.S.'s sectoral regulatory approach provide important guiding principles on consumers' rights protections.<sup>13</sup> A comparative legal analysis can help identify best practices that India can adopt to strengthen its own legal system and enhance consumer protection in the evolving digital landscape. India should adopt stricter data protection standards, ensure greater accountability of all digital platforms, and enforce transparency in AI regulation. National legislation is increasingly being influenced by international trade treaties and digital economy clauses, making it crucial that domestic consumer interests are not compromised when India enters into trade agreements, especially those involving digital trade. It is vital that these agreements are structured to open markets and foster technological innovation, but without limiting the government's regulatory autonomy. Therefore, cautious negotiation is essential. Striking a balance between trade liberalization and robust consumer protection is critical to achieving sustainable digital growth. India's legal frameworks must be reformed as a priority to effectively counter digital fraud. Currently, laws are insufficient to address sophisticated cybercrimes such as phishing, identity theft, and misleading advertising, which are on the rise. The absence of rapid response mechanisms, limited forensic capabilities, and lack of global coordination hinder enforcement efforts and embolden cybercriminals.

To regain consumer confidence in digital trade, it is essential to

- i. Legislation related to cybercrime should be Enhanced and strengthened
- ii. Coordination with international enforcement agencies should be improved, and

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<sup>13</sup> *Supra* note 7; Federal Trade Commission, *Privacy and Data Security Update: 2022* (Washington, DC, 2023).

- iii. Advanced digital tool need to be given to regulatory bodies.

This dissertation attempts to evaluate the effectiveness of the Consumer Protection Act, 2019, along with related legal instruments, in safeguarding Indian consumers in the digital landscape.<sup>14</sup> It will scrutinize consumer awareness, adequacy of remedy in law, enforcement tools, and how new technologies are affecting consumer rights. Particular emphasis will be given to jurisdictional issues, effects of international trade agreements, and comparative analysis with international models. The aim is to suggest practical legal reforms and policy suggestions that can fill the gaps in India's digital consumer protection architecture so as to provide strong and future-proof protections to consumers in the digital space.

### **1.3. Objectives of the Study**

- i. To find out how much consumers know about their rights and protections in digital transactions, and how legally aware they are.
- ii. To understand what enforcement systems are currently in place for solving complaints in e-commerce.
- iii. To study the problems related to new technologies like AI, especially when it comes to data privacy and digital security.
- iv. To look into the legal and regulatory problems that come up in cross border e-commerce.
- v. To learn from global consumer protection systems and suggest useful ideas for India.
- vi. To critically examine the development and sufficiency of Indian consumer protection legislation in the digital transaction context.

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<sup>14</sup> *Supra* note 5.

## **1.4. Hypothesis**

- i Despite the enactment of the Consumer Protection Act, 2019 and the Consumer Protection (E-Commerce) Rules, 2020, limited consumer legal awareness and weak enforcement mechanisms significantly hinder effective redressal of grievances in digital transactions.
- ii The current legal framework lacks sufficient provisions to ensure accountability of online marketplaces and intermediaries, while also failing to adequately address cross border jurisdictional challenges and emerging risks such as data privacy violations and AI driven discrimination.
- iii India's digital consumer protection regime remains underdeveloped compared to international standards such as the European Union's GDPR, indicating the need for comprehensive reforms and alignment with global best practices in data governance, enforcement, and consumer rights.

## **1.5. Review Of Literature**

**Avtar Singh, Consumer Protection Law and Practice, (Eastern Book Company, Lucknow 5<sup>th</sup> edn. 2015).**

This book covers both the 1986 and 2019 Acts. Key statutory concepts such as "deficiency in service," "unfair trade practices," and the evolution of consumer rights jurisprudence are very well explained in the book. The limitations of the 1986 Act in the context of the digital realm are critically examined, thereby highlighting the need for reforms that the 2019 Act seeks to address.

Limitations: Even though the explanations are helpful, the book's discussion on digital consumer issues is more descriptive than analytical. It does not delve into enforcement challenges in online commerce or examine how AI and data privacy interact with consumer rights.

**Nidhi Saxena, "Consumer Protection in the Era of E-Commerce: A Critical Analysis of the Indian Legal Framework" 13 NALSAR Stud. L. Rev. (2021)**

This paper critically analyzes the effectiveness of the Consumer Protection (E-Commerce) Rules, 2020. It argues that while the Rules aim to hold marketplaces accountable, ambiguities in intermediary liability and enforcement authority leave significant regulatory gaps.

Limitations: The article lacks empirical analysis or field-based assessments of how consumers interact with these rules in practice.

**R. Sharma and A. Singh, "E-Commerce and Consumer Grievance Redressal Mechanisms in India: Evaluating the Effectiveness of the CCPA" 16 Indian J.L. & Tech. (2020).**

This article evaluates the role of the Central Consumer Protection Authority (CCPA) in regulating e-commerce disputes. It finds the institutional setup promising, but under resourced and underutilized, with poor public awareness and limited outreach in rural areas.

Limitations: consumer satisfaction data is not considered to evaluate the effectiveness and does not consider as comparative enforcement models.

**K. Gopalakrishnan and V. Jain, "AI and the Law" NUJS Law Rev. (2023).**

This article delves much deeper into the legal implications of modern problems like AI in commercial ecosystems, in that particularly focusing on algorithmic bias, automated decision making, and consumer profiling is also considered. It warns about the risks posed by non-transparent AI systems, and the lack of specific legislative remedies in India is also stated in the review.

Limitations: largely normative recommendations, lack of statutory proposals or enforcement frameworks.

**Organisation for Economic Co-operation and Development, “Customer Protection Enforcement in Global Marketplace” OECD Digital Economy Papers No.266 (2018).**

This OECD report identifies challenges faced by nation in cross-border e-commerce, that includes jurisdictional ambiguity, enforcement barriers, and non-uniform redress systems. It promotes the best practices like international cooperation, legal harmonization, and data-sharing agreements.

Limitations: This report considers and focuses on developed economies. The challenges faced by emerging markets are largely not addressed.

**European Commission, General Data Protection Regulation (GDPR) Handbook (2020).**

GDPR's principles are explained in this legal guide. The core concepts of this legal book are consent, accountability, data minimization, and enforcement mechanisms. Consumer privacy and data protection should always be a top priority. These principles should be considered in light of India's fragmented approach.

Limitations: Although GDPR's principles appear ideal, their direct implementation in the Indian context is challenging; contextual adaptation is necessary.

**D.P. Mittal, Law of Consumer Protection with E-Commerce, 1st ed. (Commercial Law Publishers (India) Pvt. Ltd., 2024).**

This phenomenal discussion compels the inclusion of the Consumer Protection (E-Commerce) Rules, 2020 into doctrinal discourse, as traditional consumer protection frameworks are no longer sufficient for addressing complex digital issues. There is a growing need to blend traditional principles with contemporary consumer protection laws. The author examines regulatory obligations for e-commerce platforms, such as grievance redressal mechanisms, transparent return policies, and seller information disclosures. The book's utility lies in its clear breakdown of platform based liabilities,

offering students and legal practitioners a concrete framework to understand how e-commerce intermediaries are regulated under the 2019 Act.

Limitations: Despite its expansive coverage, Mittal's work remains largely black letter in nature. The analysis is more descriptive than critical, lacking empirical evaluations of how effectively these rules are being enforced across India's diverse digital consumer base. There is little reflection on technological barriers or user literacy both of which influence actual consumer empowerment.

### **Taxmann's Consumer Protection Law & Practice (2024 Edition)**

As digital transactions become increasingly common, businesses are using sophisticated strategies to capture consumers' attention and loyalty. They have gained a strong foothold in areas such as dark patterns tactics designed to mislead users surrogate advertising, which promotes products indirectly, and the use of algorithms to influence consumer behavior. Taxmann's Consumer Protection Law & Practice provides clarity on all these emerging concerns, especially under the framework of the Consumer Protection Act, 2019. It includes the full text of the statute, relevant rules, and well explained summaries of key court decisions. It also includes compliance checklists for platforms, a helpful addition for legal advisors and business stakeholders.

Limitations: The strength of this book lies in its statutory interpretation and accessibility, but it does not offer a deeper policy critique. It avoids difficult questions like how consumer laws intersect with digital privacy, international jurisdiction, or manipulation via algorithms. Additionally, there is minimal engagement with grassroots level consumer realities in the digital age.

### **Anoopam Modak, Commentary on the Consumer Protection Act, 2019 (Whitesmann Publishing Co, New Delhi, 1<sup>st</sup> edn. 2023).**

Commentary on the Consumer Protection Act, 2019 by Anoopam Modak Modak's commentary is particularly strong in tracing the historical evolution of consumer protection laws and placing the 2019 Act within that continuum. His chapter on

e-commerce provides a comparative analysis between traditional offline protections and emerging challenges like fake reviews, deceptive UI practices, and hidden fees. The book attempts to evaluate the efficiency of the Central Consumer Protection Authority (CCPA) in digital grievance handling and draws attention to its operational scope.

Limitations: The commentary, while solid in explaining the law, offers only limited forward looking analysis. There is insufficient discussion on how technologies such as AI, blockchain, or digital ID systems could transform consumer rights enforcement in the future. Moreover, regional implementation gaps are barely touched upon.

### **Commentary on Consumer Protection Act, 2019 by Prof. (Dr.) Ashok R. Patil**

Prof. Patil, known for his work in consumer clinics and advocacy, presents a practitioner grounded commentary. He provides a unique field based perspective, having worked with actual consumer disputes through the National Law School's clinics. His discussion extends beyond textual law and into real life implications of poor digital grievance redressal. The book highlights that marginalized communities, especially individuals with limited digital literacy, frequently remain excluded from effective remedies, even when legal provisions appear comprehensive on paper.

Limitations: Its analytical scope with more quantitative data or a structured evaluation matrix of redressal outcomes could be explained more precisely. The role of tech companies in policy lobbying and influencing regulation is also underexplored.

## **1.6. Research Methodology**

This study is based on a doctrinal and analytical legal research approach with a focus on critical examination of statutory provisions, judicial decisions, and regulatory directives governing digital consumer transactions in India. The primary purpose is to analyze the effectiveness of existing legal schemes in protecting consumer rights in the rapidly emerging digital economy. The most significant pieces of legislation the Information

Technology Act of 2000,<sup>15</sup> the Consumer Protection Act of 2019,<sup>16</sup> and the Consumer Protection (E-Commerce) Rules of 2020<sup>17</sup> are the focus of the study. These deeds from the foundation of Indian laws pertaining to digital age consumer's rights. The study explores important court decisions as well, like *K.S. Puttaswamy v. Union of India*,<sup>18</sup> which established the limits of data protection and consumer privacy in online transactions by stating that the right to privacy is a fundamental right. The study uses a comparative legal methodology in addition to domestic legal analysis to evaluate India's digital consumer protection framework in light of international best practices.<sup>19</sup> This entails contrasting the sectoral regulatory frameworks of the US and the General Data Protection Regulation (GDPR) of the EU in order to identify best practices that can influence and enhance India's legal structure.<sup>20</sup>

### **1.6.1. Doctrinal Analysis**

The doctrinal process includes a methodical and critical analysis of primary legal texts. This strategy requires a careful examination of relevant legislation, particularly the Consumer Protection Act of 2019, which serves as the cornerstone of India's legislative framework for consumer rights in the digital age. In this context, the Consumer Protection Act of 2019's applicability and efficacy in addressing problems pertaining to online consumer transactions are evaluated critically. Particular focus is placed on the 2019 Act's provisions are put into effect within the context of digital commerce by the Consumer Protection (E-Commerce) Rules, 2020. These regulations seek to prevent unfair trade practices in the online marketplace in addition to defining the obligations of e-commerce entities and establishing procedures for grievance redress. Examining the

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<sup>15</sup> Ministry of Law and Justice, *The Information Technology Act, 2000*, Government of India, available at: [Legislative Department | Legislative Department | India](#) (last visited May 13, 2025).

<sup>16</sup> *Supra* note 5.

<sup>17</sup> *Supra* note 1.

<sup>18</sup> AIR 2017 SC 4161.

<sup>19</sup> Lisa Webley, "Qualitative Approaches to Empirical Legal Research," in Cane & Kritzer (eds), *The Oxford Handbook of Empirical Legal Research* (Oxford University Press, Oxford, 2010), p. 927.

<sup>20</sup> *Supra* note 7 .

pertinent provisions of the Information Technology Act, 2000, especially those pertaining to data protection and electronic transactions, is also crucial to gaining a comprehensive understanding of the legal framework governing online consumer interactions. Cases like *K.S. Puttaswamy v. Union of India*, which acknowledged the right to privacy as a crucial part of the right to life and personal liberty under Article 21 of the Constitution, are critically examined in the study.<sup>21</sup> This historic ruling has important ramifications for consumer privacy and the security of online transaction data. *Hindustan Coca-Cola vs. Purushottam Gaur*, which dealt with the processes for resolving customer grievances, is another relevant case.<sup>22</sup> Examining pertinent case law provides insightful information about new developments in the law and the effective implementation of consumer rights. Government publications and policy papers are also looked at to add contextual and interpretive depth to this analysis. These include publications from groups like CUTS International that contribute to consumer protection legislation and documents from the Ministry of Consumer Affairs that offer information on the application and results of such laws. factual information about customer satisfaction and knowledge.<sup>23</sup>

## **1.6.2. Comparative Legal Analysis**

Through comparative legal analysis, this paper places India's framework for digital consumer protection in a larger global context. The study intends to identify best practices and possible areas for reform within the Indian legal landscape by assessing consumer protection regimes in other jurisdictions. Particular attention is given to the European Union's General Data Protection Regulation (GDPR), often cited as a benchmark for its comprehensive approach to data privacy and the protection of digital consumer rights. By placing a strong emphasis on explicit user consent, limiting the collection of personal data to what is strictly necessary (data minimization), and ensuring

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<sup>21</sup> *Supra* note 18

<sup>22</sup> *Supra* note 5

<sup>23</sup> Ministry of Consumer Affairs, *Annual Report 2022–23*; CUTS International, *State of the Indian Consumer: Analyses of the Implementation of the Consumer Protection Act, 2019* (2022).

accountability in how that data is processed, the GDPR establishes a rigorous framework for safeguarding consumer information in online transactions.<sup>24</sup> The examination of the United States' sectoral regulatory framework centers on the pivotal role of the Federal Trade Commission (FTC) in safeguarding digital consumer rights. Through a combination of enforcement actions and targeted regulations, the FTC seeks to curb deceptive practices, enhance transparency, and maintain fair competition in online markets. Its approach, while fragmented across sectors, offers valuable insights into mechanisms that can deter dishonest conduct and promote trust in digital commerce.<sup>25</sup> These recommendations highlight the growing need for international cooperation and the harmonization of consumer protection standards, ensuring that individuals enjoy consistent safeguards across borders in an increasingly interconnected digital economy.<sup>26</sup>

### **1.6.3. Empirical Insights from Secondary Sources**

The study's empirical component is limited and based on secondary data because of time and access issues. Nonetheless, it incorporates scholarly research reports, government sponsored surveys, and genuine empirical studies from organizations like CUTS International. These sources add a practical perspective to the study by measuring consumer awareness, satisfaction levels, and the efficiency of enforcement agencies in addressing digital consumer complaints. For instance, research conducted by CUTS International shows that many Indian internet users are unaware of their rights as consumers or available channels for redress. These results emphasize the need for simpler grievance redressal procedures and increased consumer education. The Ministry of Consumer Affairs' government reports and studies provide data on complaints that have been received and resolved, providing an indicator of how well organizations like the

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<sup>24</sup> European Parliament and Council, *General Data Protection Regulation (EU) 2016/679*, Official Journal of the European Union, L 119, 4 May 2016, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R0679>.

<sup>25</sup> 5 Federal Trade Commission, *Privacy and Data Security Update: 2020* (FTC, Washington D.C., 2021), available at: *Privacy and Data Security Annual Update*.

<sup>26</sup> OECD, *Recommendation on Consumer Protection in E-commerce* (OECD, Paris, 2016), available at: [The Organisation for Economic Co-operation and Development | OECD](#)

Central Consumer Protection Authority (CCPA) are performing.<sup>27</sup> By examining topics like digital literacy, regional disparities, and the impact of technological advancements on consumer rights, research studies contribute to the analysis.<sup>28</sup>

#### **1.6.4. Sources of Data**

A combination of primary and secondary legal sources are used in the study. These primary sources include the Information Technology Act of 2000, the Consumer Protection (E-Commerce) Rules of 2020, and basic laws such as the Consumer Protection Act of 2019. Primary judicial dicta of the Supreme Court and High Courts are also a part of the foundation, along with pertinent parliamentary debates and standing committee reports explaining the legislative intent and policy development.<sup>29</sup> Secondary sources add depth to legal analysis by offering interpretive and contextual depth. These comprise scholarly journal articles, authoritative books and legal commentaries such as those of Avtar Singh<sup>30</sup> alongside reports issued by international organizations such as the OECD, national bodies such as CUTS International, and India's Ministry of Consumer Affairs. Utilized as well are public policy reports and newspaper articles to record the dynamic character of digital consumer protection in real cases.<sup>31</sup>

#### **1.7. Scope of the Study**

This study only confines itself within the legislative framework that governs electronic consumer transactions in India. It also, in particular, addresses occurrences since the enactment of the Consumer Protection Act, 2019, and discusses the manner in which this

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<sup>27</sup> Supra note 11.

<sup>28</sup> CUTS International, *State of the Indian Consumer: Analyses of the Implementation of the Consumer Protection Act, 2019* (CUTS, Jaipur, 2022), available at: <https://cuts-ccier.org/state-of-the-indian-consumer-report-2022>.

<sup>29</sup> Law Commission of India, *Report on Reforming the Consumer Protection Framework*, Parliamentary Standing Committee Reports on Consumer Affairs (2020).

<sup>30</sup> Avtar Singh, *Law of Consumer Protection: Principles and Practice* (Eastern Book Company, Lucknow, 5th edn., 2022), p. 14.

<sup>31</sup> Editorial, "Digital Redress Delays Undermine Consumer Trust," *The Indian Express*, Jan. 15, 2023.

act has been applied to the digital economy. The coverage is of digital payments by consumers such as e-commerce, mobile services, and digital payment systems such as Unified Payments Interface (UPI). Although the main focus is the Indian setting, the research incorporates some selected international best practices to ensure comparative treatment and to point out areas of reform or policy convergence.<sup>32</sup> The research is not exploring the broad areas of consumer protection beyond electronic transactions or undertaking the broad scope of information technology law. Instead, it adopts a focus oriented approach to the intersection of consumer rights and electronic business.

### **1.8. Limitations of the Study**

While this study provides a general doctrinal and comparative perspective of consumer protection in India online, it is not without its limitations. One of the primary constraints results from the utilization of secondary empirical data because of time and availability constraints. Fieldwork or on site consumer interviews that could have provided richer bottom up data concerning consumer awareness, satisfaction, and dispute resolution processes are absent from the study. Pragmatic enforcement gaps and regional variations might thus be misrepresented. Yet another limitation is the rapidly evolving nature of technology and e-commerce. The study is greatly reliant on the legal framework since it is post enactment of the Consumer Protection Act, 2019. It fails to include such new subjects as consumer services being offered using AI, business using blockchain, or issues relating to cross-border data transfer, which are yet to develop and may require new regulations.<sup>33</sup> Moreover, although the analytical tools of legal hermeneutics, critical analysis, and comparative legal models ensure a systemic solution, they also impose certain limitations. Legal hermeneutics relies on the interpretation of the given texts,

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<sup>32</sup> National Payments Corporation of India (NPCI), *UPI Product Overview*, available at: [UPI: Unified Payments Interface - Instant Mobile Payments | NPCI](#)

<sup>33</sup> Saswata Chatterjee, "Artificial Intelligence and Consumer Rights in India: Need for a Regulatory Framework", *14 NUJS L. Rev.* (2022), p. 91.

which in turn may not always be reflective of the evolving digital marketplace.<sup>34</sup> Critical analysis, although helpful in the identification of doctrinal and enforcement gaps, is limited by the availability and depth of source materials. The comparative analysis, although comparing the Indian model to GDPR, FTC practices, and other global models, is limited by jurisdictional variations in legal philosophy, institutional capability, and socio-economic conditions, which might restrict direct implementation.<sup>35</sup> Lastly, the research is mostly legal in nature and does not delve into highly interdisciplinary issues such as consumer behavior, digital literacy, or economic access issues which are highly material in determining the effectiveness of digital consumer protection.<sup>36</sup> Despite these, the research is a good stepping stone for comprehension of the current state of consumer protection law under the digital world and offers grounds for future policy based and empirical research.

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<sup>34</sup> Shrikanth Narayan Jain, *Legal Method, Reasoning and Hermeneutics* (LexisNexis, Gurgaon, 2nd edn., 2020), p. 143.

<sup>35</sup> *Supra* note 24 ; Federal Trade Commission (USA), *Protecting Consumers in the Digital Age* (2020).

<sup>36</sup> CUTS International, *Consumer Behaviour and Digital Literacy in India: A Baseline Study* (CUTS, Jaipur, 2021), p. 6.

**CHAPTER II - HISTORICAL BACKGROUND AND  
EMERGENCE OF CONSUMER PROTECTION ACT IN INDIA**

The cornerstone of consumer protection in India is the country's long standing belief in fair trade. Since ancient times, ethical business has been a part of governance, and with the help of modern consumers, it has gradually evolved into a structured framework. Laws pertaining to protection. These laws have evolved in step with India's broader social and economic reforms, particularly as the economy embraced greater liberalisation. The Consumer Protection Acts of 1986 and 2019 stand out as pivotal milestones, each responding to new challenges arising from a more complex marketplace and the shifting scope of consumer rights.<sup>37</sup> India's experience with consumer protection, however, has been shaped not only by formal legislation but also by wider social and economic movements advocating equitable access to goods and services. This chapter traces that trajectory from early notions of fairness and accountability in ancient Indian texts, through the colonial period with its nascent regulatory measures, to the post independence era's focus on welfare oriented economic policy.

## **2.1. Ancient and Medieval Traditions of Consumer Protection**

Long before the passage of modern consumer protection laws, the concepts of fair trade and market oversight were already woven into ancient Indian texts and institutions. These early frameworks point to a deeprooted concern for ethical business conduct, the safeguarding of consumer interests, and the preservation of integrity in commercial dealings. Among the most notable contributions is Kautilya's Arthashastra (4th century BCE), a comprehensive treatise on economics and statecraft that devotes significant attention to regulating trade, preventing fraud, and ensuring equitable market practices. In it, Kautilya also called Chanakya emphasized the state's role in controlling commerce. In order to safeguard customers and uphold market confidence, he recommended price controls, quality checks, and anti fraud measures. The Arthashastra<sup>38</sup> viewed the market as a public institution that needed supervision in order to operate fairly and effectively,

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<sup>37</sup> Suresh Misra and Sapna Chadah, *Consumer Protection in India: Issues and Concerns* (Indian Institute of Public Administration, New Delhi, 2003), p. 12.

<sup>38</sup> R. Shamasastri (tr.), *Kautilya's Arthashastra* (Government Press, Bangalore, 1915), p. 256.

rather than just as a place for commerce. In a similar vein, the Manusmriti,<sup>39</sup> a key work in Hindu law, discussed the moral implications of business. It demanded honesty in transactions and expressly forbade dishonest business practices. Buyers had rights that needed to be upheld, and sellers were supposed to give truthful descriptions of their products. An advanced awareness of consumer vulnerabilities, especially in asymmetrical relationships where one party has more power or knowledge than the other, is reflected in this early recognition of buyer protection. Guilds, which are formal associations of craftsmen and merchants, were very important in regulating the medieval era. These guilds operated similarly to early market regulators or trade unions. They guaranteed fair pricing, upheld quality standards, and frequently served as forums for traders and customers to resolve disputes. Guilds helped preserve a degree of consumer trust and guaranteed accountability within their professions by encouraging moral behavior and arbitrating conflicts internally. When taken as a whole, these ancient and medieval sources show that India has long practiced consumer protection. Instead, it has long been ingrained in its economic and legal traditions, establishing the foundation for the more codified laws that are in place today. Even though they are not legally binding, these long standing customs served as the moral foundation for later advancements in consumer law.

## **2.2. Colonial Legal Developments**

The British colonial era saw the development of a structured legal system, but business interests and commerce took precedence over consumer welfare. However, several acts laid the groundwork for subsequent consumer protection laws. Various legal provisions that attempted to address issues of fraud, misrepresentation, safety, and unfair practices have influenced the development of consumer protection laws in India over time. Although the Indian Contract Act of 1872 and the Sale of Goods Act of 1930 established the groundwork for some degree of consumer protection, their primary focus was on business dealings rather than the welfare of consumers. Although important in and of

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<sup>39</sup> George Buhler (tr.), *The Laws of Manu (Manusmriti)*, Sacred Books of the East, Vol. 25 (Clarendon Press, Oxford, 1886), p. 203.

themselves, these laws were insufficiently comprehensive to protect the interests of India's larger consumer base. One of India's earliest pieces of legislation, the Indian Contract Act of 1872, establishes the fundamental legal foundation for contracts.<sup>40</sup> The fundamental components of a valid contract, including offer, acceptance, consideration, and intention to establish legal relations, are outlined in this Act. Regarding consumer protection, it established remedies for contract fraud and misrepresentation, enabling parties to pursue legal action if they were duped during a transaction. However, rather than protecting individual consumers, the majority of this Act's scope was focused on commercial agreements, such as those between businesses. Although important, these safeguards against fraud and deception were never intended to cover the everyday vulnerabilities consumers faced particularly in relation to goods and services used by the general public on a regular basis.

The Sale of Goods Act of 1930 was primarily concerned with regulating the transfer of goods in trade and commerce, focusing on contractual rights and obligations rather than broader consumer welfare.<sup>41</sup> The Act introduced implied warranties and conditions into sales contracts, placing a legal obligation on sellers to ensure that goods met acceptable standards of quality and were reasonably fit for their intended purpose.<sup>42</sup> Much like the Indian Contract Act, the Sale of Goods Act was crafted with business to business transactions in mind. The everyday consumer often with less bargaining power and limited legal awareness was not the primary focus. While the Act functioned effectively for commercial dealings, it left significant gaps when it came to protecting individuals from issues such as misleading trade practices, substandard products, or exploitative terms. Things began to change when new laws started focusing more on public health and safety, bringing a stronger sense of consumer protection. For instance, the first law to

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<sup>40</sup> Avtar Singh, *Law of Contract and Specific Relief* (Eastern Book Company, Lucknow, 13th edn, 2022), p. 55.

<sup>41</sup> Suresh Misra and Sapna Chadah, *Consumer Protection in India: Issues and Concerns* (Indian Institute of Public Administration, New Delhi, 2003), p. 12.

<sup>42</sup> Raj Kumar Bangia, *A Handbook of the Sale of Goods Act* (Allahabad Law Agency, Faridabad, 7th edn., 2020), p. 42.

address consumer safety in the health sector was the Drugs and Cosmetics Act of 1940.<sup>43</sup> This Act established guidelines for the production, distribution, and sale of medications and cosmetics, guaranteeing that goods offered for sale to the general public fulfilled safety and quality requirements.<sup>44</sup> It was a poor quality or fake medicines and cosmetics.<sup>45</sup> While the Act showed a focused attempt to improve consumer protection, it mainly dealt with health related issues and did not cover other sectors where consumers also faced serious risks. Another key development came with the Prevention of Food Adulteration Act, 1954, which was introduced to safeguard people from the dangerous practice of food adulteration.<sup>46</sup> Although both laws were intended to serve the public interest, their scope remained narrow, falling short of comprehensively safeguarding consumer rights across the wider spectrum of commercial activity. These early regulations played an important role in offering a basic layer of consumer protection, yet their scope was limited and largely reactive. Rather than establishing a comprehensive framework to safeguard consumer welfare in all sectors, they focused on specific areas such as food safety and public health. Broader legislation like the Consumer Protection Act of 1986, which marked a decisive shift toward a more holistic approach did not emerge until after independence. In the decades following independence, the rapid expansion of trade and the rise of consumerism highlighted the need for a unified national framework to safeguard consumer interests. Colonial era laws, by contrast, often prioritized commercial interests and offered only minimal legal remedies for ordinary consumers.

### **2.3. Post Independence Reforms and Consumer Rights Discourse**

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<sup>43</sup> Vijay Malik, *Drugs and Cosmetics Act, 1940 Along with Rules, 1945* (Eastern Book Company, Lucknow, 21st edn., 2021), p. 7.

<sup>44</sup> P.P.S. Narayan, *Consumer Protection in India* (Deep & Deep Publications, New Delhi, 1st edn. 2005), p. 93.

<sup>45</sup> M.C. Agrawal, *Prevention of Food Adulteration Act: A Commentary* (Orient Publishing, New Delhi, 3rd edn., 2007), p. 11.

<sup>46</sup> Jitendra Prasad Sharma, *Consumer Rights and Protection in India* (ANMOL Publications, New Delhi, 1st edn., 2011), p. 75.

Following India's independence, the emphasis shifted to equity and welfare economics, integrating consumer protection into the larger framework of social justice guaranteed by the Constitution.<sup>47</sup>

### **2.3.1. Directive Principles of State Policy (Articles 38, 39, and 43)**

The Indian Constitution's Articles 38, 39, and 43, which contain the Directive Principles of State Policy (DPSP), established a fundamental change in the way the government was supposed to handle consumer welfare.<sup>48</sup> According to these Articles, the state had a basic obligation to safeguard the interests of consumers and encourage the fair distribution of resources. According to Article 38, the state must work to eradicate disparities in opportunities, wealth, and status in order to establish a just and social order. Ensuring the economic well being of citizens, especially the underprivileged, was emphasized in Articles 39 and 43.<sup>49</sup> These clauses established the framework for upcoming laws aimed at promoting consumer rights and market justice by indicating the state's obligation to take proactive measures to safeguard consumer welfare.

### **2.3.2. The Essential Commodities Act, 1955**

Another important piece of legislation that protected the public's access to necessities at reasonable prices was the Essential Commodities Act of 1955.<sup>50</sup> This law aimed to stop the black marketing and hoarding of necessities, especially food and fuel, which could take advantage of weaker groups in society. The law made sure that everyone had access to these necessities, especially in times of crisis or scarcity, by controlling the production,

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<sup>47</sup> Rameshwar B. Jain, *Public Administration in India: 21st Century Challenges for Good Governance* (Deep & Deep Publications, New Delhi, 2001), p. 131.

<sup>48</sup> Mahendra pal Jain, *Indian Constitutional Law* (LexisNexis Butterworths Wadhwa, Nagpur, 7th edn., 2014), p. 157.

<sup>49</sup> Granville Austin, *The Indian Constitution: Cornerstone of a Nation* (Oxford University Press, New Delhi, 1966), p. 90.

<sup>50</sup> Sudesh Kumar Sharma, *The Essential Commodities Act: A Socio-Legal Study* (Universal Law Publishing, New Delhi, 2nd edn., 2018), p. 22.

distribution, and supply of essential commodities. The Act showed an early understanding that government involvement in the market was necessary to stop exploitation and ensure people had access to essential goods.<sup>51</sup>

### **2.3.3. The Monopolies and Restrictive Trade Practices (MRTP) Act, 1969**

The MRTP Act of 1969 was brought in to deal with rising concerns about unfair market dominance and its effects on consumers. It aimed to stop a handful of large companies from gaining too much control over the economy control that could lead to fewer choices for buyers or artificially high prices.<sup>52</sup> This law played an important role in encouraging healthy competition and protecting consumers from the unfair practices of powerful business groups.<sup>53</sup> The law was meant to make sure that companies did not harm consumer interests or disrupt the smooth functioning of the market. It helped set the foundation for India's antitrust framework and played an important part in encouraging fair competition and responsible business practices.

## **2.4. Global Influence on Indian Consumer Policy**

Indian law has been greatly impacted by the global consumer rights movement, particularly since consumer protection laws were introduced in the West.

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<sup>51</sup> Jai Narayan Barowalia, *Commentary on the Essential Commodities Act, 1955* (Law Publishers India Pvt. Ltd., Allahabad, 4th edn., 2016), p. 35

<sup>52</sup> Sanjiv Misra Dugar, *MRTP Law, Competition Law and Consumer Protection* (LexisNexis, New Delhi, 6th edn., 2020), Vol. 1, p. 78.

<sup>53</sup> Thelma Ramappa, *Competition Law in India: Policy, Issues, and Developments* (Oxford University Press, New Delhi, 3rd edn., 2020), p. 17.

### **2.4.1. John F. Kennedy's Consumer Bill of Rights (1962)**

U.S. President John F. Kennedy's Consumer Bill of Rights, introduced in 1962, became a landmark in consumer advocacy worldwide<sup>54</sup>. It outlined four fundamental rights

- i. Right to Safety: Protecting consumers from harmful goods and services.
- ii. Right to Be Informed: Ensuring that consumers are provided with accurate and clear information about products.
- iii. Right to Choose: Encouraging competition and freedom of choice by ensuring that customers have access to a range of goods and services.
- iv. Right to Be Heard: Giving customers the opportunity to express their worries and making sure they are taken seriously in the marketplace.

These rights served as the cornerstone of consumer protection, and laws in numerous nations, including India, incorporated comparable ideas. By advocating for a more consumer centric approach to market regulation, they had an impact on the creation of India's Consumer Protection Act, 1986.

### **2.4.2. UN Guidelines for Consumer Protection (1985)**

The UN Guidelines for Consumer Protection were adopted in 1985 to provide a global framework for promoting consumer welfare.<sup>55</sup> These guidelines underscored the importance of establishing international standards for consumer protection and called on governments to ensure that consumers could seek effective remedies for unfair or deceptive practices. Beyond influencing domestic policy, they played a significant role in

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<sup>54</sup> Michael Robert Solomon, *Consumer Behavior: Buying, Having, and Being* (Pearson Education, New Jersey, 12th edn., 2018), p. 42.

<sup>55</sup> United Nations Conference on Trade and Development, *United Nations Guidelines for Consumer Protection* (United Nations Publication, New York, 2016), p. 5.

shaping India's Consumer Protection Act of 1986 and contributed meaningfully to the broader global conversation on consumer rights.

## **2.5. The Consumer Protection Act, 1986 – A Legal Milestone**

The Consumer Protection Act of 1986 marked a major turning point in India's consumer rights landscape. For the first time, the country had a clear and comprehensive legal framework designed to address the growing volume of consumer grievances. The Act sought to empower individuals by introducing a streamlined dispute resolution system and affirming their right to seek effective redress.

Impact of the CPA, 1986

- i Provided inexpensive with accessible and speedy redressal.
- ii Encouraged consumer activism.
- iii Created legal awareness, prompted businesses to self regulate.

### **2.5.1. Key Provisions of CPA, 1986**

#### **i Three-tier Redressal Forums**

At the District, State, and National levels, the Act established a three tier redressal mechanism. Bypassing the conventional, drawn-out court procedures, this system allowed customers to efficiently file complaints. Regardless of where they lived, it made it simpler for customers to access justice.<sup>56</sup>

#### **ii Consumer Rights**

The Act established six essential consumer rights, such as the right to information, safety, and redress. These rights promoted fairness in the marketplace by ensuring

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<sup>56</sup> Supra 42 at p. 95.

that customers could pursue remedies for complaints pertaining to subpar goods, unfair business practices, and insufficient services.<sup>57</sup>

iii Public Interest Litigation (PIL)

The Act also gave consumer advocacy organizations and non profits the authority to bring consumer complaints through PIL.<sup>58</sup>

### 2.5.2. Landmark Case Law

i. *Indian Medical Association v. V.P. Shantha*

In the landmark case of *Indian Medical Association v. V.P. Shantha*, the Supreme Court of India addressed the applicability of the Consumer Protection Act, 1986, to the field of medical services. The case arose when V.P. Shantha, a patient, filed a complaint alleging negligent treatment by a doctor and sought compensation under the Act. The Indian Medical Association challenged this, arguing that healthcare services should not be classified as services under the CPA, as medical practice relies on personal skill and professional judgment, making it distinct from other commercial services. They maintained that the doctor patient relationship should be governed by a different legal framework. However, the Court rejected this argument and held that medical services do fall within the ambit of the Consumer Protection Act. It ruled that medical practitioners, like other service providers, are responsible for the quality of their services and can be held liable for negligence. This decision significantly expanded the scope of consumer law in India, affirming the rights of patients to seek redress for medical negligence and ensuring greater accountability in the healthcare sector.<sup>59</sup>

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<sup>57</sup> Gurjeet Singh, *Law of Consumer Protection in India* (Deep & Deep Publications, New Delhi, 1st edn., 2002), p. 61.

<sup>58</sup> Vandana Singh, *Consumer Protection: Law and Practice* (LexisNexis, New Delhi, 1st edn., 2017), p. 74.

<sup>59</sup> AIR 1996 SC 550

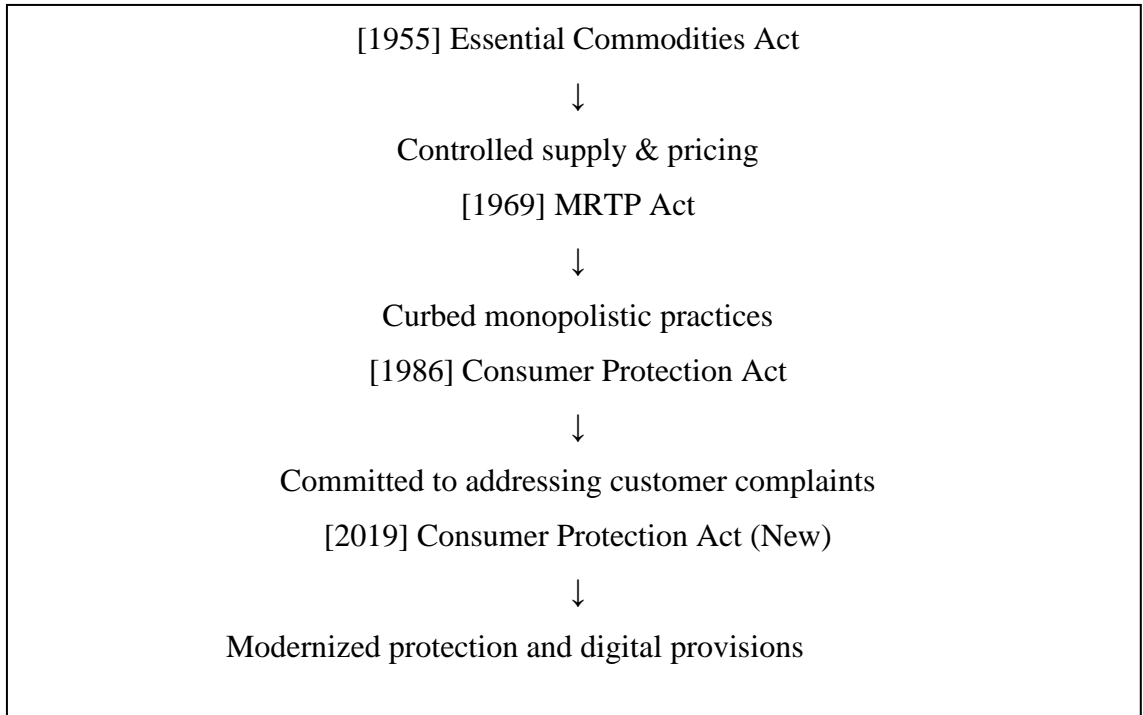
ii. *Lucknow Development Authority v. M.K. Gupta (1993)*

In the landmark case *Lucknow Development Authority v. M.K. Gupta*, the Supreme Court of India considered whether government bodies could be held accountable under the Consumer Protection Act, 1986. M.K. Gupta, who had purchased a housing unit from the Lucknow Development Authority (LDA), discovered that the construction was substandard and failed to meet the promised specifications. The LDA argued that, as a public authority, it was outside the scope of the Act, insisting its functions were governed by administrative regulations rather than consumer law. The Supreme Court rejected this reasoning, ruling in favour of Gupta. It clarified that when public authorities provide services to the public, they are bound by the same consumer protection obligations as private entities, and their governmental status does not shield them from liability. The Court emphasized that the purpose of the Act is to protect consumers regardless of whether the service provider is a private company or a government agency. This judgment was instrumental in reinforcing the idea that public sector organizations, when engaging in commercial or service related activities, must be held to the same standards of quality and accountability as private entities. It significantly expanded the reach of the Consumer Protection Act, ensuring that consumers could seek redress even when the service provider was a government body.<sup>60</sup>

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<sup>60</sup> (1993) 1 SCC 243; AIR 1994 SC 787.

**Chart 1: Evolution of Consumer Protection Framework in India (1947–2020)**



## **2.6. Evolution of Judicial Trends and Public Interest Litigation**

Over time, the judiciary has expanded the scope of the CPA, particularly through Public Interest Litigation (PIL), with several progressive judgments that have strengthened consumer rights.

- i. Judgments on Medical Negligence: Expanded the definition of 'services' to include health care.
- ii. Supreme Court on Right to Education: Reinforced consumer rights under educational services.

### 2.6.1. Landmark Cases

*i. Spring Meadows Hospital v. Harjol Ahluwalia (1998)*

In the significant case of *Spring Meadows Hospital v. Harjol Ahluwalia*, the Supreme Court of India addressed the accountability of private healthcare institutions under the Consumer Protection Act, 1986. The case was initiated by Harjol Ahluwalia, who filed a complaint after her young son was admitted to Spring Meadows Hospital and, due to the hospital's negligent care, tragically lost his life. The complaint sought damages for the emotional and physical harm caused by the hospital's failure to provide the expected standard of medical care. The central legal issue was whether a private hospital, as a healthcare provider, could be treated as a service provider under the Consumer Protection Act and thus be held liable for medical negligence. The hospital attempted to argue that the nature of healthcare being dependent on human skill and professional judgment should exempt it from the purview of consumer law. However, the Supreme Court rejected this reasoning and unequivocally held that healthcare services provided by private institutions fall within the definition of "services" under the Act. The Court stated that the Consumer Protection Act was designed to offer remedies to individuals who suffer due to deficiency in service, and this includes medical services. It affirmed that the doctor patient relationship does not preclude legal accountability, especially where professional negligence leads to loss or injury.<sup>61</sup> This judgment was a turning point in consumer law, as it clearly established that even private medical institutions must follow legal standards of care and responsibility. The Court stressed the need to protect patients' rights and made it clear that healthcare providers are not outside the scope of consumer protection laws. It affirmed that patients, like any other consumers, have the right to expect proper service and when that standard is not met due to negligence or carelessness they are entitled to seek justice and compensation.

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<sup>61</sup> AIR 1998 SC 1801

ii. *Common Cause v. Union of India (1997)*

In a landmark public interest litigation, the NGO Common Cause petitioned the Supreme Court against the Union of India, alleging systemic governmental inaction in tackling unfair trade practices and the proliferation of substandard goods and services particularly in critical areas such as food safety and public health. The petition warned of growing threats to consumer welfare stemming from weak regulatory enforcement and urged judicial intervention to compel state action. At the centre of the dispute was whether the State could be held legally accountable for failing to enforce measures that protect citizens' health and safety. The Supreme Court recognized the gravity of these issues and held that the State carries both a constitutional and statutory obligation to safeguard consumer interests in essential services. It declared that governmental inaction in curbing adulterated food, spurious drugs, and other public health hazards amounts to a breach of consumer rights, warranting judicial oversight and corrective orders. Importantly, the Court affirmed that consumer protection is not merely a matter of private grievance resolution but a fundamental public concern one that demands proactive state regulation and enforcement as a matter of public policy. This judgment expanded the scope of consumer rights in India by firmly situating them within the framework of state responsibility and public interest. By reinforcing the idea that the State must actively safeguard consumer interests especially in areas related to health, nutrition, and safety the judgment expanded the scope of government accountability. It also showcased the proactive role of the judiciary in upholding consumer rights as essential to the right to life and dignity under Article 21 of the Constitution. Ultimately, this case became a turning point in framing consumer protection not just as a statutory issue, but as a matter of constitutional and public significance.<sup>62</sup>

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<sup>62</sup> AIR 1997 SC 1886; (1997) 10 SCC 729

## 2.7. Need for Reform – Issues with CPA, 1986

The Consumer Protection Act of 1986 was a groundbreaking law when it was first introduced. For the first time, Indian consumers have the legal ability to complain about unfair business practices, poor quality goods, and insufficient services.<sup>63</sup> The Act made access to justice less daunting and more economical by establishing consumer forums at the district, state, and federal levels. But as markets and technology developed, the 1986 Act started to show serious strain, especially when it came to handling the intricacies of the digital economy. By the early 2000s, it was becoming more and more clear that the legal system required a significant revision in order to continue serving as an effective safeguard for the interests of consumers. The 1986 Act's overburdening of consumer forums was one of its most obvious drawbacks. The frequency of complaints increased along with consumer rights awareness. Regretfully, these redressal procedures' underlying infrastructure did not keep up. Underfunding, a lack of staff, and case backlogs caused many forums to become overburdened. Long delays resulted, negating the goal of a "quick" and "accessible" grievance resolution procedure. Even when they had legitimate complaints, consumers frequently decided not to pursue claims because they considered the procedure to be onerous and discouraging, especially those from rural regions or with low finances. The emergence of digital transactions and e-commerce over time presented another difficulty that the 1986 legislation was ill-prepared to address. The idea of purchasing products or services online was unknown in India at the time the law was passed. The market was run through actual storefronts and in person meetings. However, there was a significant change in consumer behavior as a result of the proliferation of online marketplaces, mobile applications, and internet connectivity. With only a few clicks, people started conducting bank transactions, scheduling services, and purchasing goods. Online fraud, phony product listings, deceptive advertising, illegal data usage, and conflicts with vendors in other states or even foreign countries are some of the

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<sup>63</sup> Avtar Singh, *Law of Consumer Protection* (Eastern Book Company, Lucknow, 9th edn., 2016), p. 121.

new hazards that have emerged as a result of the digital revolution.<sup>64</sup> There were no clear provisions in the 1986 Act to control these new kinds of commerce. Standards for the operation of online platforms, the disclosure of product information by merchants, and the handling of customer data were nonexistent. Customers were thereby left at risk. For example, the legal path to restitution was not obvious or swift if a customer was deceived by manipulated internet reviews or got a faulty product from an online merchant. Because of this, there was a power imbalance, with digital platforms having significantly more knowledge and influence than the typical consumer.

Furthermore, under the previous legislation, the idea of product responsibility was not fully established. There were few clear cut legal avenues to hold the vendor, distributor, or manufacturer responsible if a defective product resulted in bodily damage. Frequently, the sanctions imposed on companies involved in unfair trade practices were too light to be a reliable deterrence. Because of this, businesses may frequently carry on with troublesome activities without suffering grave legal repercussions. One more major problem was that the law couldn't properly handle issues of jurisdiction. As more foreign sellers started offering products on Indian e-commerce sites, and cross-border online shopping became common, it became harder to decide which country's rules should apply and how to take legal action when something went wrong. The 1986 Act lacked sufficient instructions on how to defend consumer rights internationally or handle complaints involving vendors located in several legal countries.<sup>65</sup> It became evident from these widening disparities between the law and reality that just modifying the previous Act would not be enough. A more thorough, contemporary, and consumer-oriented regulation was required, one that could handle both the particular difficulties of internet commerce and the problems of the conventional economy. The enactment of the Consumer Protection Act, 2019 marked a significant legislative reform, replacing the outdated Consumer Protection Act of 1986. The new Consumer Protection Act brought in several important updates to match the fast changing digital and consumer markets. It

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<sup>64</sup> Joginder Kumar Verma, *Cyber Law and E-Commerce* (Central Law Publications, 2022), p. 146.

<sup>65</sup> Ashok R. Patil, *Commentary on the Consumer Protection Act, 2019* (NLSIU, 2023).

introduced the idea of product liability, making sellers and service providers legally responsible for any harm caused by faulty products or poor services. The amended framework also incorporated specific provisions for e-commerce, setting out explicit obligations for online platforms and marketplaces to safeguard consumer interests. Key reforms included expedited dispute resolution mechanisms such as the introduction of mediation alongside simplified procedures in consumer courts and the facility to lodge complaints online. Collectively, these measures lowered procedural barriers, enabling consumers to pursue grievances more efficiently and obtain fair remedies without the protracted delays traditionally associated with litigation.<sup>66</sup> While the 1986 Act was instrumental in shaping the foundation of consumer rights in India, its provisions gradually proved inadequate in addressing the rapid transformations brought by online retail, digital payment systems, and emerging forms of cyber fraud. The evolving marketplace revealed the limitations of a framework designed for a pre digital era, underscoring the urgency for legislative reform. The Consumer Protection Act of 2019 represents a deliberate shift toward a more adaptive and responsive system one that aligns with the realities of a technology driven economy and anticipates future challenges in protecting consumer interests.

## **2.8. Enactment of Consumer Protection Act, 2019**

The Consumer Protection Act, 2019 represents a significant reorientation of India's consumer rights regime, reflecting the realities of an increasingly digital marketplace. In contrast to the 1986 legislation crafted in a pre internet era the updated framework addresses previously under regulated domains, including the obligations of e-commerce platforms, safeguards against online fraud, and aspects of data protection. A notable innovation is the explicit accountability placed on online marketplaces, which must now disclose complete seller information, address grievances promptly, and uphold fair trade practices. The Act also embeds the principle of product liability, enabling consumers to

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<sup>66</sup> CUTS International, *Consumer Protection in the Digital Age: A Survey Report, 2021*, p. 6.

hold manufacturers and service providers legally responsible for harm arising from defective goods or deficient services. Procedural reforms such as electronic filing of complaints, dedicated mediation cells for expedited settlements, and the creation of the Central Consumer Protection Authority (CCPA) to oversee enforcement further enhance accessibility and efficiency. Collectively, these measures make the 2019 Act a more adaptive and practical instrument for safeguarding consumer interests in the context of rapid technological change.

### **2.8.1. Central Consumer Protection Authority (CCPA)**

A central feature of the Consumer Protection Act, 2019 is the establishment of the Central Consumer Protection Authority (CCPA), conceived as the primary enforcement body for safeguarding consumer rights. Functioning as a national watchdog, the CCPA is vested with extensive regulatory and remedial powers to address unfair trade practices, deceptive advertising, and other violations. Uniquely, it is empowered to initiate *suo motu* proceedings, enabling it to act proactively in matters of significant public concern without waiting for formal complaints. Its mandate includes the investigation of misleading advertisements, false claims, and market malpractices, with authority to order product recalls, issue corrective directions, and pursue legal proceedings where necessary. The CCPA may also levy monetary penalties and issue binding compliance orders, thereby creating a direct mechanism for enforcing accountability. By combining investigative autonomy with broad remedial powers, the CCPA enhances both the deterrence and responsiveness of the consumer protection regime, fostering greater trust in both digital and traditional markets.

### **2.8.2. E-Commerce Rules, 2020**

The Consumer Protection (E-Commerce) Rules 2020, enacted under the Consumer Protection Act 2019, were formulated in response to mounting concerns over consumer rights in the rapidly expanding digital marketplace. These rules seek to address issues

arising from the distinctive nature of online transactions such as lack of transparency, misleading product descriptions, delayed deliveries, and limited avenues for redress by setting clear obligations for e-commerce entities, including both marketplace and inventory based models.<sup>67</sup> With online transactions becoming deeply embedded in everyday life, the Consumer Protection (E-Commerce) Rules, 2020, seek to establish a secure, transparent, and accountable digital marketplace. They impose explicit responsibilities on e-commerce platforms, addressing long standing concerns about hidden costs, misleading listings, poor grievance redress, and the absence of clear liability. Four core features define the framework and collectively aim to make online commerce more consumer-friendly in the modern economy.

i Transparency in Product Information

The rules mandate that platforms disclose complete and accurate details for all listed goods and services. This includes a total price inclusive of taxes, a clear product description, estimated delivery time, seller identity and contact information, and return or refund terms. Such disclosure directly addresses prior problems where consumers encountered hidden charges, vague descriptions, or unclear return policies. By ensuring that buyers are fully informed before purchase, the rules reduce the scope for deceptive listings and enable meaningful price and feature comparisons thereby encouraging more confident and fair decision making.

ii Grievance Redressal and Timely Complaint Handling

Every e-commerce entity is required to appoint a dedicated Grievance Officer, who must acknowledge complaints within 48 hours and resolve them within 30 days. This provisions responds to one of the most persistent frustrations in digital commerce delays or complete inaction in handling consumer issues. The requirement creates an enforceable standard for after sales service, ensuring that

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<sup>67</sup> Consumer Protection Act, 2019; Consumer Protection (E-Commerce) Rules, 2020

customers are not left without recourse and helping to strengthen public trust in online transactions.

iii Liability for Products Sold by Third Parties

A major shift under the 2020 Rules is that platforms can no longer disclaim responsibility on the grounds that a product was sold by a third party vendor. They are expected to verify sellers, ensure product compliance with safety and quality standards, and accept liability if defective or unsafe goods cause harm. This provision compels platforms to exercise greater oversight over their listings, thereby offering stronger protection to consumers and discouraging the sale of substandard products.

iv Protection from Online Fraud and Misleading Practices

The Rules also address the growing problem of false reviews, manipulated ratings, and deceptive advertising. Platforms must implement mechanisms to detect and remove misleading content, prevent the posting of fake feedback, and stop practices designed to artificially inflate product ratings. These measures aim to enhance the credibility of digital marketplaces and protect consumers from making purchase decisions based on manipulated information.

### 2.8.3. Table 1: CPA 1986 vs CPA 2019

Feature	CPA 1986	CPA 2019
Scope	Physical goods and services	Digital services and e-commerce included
Regulatory Body	No regulatory body	Central Consumer Protection Authority (CCPA)
Penalties	Nominal	Enhanced penalties and fines
Product Liability	Limited to specific goods	Clearly defined for all products
E-commerce Regulations	Not covered	E-Commerce Rules introduced (2020)
Consumer Redressal Mechanism	District, State, National forums	Expanded jurisdiction and ADR mechanism

### 2.9. Public Awareness Campaigns

The Jago Grahak Jago campaign, initiated by the Government of India, has been one of the most prominent nationwide efforts to strengthen consumer awareness. Designed to educate citizens about their legal rights, promote informed and responsible purchasing decisions, and enable recognition of unfair or deceptive trade practices, the campaign has relied on a multi channel outreach strategy. Mass media particularly television, radio, and newspapers have been supplemented by printed educational materials and, in more recent

years, digital platforms. While its reach has been particularly strong in urban regions, the initiative has contributed significantly to improving public understanding of consumer protection laws. Millions have become more confident in asserting their rights, lodging complaints, and demanding accountability from sellers and service providers. By fostering active citizen engagement, Jago Grahak Jago has helped nurture a consumer culture that prioritises fairness, transparency, and legal recourse as integral components of market transactions.<sup>68</sup> While the Jago Grahak Jago campaign has made good progress in many areas, spreading its message to rural parts of the country remains difficult. One key problem is that many villages still don't have steady internet or access to reliable sources of information. In places where people rarely come across newspapers, television, or digital tools, the campaign's message often doesn't reach them at all. As a result, many rural consumers are not fully aware of their rights or how to deal with dishonest sellers. This lack of awareness makes them more vulnerable and less likely to question unfair practices when they face them. Another challenge is digital illiteracy, particularly among older adults and those in less developed regions. As more services and information shift online, a growing segment of the population struggles to keep up with technological advancements.<sup>69</sup> These individuals are often unaware of their rights in the digital marketplace and may fall victim to fraudulent online transactions, misleading advertisements, or unfair business practices. For them, digital awareness campaigns like "Jago Grahak Jago" need to go beyond just broadcasting information they must include tools and training to bridge the gap between traditional and digital consumerism. Additionally, the effectiveness of the campaign is hindered by language barriers and the lack of localized content.<sup>70</sup> To enhance effectiveness, it is essential to localize the content, involve community leaders, and engage local influencers who can better resonate with rural audiences. Truly empowering every consumer requires innovative outreach

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<sup>68</sup> Ministry of Consumer Affairs, Food and Public Distribution, *Jago Grahak Jago Campaign*, Government of India, available at: [E Jagriti](#) (accessed June 2025).

<sup>69</sup> National Institution for Transforming India (NITI Aayog), *Status of Digital Literacy in Rural India*, New Delhi: NITI Aayog Publications, 2021. Report. [Annual Report 2021 2022 \(English\) 22022022.pdf](#)

<sup>70</sup> Dr. Deepa Srivastava, "Localization of Consumer Awareness Programs: A Policy Need," *Economic and Political Weekly*, Vol. 57, No. 23, 2022, pp. 38–41.

strategies by the government and associated agencies. Initiatives such as community based workshops, mobile applications tailored for low tech users, and radio broadcasts in local languages can significantly improve accessibility. Collaborations with grassroots level NGOs and community organizations can further strengthen the campaign's reach, ensuring that awareness efforts penetrate even the most underserved regions.

Consumer protection in India has grown through a combination of traditional ethics, legal changes, court decisions, and the influence of global developments. It is not just a legal story but also a reflection of how the country is trying to keep justice in step with the changing needs of its people especially as the economy grows and digital transactions become a part of everyday life.<sup>71</sup> The idea of protecting buyers has roots in ancient texts and social values, but it took on a new shape with modern laws. One of the most important turning points was the passing of the Consumer Protection Act, 1986. The Consumer Protection Act of 1986 was the first legislation in India to focus exclusively on consumer rights. It established a structured mechanism for addressing grievances by creating consumer courts at the district, state, and national levels. For its time, this was a landmark reform it gave ordinary citizens the legal authority to challenge unfair treatment by sellers or service providers. More importantly, it placed consumer interest at the heart of economic policy, signalling that fair dealing in the marketplace was not just an ethical expectation but a legally enforceable right. Over three decades later, the Consumer Protection Act, 2019 built on this foundation while addressing the changing realities of the marketplace. Recognising the need for faster and less burdensome dispute resolution, it incorporated Alternative Dispute Resolution (ADR) mechanisms, most notably mediation. This allowed consumers to resolve disputes without enduring prolonged and costly litigation, reflecting a shift towards a more efficient, accessible, and people-centred system of justice.<sup>72</sup> These reforms marked a decisive move toward a consumer protection framework that is both more accessible and more efficient—an essential shift in an era

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<sup>71</sup> Dr. Rajeev Bhatia, *Consumer Protection Law and Practice in India*, LexisNexis India, 1st Edition, 2020, p.3.

<sup>72</sup> Justice Ramesh Chandra Lahoti (ed.), *Mediation and the Law*, National Legal Services Authority (NALSA), Government of India, 2020.

where online transactions often span jurisdictions and complicate redressal. In such a globalised and digitally driven marketplace, safeguarding consumer rights is no longer merely a matter of legal compliance; it is equally a moral and constitutional responsibility that underpins public trust in the economy.<sup>73</sup> It is not just about legal frameworks; it is about creating an ethical market that values transparency, fairness, and accountability. In essence, it is about empowering consumers to make informed choices and ensuring that their rights are upheld in an ever-changing world.

### **2.10. Digital Expansion and Systemic Legal Gaps (2018–2023)**

The E-Commerce Rules accompanying it made online platforms responsible for ensuring transparency, disclosing seller details, and offering effective grievance redressal. This legal change was called for in a situation where consumers prefer dealing with unknown sellers, cross border websites, and automated AI systems. Despite all these advances, the efficacy of these legislations is uneven. As per the Ministry of Consumer Affairs' annual report of 2022, online complaints now account for more than 40% of all consumer complaints but are predominantly pending or delayed. Online marketplaces manage to duck liability by citing the intermediary clause of the IT Act, passing the buck to sellers while keeping control over most of the transaction infrastructure.<sup>74</sup> The E-Commerce Rules, though well meaning, have indefinite provisions on intermediary liability, data protection, and cross border enforcement, resulting in scattered and ineffectual consumer protection.<sup>75</sup> The largest barrier is that people are unaware. CUTS International and Centre for Internet & Society surveys suggest that fewer than 30% of Indian consumers are digitally literate or informed regarding filing complaints through the 2019 Act.<sup>76</sup> This is still more so true in rural India, where people have low access to information and

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<sup>73</sup> Dr. Suresh Kumar Verma, “Consumer Rights as Human Rights: The Indian Approach,” *Journal of Consumer Policy*, Springer, Vol. 43, 2020, pp. 125–137.

<sup>74</sup> Information Technology Act, 2000, Section 79 – Exemption from liability of intermediary in certain cases; interpreted with E-Commerce Rules, 2020.

<sup>75</sup> Rajeev Kumar, “Intermediary Liability in Indian E-Commerce Law: Loopholes and Ambiguities,” *Indian Journal of Law and Technology*, Vol. 17, 2022, pp. 53–72.

<sup>76</sup> Consumer Unity & Trust Society (CUTS) International and Centre for Internet and Society (CIS), *Digital Literacy and Consumer Awareness in India: Survey Findings*, 2021 Report.

digital literacy. Even for urban citizens, the practice of complaining online surfing web interfaces, knowing provisions of law, and negotiating government bureaucracies can be mystifying and intimidating. Legal processes in the lack of concurrent public campaigns can become symbolic rather than transformative. Adding to these challenges is the transnational character of digital commerce. Transnational behemoths like Amazon, Alibaba, and eBay have sellers from all over the world. If there is a conflict between Indian consumers and foreign sellers, it is a challenging task to enforce rights under Indian law.<sup>77</sup>

**Table 2: Growth in Digital Transactions vs. Surge in Reported Fraud Cases (2018–2023)**

Year	UPI Transactions (in billions)	Consumer Complaints	Cyber Fraud Cases
2018	0.9	~10,000	~2,000
2019	1.5	~15,000	~3,500
2020	2.3	~25,000	~5,000
2021	3.9	~30,000	~7,000
2022	7.8	~40,000	~9,500
2023	9.3	~55,000	~11,500

<sup>77</sup> Dr. Surya Kant Verma, “Global Trade, E-Commerce, and Jurisdictional Challenges in Consumer Protection Law,” *Indian Journal of International Economic Law*, Vol. 14, 2021, pp. 145–160.

The table titled "Growth in Digital Transactions vs. Surge in Reported Fraud Cases (2018–2023)" paints a compelling picture of how India's rapid digital transformation has brought both opportunities and significant challenges. Transactions through the Unified Payments Interface (UPI) increased from 0.9 billion in 2018 to an astounding 9.3 billion in 2023 over a six-year period.<sup>78</sup> This exponential increase amply illustrates the nation's eager transition to tech driven, cashless financial transactions, propelled by government programs, convenience, and the pervasiveness of smart phones. This digital revolution has not, however, been without its repercussions. Consumer complaints and cyber fraud cases have sharply increased in tandem with the growth in digital transactions.<sup>79</sup>

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<sup>78</sup> National Payments Corporation of India (NPCI), *UPI Product Statistics Dashboard*, accessed July 2025, available at: [Statistics of NPCI - National Payments Corporation of India](#)

<sup>79</sup> Ministry of Home Affairs, *Cyber Crime Reports and Statistics (2018–2023)*, National Crime Records Bureau (NCRB), Government of India. [Annual Report | Ministry of Home Affairs](#)

**CHAPTER III - INTERNATIONAL PERSPECTIVES ON  
CONSUMER PROTECTION**

In today's globalized economy, protecting consumers has become a concern that extends far beyond national borders. Whether it's buying a product online from another country or dealing with a multinational corporation, consumers regularly interact with businesses that operate outside their own legal systems. This interconnected world calls for a broader, international approach to understanding consumer rights and the systems that protect them. This chapter explores how consumer protection has evolved on the global stage, focusing on key legal standards, landmark policies, influential cases, and the international institutions that help uphold consumer rights across different countries..

### **3.1 Evolution of Global Consumer Rights**

The global movement to protect consumers really took off in the 20th century, especially after industrial growth led to mass production and widespread access to goods. As consumer markets expanded, so did the need for clear protections to ensure that people weren't taken advantage of or put at risk.

#### **The Consumer Bill of Rights – A Turning Point (1962)**

One of the most important moments in this movement came in 1962, when U.S. President John F. Kennedy introduced the Consumer Bill of Rights.<sup>80</sup> His message to Congress laid out four basic rights that have since become the foundation for modern consumer protection laws around the world.

- i. **The Right to Safety:** Consumers should be shielded from products that could harm them.
- ii. **The Right to Be Informed:** People deserve honest and complete information about the products they buy.
- iii. **The Right to Choose:** There should be a variety of goods and services available, ensuring healthy competition and fair prices.

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<sup>80</sup> President John F. Kennedy, *Special Message to the Congress on Protecting the Consumer Interest*, 15 March 1962, Public Papers of the Presidents of the United States: John F. Kennedy, 1962, p. 273.

- iv. The Right to Be Heard: When things are wrong consumers should raise a voice and businesses must listen and respond to those concerns.

These foundational principles laid the groundwork for both national and international policy efforts aimed at protecting consumers in an increasingly complex and globalized marketplace. Building on initiatives such as President John F. Kennedy's Consumer Bill of Rights, the United Nations took a significant step toward creating a universal framework. In 1985, the UN adopted the Guidelines for Consumer Protection, offering a comprehensive set of recommendations to assist countries in formulating and strengthening their consumer protection laws. These guidelines were later updated in 2015 to keep pace with the changing realities of the digital age and global commerce.<sup>81</sup>

The UN Guidelines encourage countries to promote

- i. Product Safety: Making sure that products and services are not dangerous to consumers.
- ii. Consumer Redress: Ensuring that people have access to fair and simple ways to resolve complaints and seek compensation.
- iii. Sustainable Consumption: Encouraging both consumers and companies to make choices that are good for the environment and future generations.

These guidelines act as a global reference point, helping nations shape laws that protect consumers while also supporting fair and responsible business practices. As the global marketplace continues to evolve, these foundational efforts remain vital to ensuring fairness, safety, and transparency for all.

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<sup>81</sup> United Nations Conference on Trade and Development, *United Nations Guidelines for Consumer Protection* (United Nations Publication, New York, 2016), pp. 3–7.

**Table 3: UN Guidelines and Corresponding Rights**

UN Guideline Category	Example Rights
Physical Safety	Right to Safety
Economic Interests	Right to Fair Trade
Redressal	Right to Legal Remedies
Consumer Education	Right to Awareness

The United Nations Guidelines for Consumer Protection identify several key areas designed to promote the welfare and safety of consumers worldwide. These focus areas translate fundamental consumer rights into actionable policy objectives, guiding nations in implementing effective and equitable consumer protection frameworks.

i Physical Safety

This principle reflects the right to safety. A customer's top priority will always be their health, regardless of whether it is a product or a service. They want safety, so their expectations remain the same from food to electronic products.

ii Economic Interests

Right to fair trade. This principle exists because customers' hard earned money should not be wasted on unfair trading. Unfair pricing, misleading practices, or anti competitive behaviors are never good for the economy and people. People should not be taken advantage of and must be able to get value for their money.

### iii Access to Redress

This mirrors the Right to Seek Redressal. It highlights the importance of giving consumers easy and effective ways to raise complaints and get compensation. This system is there to help people. Aim is to provide unbiased justices to everyone.

### iv Consumer Education

Deeply connected to right to be informed this spread's awareness about consumer rights and responsibilities. People who educated on this will always make smart choices, know what to expect from businesses, and avoid being misled or exploited.

## **3.2 Institutional Frameworks and International Organizations**

As online shopping and global trade became popular issues like internet fraud and cross border scams were hiked. It's not possible to solve these issues by one country alone. Protecting our consumers from these cases will go beyond national border. Here comes Global Organizations such as UNCTAD, the OECD, and ICPEN which helps countries to exchange knowledge, share rules and support each other. It's very use full to fight in world stage and protecting consumers worldwide.

### **3.2.1. United Nations Conference on Trade and Development (UNCTAD)**

UNCTAD the United Nations body that deals with trade and development has been a quiet but steady force in strengthening consumer protection, particularly in countries still building up their regulatory systems. Rather than acting as an outside authority, it tends to work alongside national governments, offering a mix of technical guidance and on the ground advice. That might mean helping a ministry draft its first modern consumer law, suggesting tweaks to close loopholes in existing rules, or advising on how to set up a regulator that can actually enforce those standards in practice. The aim isn't just to write

policies on paper but to make sure they work in the messy reality of day to day commerce.<sup>82</sup> UNCTAD doesn't just work behind the scenes on laws and regulations it also creates spaces where countries can actually talk to each other. Through conferences, hands on training it gives governments a chance to swap stories, compare strategies, and grapple with new challenges like data privacy breaches, online fraud schemes, or how to shield consumers who are most at risk. Being part of the United Nations system means UNCTAD carries a certain weight. Its advice tends to be taken seriously, especially by states that don't yet have the funds, expertise, or legal muscle to enforce consumer protections on their own. Strengthening these systems isn't just about fairness within one country it nudges global markets toward a more level playing field. When rules are clearer and more consistent, trust in cross border trade grows, and that's good news for both the people buying goods and the businesses selling them.

### **3.2.2. Organization for Economic Co-operation and Development (OECD)**

The Organization for Economic Co-operation and Development (OECD) has a strong hand in steering how consumer protection is shaped, especially among its member states a group that includes many of the world's biggest economies. Its work often revolves around making sure consumer laws aren't just fair on paper but also transparent and applied consistently. In practice, that means helping governments adapt their rules to keep up with shifting markets and changing consumer expectations, whether it's about safer products, smoother dispute resolution, or the fast moving world of online shopping. The OECD's research, policy guidelines, and habit of getting countries to sit down and share ideas have helped create consumer protection systems that, while far from perfect, are noticeably stronger and more responsive than they might otherwise be.<sup>83</sup> To figure out

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<sup>82</sup> United Nations Conference on Trade and Development, *Manual on Consumer Protection* (United Nations Publication, Geneva, 2020), pp. 4–10.

<sup>83</sup> Organisation for Economic Co-operation and Development, *Consumer Policy Toolkit* (OECD Publishing, Paris, 2010), pp. 15–22. [Consumer Policy Toolkit | OECD](#)

what's actually working and what isn't the OECD collects data from its member countries, often through large cross country surveys. This information isn't just filed away it's used to create practical tools like policy templates, step by step guidelines, and real world examples that governments can adapt to strengthen both their laws and the way those laws are enforced. Just as importantly, the OECD acts as a meeting ground where officials can swap experiences, compare strategies, and even admit where things have gone wrong. This kind of exchange is particularly valuable when dealing with problems that seem to crop up everywhere: misleading ads on social media, invasive data collection on e-commerce platforms, or marketing tactics that cross ethical lines. When countries pool their knowledge, they're better able to design consumer protection policies that not only work at home but also align more closely across borders.

### **3.2.3. International Consumer Protection and Enforcement Network (ICPEN)**

The International Consumer Protection and Enforcement Network (ICPEN) is a global alliance linking consumer protection agencies from over 60 countries. Its focus is on making consumer rights enforcement more effective when problems spill across borders a situation that's becoming more common as businesses sell, advertise, and operate internationally. Many of the cases ICPEN handles involve practices like false advertising, exaggerated product claims, or online scams that reach people in multiple countries at once. The network gives regulators a place to exchange information, coordinate investigations, and, when necessary, take joint action. In a world where a company can target customers from thousands of miles away with just a few clicks, national laws can feel powerless on their own. ICPEN helps close that gap, making sure global companies can't dodge responsibility simply by moving operations offshore. Taken together, UNCTAD, the OECD, and ICPEN form a kind of three pillar system for global consumer protection. Each works in its own way whether it's UNCTAD helping countries build solid laws from the ground up, the OECD setting shared policy standards among major economies, or ICPEN going after cross border misconduct. But all three share a common thread giving countries the tools and the connections they need to face challenges like

digital fraud, deceptive advertising, and messy cross border disputes. In a market that's increasingly global, that kind of cooperation isn't just helpful it's becoming essential. In an increasingly interconnected world, where businesses can easily cross borders and digital platforms blur national lines, ensuring consumer rights and building trust in the marketplace is more important than ever. Through their collaborative work, these organizations help ensure that consumers are protected fairly and equitably, no matter where they live or where the company they're dealing with is based.<sup>84</sup>

### **3.3. Comparative Legal Approaches**

Consumer protection frameworks differ across jurisdictions, reflecting unique socio economic, political, and cultural contexts.

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<sup>84</sup> International Consumer Protection and Enforcement Network (ICPEN), *About ICPEN*, available at: [Protecting consumers worldwide | ICPEN](#) .

**Table 4: Comparative Legal Approaches**

Country/Region	Law/Authority	Key Case / Example
United States <sup>85</sup>	Federal Trade Commission (FTC) – handles unfair or deceptive practices	<i>FTC v. AMG Capital Management</i> (2021) – limited FTC’s power to claim monetary relief
European Union <sup>86</sup>	- Consumer Rights Directive (2011/83/EU)- General Product Safety Directive	<i>Verbraucherzentrale v. Amazon</i> (2021) – sellers must give consumers a phone number
United Kingdom <sup>87</sup>	- Consumer Rights Act, 2015- Competition and Markets Authority (CMA)	CMA monitors and enforces against unfair trading
Australia <sup>88</sup>	Australian Consumer Law (ACL) – enforced by ACCC	<i>ACCC v. Google LLC</i> (2021) – Google misled users about location data

### 3.4. Notable Cases

#### 3.4.1. *FTC v. AMG Capital Management (United States, 2021)*

This case brought about a major change in how the Federal Trade Commission (FTC) can enforce consumer protection laws. AMG Capital Management was accused of misleading

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<sup>85</sup> Federal Trade Commission, *About the FTC*, available at: <https://www.ftc.gov>

<sup>86</sup> EUR-Lex, *Consumer Rights Directive 2011/83/EU*, available at: <https://eur-lex.europa.eu>

<sup>87</sup> Competition and Markets Authority (UK), *Consumer Protection*, available at: [Competition and Markets Authority - GOV.UK](https://www.competitionandmarkets.gov.uk)

<sup>88</sup> Australian Competition and Consumer Commission, *Cases and Judgments*, available at: <https://www.accc.gov.au>

consumers through payday loan schemes that involved hidden fees and unclear repayment terms. The FTC took the company to court, hoping to recover financial compensation for those affected, relying on Section 13(b) of the FTC Act to do so. But in a surprising move, the U.S. Supreme Court ruled that Section 13(b) does not actually give the FTC the authority to seek financial restitution for consumers. Instead, the Court stated that this section only allows the FTC to request an injunction to stop illegal practices not to demand money.<sup>89</sup> The ruling created a significant hurdle for the FTC. Before this case, the agency regularly used Section 13(b) to get refunds for consumers who were misled or harmed. Now, that tool has been taken away unless Congress steps in to fix the law. This decision sparked a national conversation about whether consumer protection laws need to be updated to keep pace with evolving business practices and to ensure that enforcement agencies like the FTC have the power they need to hold wrongdoers financially accountable.

### **3.4.2. Verbraucherzentrale Bundesverband v. Amazon (European Union, 2021)**

This case was a significant moment in the evolution of digital consumer rights in the European Union. The German consumer advocacy group, Verbraucherzentrale Bundesverband, took Amazon to court, arguing that the company was not being fully transparent with its customers. Specifically, the complaint centered on Amazon's failure to provide a telephone number for consumers to reach the company directly. The Court of Justice of the European Union (CJEU) examined the case through the lens of the EU's Consumer Rights Directive (2011/83/EU). The Court ruled that while companies do not necessarily have to provide a telephone number, they are required to offer clear, direct, and efficient ways for consumers to get in touch. This can include options like live chat or online contact forms, as long as they are easy to use and allow consumers to

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<sup>89</sup> *AMG Capital Management, LLC v. Federal Trade Commission*, 141 S. Ct. 1341 (2021), available at: [https://www.supremecourt.gov/opinions/20pdf/19-508\\_l6gn.pdf](https://www.supremecourt.gov/opinions/20pdf/19-508_l6gn.pdf)

communicate their issues clearly and get timely responses.<sup>90</sup> It sent a clear message to e-commerce giants even in the age of automation and self service platforms, businesses must remain reachable and responsive. The ruling helped clarify what transparency means in practice for online traders and further empowered consumers by confirming their right to easy and direct communication with digital service providers.

### **3.4.3. ACCC v. Google LLC (Australia, 2021)**

In a landmark legal action, the Australian Competition and Consumer Commission (ACCC) took Google to court for misleading conduct involving the collection of users' location data on Android devices. The case focused on practices between 2017 and 2018, during which Google allegedly gave users the impression that turning off the "Location History" setting would prevent location tracking. In reality, another setting "Web & App Activity" also had to be disabled to fully stop data collection, something many users were unaware of. The Federal Court ruled in favor of the ACCC, concluding that Google had failed to adequately inform consumers about how their data was being tracked, stored, and used even when users thought they had opted out.<sup>91</sup> The outcome of this case marked a major step forward for consumer rights in the digital age in Australia. It reinforced the principle that companies must obtain genuine, informed consent from users when collecting personal data. The ruling underscored that vague terms and hidden settings are not acceptable, particularly when dealing with sensitive information like location data. It sent a strong signal for global tech giants, transparency isn't a courtesy it's a requirement. Still, the way that requirement is enforced varies widely, since consumer protection laws are shaped by each country's economic conditions, social priorities, and technological maturity. In the United States, the Federal Trade Commission (FTC) is the main watchdog against unfair or deceptive business practices. Yet its ability to keep pace with

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<sup>90</sup> *Verbraucherzentrale Bundesverband v. Amazon Services Europe Sàrl*, Case C-649/17, Judgment of the Court (Third Chamber), 2 July 2019, ECLI:EU:C:2019:576, available at: <https://curia.europa.eu/juris/liste.jsf?num=C-649/17>.

<sup>91</sup> *Australian Competition and Consumer Commission v. Google LLC* [2021] FCA 367, Federal Court of Australia, available at: <https://www.judgments.fedcourt.gov.au/judgments/Judgments/fca/single/2021/2021fca0367>

the speed of digital change has been questioned, and recent cases have put the scope of its enforcement powers under the microscope. The European Union takes a different route, working to harmonize consumer rights across its member states. The idea is simple but ambitious: ensure that someone shopping online in Spain has essentially the same protections as someone in Germany or France, particularly when it comes to cross border purchases and digital transactions. Australia, meanwhile, opts for a single, nationwide framework the Australian Consumer Law (ACL) which applies uniformly across states and territories. This makes the rules easier to understand and, just as importantly, to enforce. In the United Kingdom, the Consumer Rights Act extends protections into areas that older laws didn't anticipate, like digital goods, streaming services, and software. The aim is to give people clear, enforceable rights in a market that changes faster than legislation typically does.

### **3.5. Consumer Protection in Developing Nations**

Consumer protection in developing countries is a mixed picture part progress, part persistent struggle. Many have laws on the books that, in theory, should safeguard buyers from unfair treatment. In practice, though, enforcement often falters. Regulatory bodies are frequently underfunded, short staffed, or simply lack the training to take on powerful businesses. One of the biggest gaps is awareness. Large segments of the population especially in rural or marginalised communities either don't know their rights or aren't sure how to assert them. Even when they do, getting justice can be a slow, expensive, and uncertain process. This is particularly true in informal markets, where most transactions rely on trust or habit, and taking a complaint to the authorities feels unrealistic. Other barriers are structural patchy internet coverage, outdated technology, and poor coordination between agencies mean that the law often exists in writing but not in people's day to day reality. That said there are signs of forward movement. Some countries are overhauling decades old statutes, streamlining bureaucratic procedures, rolling out public education campaigns, and linking up with international networks to make enforcement more effective. The progress is uneven some regions are racing ahead

while others lag behind but it's a reminder that strengthening consumer protection isn't just possible it's already happening.

### **3.5.1. Brazil: A Latin American Leader**

Brazil has carved out a reputation as one of Latin America's frontrunners in consumer protection, thanks in large part to its Consumer Protection Code, introduced back in 1990. The law was considered forward thinking for its time and still serves as a strong foundation today. It lays out clear rights from getting accurate information about products, to ensuring safety standards, to guaranteeing fair treatment and practical ways for consumers to seek redress when things go wrong. One of the most practical strengths of Brazil's system is its extensive network of Procon offices state level consumer protection agencies that mediate disputes between consumers and businesses. These offices are well-recognized and approachable, often acting as the first point of resolution and playing a vital role in enforcing rights at the community level. Beyond enforcement, Brazil has also emphasized consumer education, recognizing that informed individuals are more likely to defend their interests. This dual approach strong legal backing and proactive outreach positions Brazil as a model for consumer protection efforts in developing economies.<sup>92</sup>

### **3.5.2. South Africa: Ensuring Fairness and Accountability**

South Africa has taken strong steps to improve consumer protection, especially with the passing of the Consumer Protection Act in 2008. This law came at a time when the country was still dealing with deep social and economic inequalities. Its main goal is to bring fairness, openness, and responsibility into the way businesses deal with consumers. The Act tackles key concerns such as false or tricky advertising, unfair contract terms, and the sale of low quality goods or services. At the centre of South Africa's consumer

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<sup>92</sup> Government of Brazil, *Consumer Protection Code (Law No. 8.078/1990)*, available at: <https://www.gov.br/procon/documentos/codigo-de-defesa-do-consumidor-english.pdf>

protection framework is the National Consumer Commission (NCC), the body responsible for investigating complaints, making sure businesses play by the rules, and running public awareness campaigns. One notable aspect of the country's law is its insistence that contracts and product details be written in plain, straightforward language. The idea is simple people should be able to understand exactly what they're signing up for, regardless of their education level. By stripping out the jargon, the law reduces confusion and makes it harder for companies to slip unfair terms into everyday transactions.<sup>93</sup>

### **3.5.3. India: Moving Toward Global Standards**

India's push to safeguard consumer rights took shape with the Consumer Protection Act of 1986, a landmark law that for the first time gave people a formal route to challenge unfair trade practices and substandard goods or services. For its era, it was a big leap forward a legal framework that made it possible for ordinary citizens to stand up to powerful businesses. But as the economy opened up in the 1990s and online commerce exploded in the decades that followed, the cracks in that older system became harder to ignore. Rules written for a pre digital marketplace were struggling to keep pace with new ways of doing business. Issues like online fraud, misuse of consumer data, and international e-commerce transactions were not clearly covered. To deal with these modern problems, India passed a new law the Consumer Protection Act, 2019. This updated Act brought much-needed changes, making the legal system more in tune with the current digital and globalized market conditions. It also focused on improving grievance redressal mechanisms and ensuring stronger protection for consumers engaging in online and cross border purchases. It introduces provisions tailored to the digital age, including the regulation of e-commerce platforms, product liability for manufacturers and service providers, and the establishment of the Central Consumer Protection Authority (CCPA) to oversee enforcement and redress mechanisms. By aligning more closely with

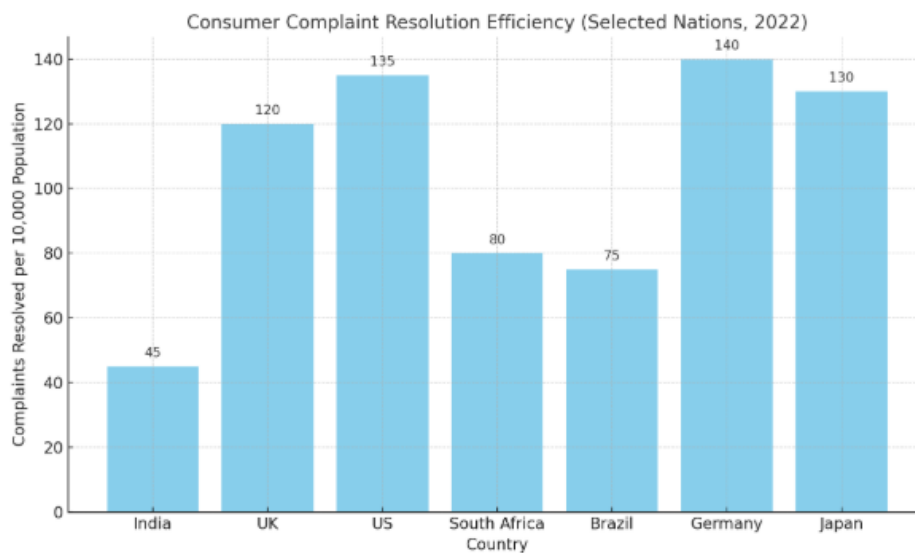
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<sup>93</sup>Republic of South Africa, *consumer protection act(2008)*  
available at: <https://www.gov.za/documents/consumer-protection-act>

international best practices, India is signaling its commitment to building a more robust and responsive consumer protection system.

Though developing countries face their own hurdles in making consumer protection truly effective, the steps taken by Brazil, South Africa, and India show that real and steady improvement is achievable. Through ongoing legal reforms, institutional strengthening, and greater public engagement, many developing countries are progressively reshaping their consumer protection landscapes. These efforts signal a growing alignment with global standards, helping to ensure that their populations are not left behind in the global move toward more transparent and accountable marketplaces. However, the true challenge lies in bridging the persistent gap between policy and practice. Sustained investment in consumer awareness, digital infrastructure, and accessible legal redress mechanisms will be critical to building inclusive, resilient, and effective consumer protection systems.

**Chart 2: Consumer Complaint Resolution Efficiency (Selected Nations, 2022)**



Graph showing number of complaints resolved per 10,000 population across 8 countries including India, UK, US, South Africa, Brazil, Germany, and Japan.

**Note:** Chart created by the author using data compiled from international and national consumer protection sources, including: Federal Trade Commission (US), Competition and Markets Authority (UK), National Consumer Helpline (India), Consumer Affairs Agency (Japan), UNCTAD Consumer Protection Reports (Brazil and South Africa), and OECD Consumer Policy Toolkit (Germany), 2022.

### **3.6. Digital Commerce and Global Consumer Issues**

The digital revolution has fundamentally transformed how consumers interact with businesses. From ordering daily essentials through mobile applications to accessing cross border services with a few clicks, digital transactions have become an integral part of everyday life. This change has made life easier and more connected, but it also brings new and difficult problems. As trade moves across borders and technology keeps changing, worries about consumer rights, data safety, platform responsibility, and how well the law works are becoming more serious. In this fast moving digital world, both regulators and consumers must do more than just adapt they need to rethink how protection systems work so they fit today's global and technology driven market.

#### **3.6.1. Jurisdictional Ambiguity**

One of the toughest problems in digital trade is figuring out legal jurisdiction. In regular, offline shopping, people usually knew which country's laws applied if something went wrong. But online shopping often crosses borders in seconds, making it unclear who has legal control. Take a common example someone in India orders a product from a U.S. seller through an e-commerce site headquartered in Singapore. The item arrives defective or worse, it was misrepresented in the listing. Suddenly, it's unclear whose rules apply. Should the case fall under Indian law because the buyer lives there? Or American law because the seller is based in the U.S.? Or does Singapore's jurisdiction come into play because that's where the platform operates? And once that's decided, which court or agency is the consumer even supposed to approach? This legal tangle makes it far harder

for individuals to get redress and for authorities to step in effectively. Without a clear, agreed upon international framework for handling cross border disputes, online trade risks becoming a kind of legal no man's land, where fairness and accountability depend more on luck than on enforceable rights.

### **3.6.2. Data Privacy and Consent**

Another thorny issue in digital commerce is the way companies collect, store, and use consumer data. In the online economy, personal information has become a kind of currency quietly traded and mined for insights. Every click, search, and purchase leaves a trail browsing history, buying habits, even identity markers. Much of this is tracked automatically and analysed behind the scenes. The problem is there's no single global rulebook for protecting that data. Privacy laws vary widely from country to country, which creates an uneven playing field. The European Union's General Data Protection Regulation (GDPR) is often held up as the gold standard. It's designed to put control back in consumers' hands by requiring clear consent, limiting unnecessary data collection, and giving individuals the right to see or delete their personal information. The United States takes a very different path a patchwork of industry and state specific laws rather than one overarching federal privacy framework. Health data falls under HIPAA, children's information under COPPA, and financial records under the Gramm Leach Bliley Act, but outside those silos, protections are inconsistent. For companies, this divergence between regulatory models adds complexity to compliance. For consumers, it means their privacy rights can change dramatically depending on where they live or where the business they're dealing with is based a gap that becomes even more obvious in cross border transactions.<sup>94</sup>

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<sup>94</sup> European Union, *General Data Protection Regulation (EU) 2016/679*, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R0679>; United States Federal Trade Commission, *Data Privacy Overview*, available at: <https://www.ftc.gov/business-guidance/privacy-security>

### **3.6.3. Algorithmic Discrimination and Deceptive Personalization**

A newer and quietly troubling problem in the digital marketplace is algorithmic discrimination. Many platforms now lean heavily on complex algorithms to decide what we see, what we're offered, and sometimes even what we pay. Prices, product suggestions, and ads are often tailored based on personal data. Done well, this can make services feel more relevant. Done badly, it can slip into manipulative or unfair territory. There have been cases where two customers looking at the exact same item were shown different prices not because of shipping costs or stock issues, but because the system judged them differently based on browsing habits, the device they used, or even a guess at how much they might be willing to pay. That kind of hidden price steering raises thorny legal and ethical question. The risks go beyond shopping. In financial services, for example, an algorithm might quietly tag someone from a lower income background as "high risk," resulting in higher interest rates, fewer loan offers, or less favorable terms even when the person's actual repayment history suggests otherwise. When decision making is hidden inside code, detecting and challenging such bias becomes a steep uphill climb. While personalization can improve user experience, it can also repeat and even worsen existing social and economic inequalities. This can lead to unfair pricing, restricted choices, or fewer opportunities for certain groups all based on data profiles. The problem is that older consumer protection laws weren't made to deal with these modern issues. Many consumers don't even know they're being treated differently, and authorities often don't have the tools or technical knowhow to catch these hidden biases. As automated decisions become more common, it's important to upgrade laws to make sure these systems are transparent, fair, and don't discriminate. Protecting consumers in a digital world means making sure technology works equally for everyone.

### **3.7 Notable International Developments**

To improve consumer protection in today's digital economy, it's important to look at how international laws and global efforts are responding to these challenges. As digital trade

grows across borders, many organizations and countries are working together to build legal frameworks that can better handle issues like data privacy, cross border fraud, and online consumer rights. These efforts aim to create more consistent rules, encourage cooperation between nations, and make sure that consumers are treated fairly no matter where they shop or which platform they use.

### **3.7.1 European Union Digital Services Act (2022)**

The Digital Services Act (DSA), enacted by the European Union in 2022, represents a significant regulatory measure designed to enhance the accountability of online platforms. This legislation emerged as a response to increasing concerns regarding the spread of illegal content, the availability of unsafe products, and the expanding dominance of large technology companies in the digital environment.

#### **i Focus on Large Platforms**

The DSA places particular focus on very large online platforms (VLOPs) such as Amazon, Facebook and Google. These companies are now required to take more responsibility for the content and products available on their services.<sup>95</sup>

#### **ii Content Moderation and Illegal Material**

One of the key provisions of the DSA is that online platforms must take prompt action to remove illegal or harmful content. It requires well defined procedures for reporting, reviewing and taking down such material to ensure user protection and prevent potential abuse.

#### **iii Dealing with Unsafe and Fake Products**

Online marketplaces must identify and remove counterfeit or unsafe goods to protect consumers from purchasing dangerous or misleading items.

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<sup>95</sup> European Union, *Regulation (EU) 2022/2065 on a Single Market for Digital Services (Digital Services Act)*, OJ L 277, 27.10.2022, p. 1–102.

iv Risk Management and Transparency

Platforms are now required to assess the risks their services may pose to public safety and individual rights. They must also publish regular reports detailing how they manage harmful content, misinformation, and other potential risks.

v User Rights and Platform Accountability

Platforms are now required to assess the risks their services may pose to public safety and individual rights. They must also publish regular reports detailing how they manage harmful content, misinformation, and other potential risks

vi Enforcement and Oversight

The DSA grants consumers stronger rights. Platforms must ensure greater transparency and fairness by providing clear terms of service and accessible complaint mechanisms.

### **3.7.2. APEC Privacy Framework**

- i. The Asia-Pacific Economic Cooperation (APEC) introduced its Privacy Framework with the aim some might say the aspiration of encouraging consistent and responsible data protection practices across its member economies. It emerged at a time when digital trade was no longer a niche concern but a driving force in global commerce. For countries like Japan, Singapore, and South Korea, which have positioned themselves as key hubs in the digital marketplace, the framework's relevance is hard to ignore. Unlike the European Union's General Data Protection Regulation (GDPR) the APEC Privacy Framework is non-binding. That is, it stops short of imposing legal obligations. Instead, it offers a flexible blueprint something more suggestive than prescriptive meant to guide businesses toward better privacy management. The principles it promotes accountability, transparency, and consumer access to personal data sound straightforward, but the framework deliberately leaves space for national differences in legal systems and cultural norms. One of its more practical features is the Cross Border Privacy Rules (CBPR) system. Through this, certified businesses can demonstrate compliance with agreed

regional privacy standards, potentially smoothing the bumps that often slow down international digital transactions. In theory, this should build trust across borders and reduce costly regulatory conflicts. Yet, because the framework lacks hard enforcement powers, its success depends heavily on voluntary buy-in from both governments and businesses. Even so, the APEC approach has played a notable role in strengthening consumer confidence at least the perception of it by encouraging fair and secure handling of personal data. Its emphasis on harmonization appears to make life easier for companies operating across jurisdictions, though whether it offers enough protection for users in weaker legal environments remains open to debate. In the absence of a unified legal standard in the Asia Pacific region, the Privacy Framework stands as a kind of working compromise: imperfect, adaptable, and depending on who you ask either a stepping stone toward stronger protections or a comfortable middle ground that risks stalling deeper reform.<sup>96</sup>

- ii. The rapid expansion of digital commerce has brought long-standing gaps in global consumer protection into sharper focus. Questions over legal jurisdiction remain unsettled, data privacy regulations differ dramatically from one country to the next, and algorithmic profiling often operates with minimal oversight. Each of these factors, in its own way, undermines fairness and transparency in online markets. As trade flows increasingly transcend national borders, it is becoming harder to believe that domestic legal measures however well intentioned can address these challenges on their own. What seems more plausible is that a coordinated, international framework will be needed to safeguard consumer rights in a landscape that is both fast changing and deeply shaped by technological forces.

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<sup>96</sup> Asia-Pacific Economic Cooperation, *APEC Privacy Framework (2015)*, available at: <https://www.apec.org/publications/2017/08/apec-privacy-framework> (2015).

- iii. Effectively safeguarding consumer rights in today's digital economy appears increasingly dependent on genuine international cooperation. Initiatives such as the European Union's Digital Services Act and the Asia Pacific Economic Cooperation's Privacy Framework suggest that progress toward responsible digital governance is possible. Yet policy frameworks alone rarely guarantee lasting change; what they require is broad, sustained commitment from all stakeholders. For that to happen, developing nations need more than a seat at the table they must have the capacity and resources to design and enforce consumer protection systems that meet global standards while reflecting their own legal traditions, economic realities, and social priorities. Without this balance, global standards risk becoming well intentioned but unevenly applied benchmarks that leave the most vulnerable consumers behind.
  
- iv. As digital trade continues to expand, consumer protection strategies cannot remain static. Safeguarding consumer rights is no longer a matter confined within national border increasingly calls for coordinated international action. Countries must work in concert to uphold fairness, security, and accountability across digital platforms that operate on a truly global scale. This shift naturally brings attention to Transnational Consumer Redress Mechanisms systems designed to give consumers effective means of resolving disputes that cross jurisdictions. Such mechanisms aim to bridge the gap between differing national laws, regulatory capacities, and enforcement practices, offering a pathway to justice that does not end at a country's border.

### **3.8. Transnational Consumer Redress Mechanisms**

International law may not have direct enforcement power over sovereign nations, a range of mechanisms has emerged to strengthen consumer protection on a global scale particularly in the context of digital trade. One of the most widely recognized, is Online Dispute Resolution (ODR), which allows consumers to address grievances quickly and

with minimal cost, bypassing the slow and often expensive machinery of traditional legal systems. ODR is especially valuable in cross-border transactions, where jurisdictional complexities can stall or even prevent resolution. Major e-commerce platforms such as Amazon and eBay have incorporated their own internal systems for handling complaints, refunds, and disputes, ensuring that many issues are resolved without the need for formal court intervention.<sup>97</sup> Another important tool is the set of UNCITRAL Model Laws, which offer standardised legal templates that countries can adapt to harmonise their consumer protection rules. These frameworks are intended to simplify cross-border dispute resolution and promote greater consistency in global commercial practices. At the regional level, judicial bodies like the Court of Justice of the European Union (CJEU) play an equally significant role. The CJEU's decisions, binding on all EU member states, often influence broader international debates on consumer rights, particularly in the realm of digital transactions and platform accountability. Taken together, these mechanisms do not eliminate the enforcement gap in international law, but they go a long way toward mitigating it providing practical, sometimes innovative pathways for protecting consumers in an increasingly interconnected marketplace.

### **3.9. International Case Law and Precedents**

#### **3.9.1. Donoghue v. Stevenson (1932, United Kingdom)**

*Donoghue v. Stevenson (1932)* stands as a landmark case in tort law that helped shape today's rules on negligence. It centered around Mrs. Donoghue, who became ill after drinking ginger beer that unknowingly had a decayed snail inside. Since her friend had bought the drink, she had no direct contract with the manufacturer. Still, she brought a legal claim. The House of Lords ruled that the manufacturer had a legal duty to take reasonable care towards the end consumer. This ruling introduced the principle that

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<sup>97</sup> Organisation for Economic Co-operation and Development, Consumer Dispute Resolution and Redress in the Digital Age, OECD Digital Economy Papers No. 319 (2021), available at: <https://www.oecd.org/publications/consumer-dispute-resolution-319> (last accessed July 13, 2025).

people and companies can be held responsible for harm they could have reasonably prevented, even without a direct agreement. It laid the groundwork for modern product liability and strongly influenced consumer protection laws, showing that producers have a duty to ensure their goods are safe for users.<sup>98</sup>

### **3.9.2. Apple Inc. v. Australian Consumer Commission (2018)**

In a notable enforcement of the Australian Consumer Law (ACL), Apple Inc. was held accountable for engaging in misleading and deceptive practices. The proceedings, initiated by the Australian Competition and Consumer Commission (ACCC), centered on Apple's refusal to repair or replace iPhones and iPads that had previously undergone service by unauthorized third-party providers. The Federal Court of Australia determined that Apple's actions breached the non-excludable consumer guarantees enshrined in the ACL. By denying assistance solely because the devices had been repaired elsewhere, Apple effectively attempted to impose limitations that contradicted statutory consumer rights. The court imposed a penalty of AUD 9 million, emphasizing that businesses cannot override legal consumer protections through internal policies or restrictive warranty terms. This ruling reaffirmed the enforceability of consumer guarantees and sent a clear message that global corporations operating in Australia must comply fully with local consumer protection laws.<sup>99</sup>

### **3.9.3. Schrems II Case (CJEU, 2020)**

The Schrems II judgment by the Court of Justice of the European Union (CJEU) marked a significant development in the intersection of international data privacy and consumer protection. Initiated by Austrian privacy activist Max Schrems, the case contested the validity of the EU-US Privacy Shield framework, which facilitated data transfers

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<sup>98</sup> *Donoghue v. Stevenson* [1932] AC 562 (HL).

<sup>99</sup> *Australian Competition and Consumer Commission v Apple Pty Ltd (No 4)* [2018] FCA 953.

between Europe and the United States. The Court found that the agreement did not offer sufficient safeguards for the personal data of EU citizens, particularly due to concerns over U.S. surveillance practices that lacked adequate legal remedies for non U.S. individuals. As a result, the Privacy Shield was invalidated. The ruling firmly established that data protection is not just a regulatory issue but a fundamental consumer right in the digital age. Its impact has been profound prompting heightened oversight of cross border data flows and compelling international companies to re evaluate their data handling practices to remain compliant with EU General Data Protection Regulation (GDPR) standards.<sup>100</sup>

### **3.10. Academic Contributions and Journal Perspectives**

In today's increasingly interconnected global economy, academic research plays a pivotal role in shaping the evolution of international consumer law. As digital trade and cross border transactions become more complex, legal scholars, economists, and consumer rights advocates have intensified their efforts to explore the legal and ethical challenges that arise. Academic contributions published in peer reviewed journals and legal forums not only expand theoretical and doctrinal understanding but also serve as valuable resources for lawmakers, regulators, and institutions aiming to implement effective consumer protection frameworks. These scholarly insights frequently influence legislative developments and judicial interpretations, reinforcing the critical link between academic inquiry and real world legal reform. Two particularly influential academic journals stand out for their contributions to global consumer law discourse.

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<sup>100</sup> *Data Protection Commissioner v. Facebook Ireland Ltd and Maximilian Schrems* (Schrems II), Case C-311/18, Judgment of the Court (Grand Chamber), 16 July 2020, ECLI:EU:C:2020:559, available at: <https://curia.europa.eu/juris/liste.jsf?num=C-311/18>.

### **3.10.1. Journal of Consumer Policy (Springer)**

The Journal of Consumer Policy is highly regarded for its interdisciplinary and comparative approach to consumer law and policy. The journal provides a scholarly platform for examining the intersection of legal systems with economic theory, sociological perspectives, and insights from behavioural science. Its articles frequently investigate how consumer protection laws operate in different national contexts, making it a valuable reference for academics, policymakers, and legislators alike. The scope is broad, encompassing topics such as regulations in financial services, deceptive advertising practices, digital consumer rights, and product safety standards. By drawing on multiple disciplines, the journal offers a more layered understanding of consumer well being and the degree to which regulatory frameworks achieve their intended goals.

### **3.10.2. International Journal of Consumer Studies (Wiley)**

The International Journal of Consumer Studies adopts a distinctly global lens, exploring how consumers engage with markets across diverse social, economic, and cultural contexts. It has earned particular recognition for its attention to consumer issues in developing countries and rapidly expanding economies. Articles often address themes such as digital inclusion, equitable access to markets, and the real world impact of regulatory measures on individuals' daily lives. The journal also brings to the forefront the challenges faced by disadvantaged groups, underscoring the importance of legal reforms that are sensitive to cultural differences and responsive to the varied needs of consumers worldwide.

## **3.11. Scholarly perspective**

### **3.11.1. The Need for Global Harmonization**

A recurring concern in contemporary academic literature is the absence of uniformity in consumer protection laws across jurisdictions. As cross-border e-commerce becomes an everyday reality, these legal disparities often generate uncertainty for both consumers and businesses. Several scholars have suggested that a baseline global standard comparable in scope to the European Union's GDPR could ensure that consumer rights are upheld regardless of geographic location. Such harmonisation, they argue, would not only bolster consumer trust but also simplify compliance for international companies, reducing the legal and administrative friction caused by navigating multiple, and sometimes conflicting, national regulations.

### **3.11.2. Sustainable Consumption and Ethical Trade**

Recent academic debate on consumer protection has begun to move well beyond traditional concerns of fairness and contract enforcement, turning instead toward questions of sustainability and ethical business conduct. Increasingly, scholars are exploring how consumer law might serve broader global objectives, from environmental protection to corporate social responsibility. This shift has sparked interest in topics such as accurate product labelling, legal measures against greenwashing, and greater corporate transparency particularly in tracing the origins and production methods of goods. A growing body of opinion holds that legislation should require companies to disclose the environmental and social impacts of their products, enabling consumers to make purchasing decisions that align with their personal values. In this evolving field, consumer law is framed not merely as a defensive tool for individual rights, but as a lever for steering markets toward more sustainable and accountable practices. Journals like the *Journal of Consumer Policy* and the *International Journal of Consumer Studies* play a central role in advancing this agenda. They provide critical analysis on matters such as harmonising international standards, raising consumer awareness, and encouraging sustainable consumption. By bridging insights from law, economics, sociology, and environmental studies, these publications influence legislative drafting, judicial interpretation, and cross border cooperation. The perspectives they foster are shaping

legal systems that aspire to be more inclusive, adaptive, and responsive to the complex demands of today's interconnected and digitally driven marketplaces.

### **3.11.3. Digital Literacy as Consumer Empowerment**

Alongside legal reforms, scholars are placing growing emphasis on digital literacy as an essential pillar of consumer protection. Regulatory measures, however well crafted, have only limited effect if individuals lack the capacity to recognize their rights or respond effectively to online risks. Research in this area points to the value of public education initiatives, school based curricula, and targeted outreach campaigns in equipping people to identify fraudulent activity, interpret complex service agreements, and make more informed choices in the digital marketplace. Such efforts, some argue, may be as important as the laws themselves in ensuring that consumer protection is meaningful in practice rather than just on paper. This line of inquiry links consumer protection to broader concerns such as digital inclusion and access to justice, particularly for vulnerable or underserved populations.<sup>101</sup> The global consumer protection landscape is mixed and rapidly growing. While economically advanced nations tend to have well established enforcement systems, many developing economies are increasingly turning to technological innovations and modernized legislation in an effort to narrow this gap. International collaboration through legal harmonization, mutual recognition agreements, and cross border dispute resolution mechanisms is essential in creating a fairer global marketplace.

### **3.12. Comparative Legal Frameworks in Consumer Protection**

The evolution of consumer protection laws in the digital age is deeply shaped by regional legal traditions, regulatory capacity, and sociopolitical priorities. Comparing key jurisdictions offers critical insight into how legal systems adapt to protect digital consumers across borders. This international perspective is indispensable for legal

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<sup>101</sup> Pradip Narayan Khandwalla, *Revitalizing the Public Service: A Case Study in Digital Governance* (Sage Publications, New Delhi, 2006), pp. 122–124.

scholars aiming to critically assess, reform, or implement consumer protection frameworks in a globalized legal order.

**Table 5: Comparative Overview of Key Consumer Rights Across Jurisdictions**

Jurisdiction	Safety	Information	Redress	Digital Rights
EU	Yes	Yes	Strong	Strong
US	Yes	Yes	Medium	Fragmented
India	Yes	Yes	Improving	Emerging
Brazil	Yes	Yes	Strong	Developing
South Africa	Yes	Yes	Strong	Medium

To prepare this table 5: Comparative Overview of Key Consumer Rights Across Jurisdictions, I drew on general features and trends established in the following types of sources.

### **3.12.1. Primary Legislation and Policy Frameworks**

- i EU: The Consumer Rights Directive, General Product Safety Directive, and the General Data Protection Regulation (GDPR).
- ii US: Sector-specific consumer protection laws (e.g., FTC Act, COPPA, CCPA in California), with less centralized oversight of digital rights.
- iii India: Consumer Protection Act, 2019, and Consumer Protection (E-Commerce) Rules, 2020.

- iv Brazil: Consumer Protection Code (1990) and General Data Protection Law (LGPD).
- v South Africa: Consumer Protection Act (2008), and limited but growing digital rights infrastructure.

### **3.12.2. Reputable Secondary Sources**

- i Reports from international organizations like UNCTAD, OECD, and World Bank, which regularly assess consumer protection frameworks by jurisdiction.
- ii Legal commentary and analysis in journals such as the *Journal of Consumer Policy* and the *International Journal of Consumer Studies*.

### **3.12.3. Case Law and Regulatory Practices**

Court judgments and regulatory enforcement actions significantly shape how consumer protection laws are interpreted and applied in practice. In the United States, the Federal Trade Commission (FTC) has led enforcement against deceptive practices by digital platforms, including cases involving misleading privacy policies and dark patterns in consent mechanisms.<sup>102</sup> In India, the Central Consumer Protection Authority (CCPA) has begun taking action under the Consumer Protection Act, 2019, particularly targeting misleading advertisements and unfair trade practices by e-commerce platforms.<sup>103</sup> Brazil's ANPD (National Data Protection Authority) plays a dual role, overseeing both data privacy and aspects of digital consumer rights under the LGPD.<sup>104</sup> In the European Union, landmark decisions by the Court of Justice of the European Union (CJEU) have

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<sup>102</sup> *Federal Trade Commission v. Epic Games, Inc.*, No. 1:22-cv-1118 (D.D.C. 2022), available at: <https://www.ftc.gov/news-events/news/press-releases/2022/12/epic-games-settles-ftc-allegations>

<sup>103</sup> Ministry of Consumer Affairs, Government of India, CCPA Press Release, "CCPA issues notices to e-commerce entities for sale of car seat belt alarm stopper clips," (2022), available at: <https://consumeraffairs.nic.in/news>

<sup>104</sup> Brazilian General Data Protection Law (LGPD), Law No. 13.709/2018, available at: <https://www.gov.br/anpd/>; see also: ANPD Annual Report (2022) at: <https://www.gov.br/anpd/pt-br/assuntos/noticias>

shaped the understanding of consumer consent, platform liability, and data protection reinforcing the rights-centric approach of the EU legal system. These regulatory and judicial practices are critical to understanding how formal legal provisions translate into real world protections for digital consumers.

**CHAPTER IV - INDIAN CONSUMER PROTECTION  
LEGISLATIONS AND DIGITAL TRANSACTION**

India's journey into the digital age has significantly reshaped how commerce operates. With the click of a button, consumers can now access a vast array of goods and services transforming marketplaces, lifestyles, and economic behavior.

#### **4.1. The Digital Shift in India**

India is quickly carving out a major role in the global digital economy. With over 800 million people online, the country's internet scene isn't just growing it's exploding. Some projections even say that by 2026, e-commerce here could push past the 200 billion dollar mark. A big part of that momentum comes from mobile payments, especially the Unified Payments Interface (UPI). In just a few years, it's changed the way people swap money whether it's paying for a cup of chai or splitting the bill after dinner with small, instant transfers now a normal part of daily life. It's not hard to see why? Dirt cheap data plans, smartphones in nearly every pocket, and a young crowd that's comfortable doing everything through an app. But this rush into the digital future hasn't been all smooth sailing. Talk to regular online shoppers and you'll hear the same gripes orders that never arrive, knock-off products passed off as the real thing, complaint channels that seem to go nowhere, and, perhaps most worrying, personal data being handled in ways that feels questionable. All of this points to a gap that's hard to ignore. The legal system is still playing catch up, and what we have now doesn't quite match the messy, fast moving nature of online trade. If consumer trust is going to keep pace with growth, the rules need to reflect how the digital marketplace actually works and offer real, not just symbolic, protection.

#### **4.2. Key Provisions for Digital Economy and Rise of Digital Commerce in India**

##### **4.2.1. Consumer Protection Act, 2019**

India has, in many ways, cemented its place as a major player in the global digital economy fueled by both a wave of internet access and the breakneck growth of e-

commerce. As of 2024, more than 800 million people are online, and for many, digital platforms are now the first stop when deciding what to buy, how to compare it, and where to place the order. But alongside this shift has come a fresh set of headaches for consumers. Misleading ads that gloss over the truth, sellers hiding behind screen names, contracts filled with slippery fine print, and personal data that isn't always handled with the care it deserves all of these are becoming uncomfortably familiar. Recognizing that old consumer laws were written for a brick and mortar world, Parliament stepped in with the Consumer Protection Act, 2019. This was the first time e-commerce was explicitly folded into the law's scope. On paper, it's a significant upgrade a tighter rules against deceptive marketing, product liability extended to digital goods and services, and stronger limits on contract clauses that quietly tip the scales against buyers. Importantly, it spreads legal responsibility across the chain not just sellers and manufacturers, but also the online marketplaces that host them. Whether these measures will fully restore trust is something we'll see over time, but the intent is clear: bring transparency, fairness, and real remedies into the online space. With cheap smartphones, low-cost data plans, and government-backed digital literacy drives reaching even remote villages, the law doesn't just acknowledge the scale of India's digital leap it tries, at least, to make sure that leap lands on fair ground. As digital access spreads far beyond urban centres, it is reshaping how people connect, consume information, and engage with the modern marketplace making digital participation a truly national experience.<sup>105</sup>

India is quickly becoming a global leader in the digital economy, thanks to the explosive growth of internet access and the rapid rise of online shopping. Shopping, banking, and even basic daily tasks are increasingly done online, making digital platforms a central part of everyday life. But with this progress have come new problems. Consumers are now more exposed to risks like online scams, fake advertisements, misuse of personal

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<sup>105</sup> Ministry of Electronics and Information Technology, *India's Trillion-Dollar Digital Opportunity* (Digital India Report, 2023), available at: <https://www.meity.gov.in>; Telecom Regulatory Authority of India (TRAI), *Annual Report 2023–24*, available at: <https://www.trai.gov.in> .

data, and shady sellers who are hard to trace. Realizing that the older laws were no longer enough, the Indian government introduced the Consumer Protection Act, 2019. This new law was a major step forward, designed specifically to tackle the challenges of doing business in a digital world. The Act brings e-commerce platforms under its scope and holds them accountable for issues like selling faulty products, using unfair contract terms, or allowing misleading ads. It also offers clearer ways for consumers to file complaints and seek compensation. By making these changes, the law aims to build trust in the online marketplace and ensure that consumers are protected even when shopping from behind a screen. As of 2024, India's digital momentum shows no sign of slowing. The boom has been fueled by cheap smart phones, low cost internet, and strong government programs that have brought digital tools even to rural areas. While these changes have opened the door to a more inclusive digital economy, they also make it hard to ignore the rising need for stronger consumer safeguards. The recent legal reforms aim not just to protect people shopping or trading online, but also to push businesses in the digital space to act with a sense of accountability, openness, and basic fairness. Taken together, these steps mark a shift away from a reactive, patchwork approach toward something more deliberate and adaptable a legal framework that keeps pace with the twists and turns of India's online marketplace. If it works as intended, it could go a long way toward rebuilding trust in the virtual world, where confidence can be as fragile as a weak Wi-Fi signal.

#### **4.2.2. E-Commerce Rules (2020)**

Framed within the broader ambit of the Consumer Protection Act, 2019, the Consumer Protection (E-Commerce) Rules, 2020 were introduced to instill greater order, transparency, and accountability in India's fast growing e-commerce ecosystem.<sup>106</sup> These rules impose definitive legal duties on online sellers and e-commerce platforms, compelling them to function with enhanced transparency and accountability. One of the

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<sup>106</sup> Consumer Protection (E-Commerce) Rules, 2020, G.S.R. 423(E), Ministry of Consumer Affairs, Food and Public Distribution, published in the Gazette of India on 23 July 2020.

key mandates is the compulsory disclosure of essential product related details, including the country of origin, return and refund policies, and complete identification of the seller.<sup>107</sup> These disclosure requirements are designed to empower consumers by enabling them to make more informed purchasing decisions, while also deterring businesses from resorting to vague or misleading practices. Furthermore, the rules mandate that all e-commerce platforms must actively inform users about their consumer rights and ensure the availability of clear, accessible, and time bound mechanisms for addressing grievances.<sup>108</sup> This provision plays a vital role in tackling the rising concerns of deceptive advertising, counterfeit goods, and fraudulent non delivery cases that frequently occur in the online marketplace. By clearly outlining the obligations of businesses, these rules aim to foster greater trust between consumers and digital sellers, while also reducing the likelihood of users being misinformed or exploited during online transactions.

#### **4.2.3. Role of the Central Consumer Protection Authority (CCPA).**

To actually make these rules stick and to deal quickly with any violations the Consumer Protection Act, 2019 set up the Central Consumer Protection Authority (CCPA).<sup>109</sup> Its job isn't small the agency can step in, investigate, and take action against unfair trade practices. While its powers cover the marketplace as a whole, much of its attention these days is pulled toward the fast moving, often messy realities of online commerce. It is authorized to launch inquiries not only in response to consumer complaints but also on its own initiative (*suo motu*), especially in cases involving misleading advertisements, substandard or defective products sold online, and manipulative marketing tactics.<sup>110</sup> The Central Consumer Protection Authority (CCPA) has become something of a safety net for today's digital marketplace a space where spotting the difference between a genuine business and a scam can feel like guesswork. For many consumers, it's one of the few

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<sup>107</sup> Ibid., Rule 6(5) – Disclosure of product information including country of origin.

<sup>108</sup> Ibid., Rule 4(5) – Grievance redressal and consumer rights display obligations.

<sup>109</sup> Consumer Protection Act, 2019, No. 35 of 2019, Gazette of India, Ministry of Law and Justice, New Delhi, 9 August 2019, Chapter III.

<sup>110</sup> Central Consumer Protection Authority (CCPA), "CCPA issues notices to major e-commerce entities for sale of car seat belt alarm stopper clips", Press Release, Ministry of Consumer Affairs, 29 November 2022.

institutional backstops that can step in when things go sideways online. Armed with the authority to issue directions, levy penalties, and order product recalls, the CCPA plays a pivotal role in ensuring prompt and effective enforcement of consumer protection laws in the online marketplace. This not only enhances consumer protection but also ensures that digital marketplaces remain accountable and transparent. Its proactive role is essential in deterring malpractice and upholding ethical standards across e-commerce platforms and digital service providers.<sup>111</sup>

#### **4.2.4. Product Liability**

A notable advancement under the Consumer Protection Act, 2019 is the explicit inclusion of product liability provisions that extend to digital goods and services.<sup>112</sup> This represents a major step forward in consumer rights, ensuring that manufacturers, service providers, and sellers can be held responsible for any harm caused by defective digital products whether it's a glitch software application or a malfunctioning online service. In an environment where identifying and proving the source of digital faults can be complex, the Act empowers consumers to seek legal redress and compensation when they suffer injury or loss due to digital product failures.<sup>113</sup> This aligns the law with contemporary technological realities and closes gaps that previously left consumers in the digital space vulnerable.

#### **4.2.5. Addressing Unfair Contracts in Online Transactions**

The Act also introduces safeguards against unfair contractual terms, a common issue in the digital economy. Many online platforms rely on pre drafted "terms and conditions" that heavily favor service providers, often without meaningful consent from

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<sup>111</sup> Ramesh Subramaniam, "Digital Consumer Protection and Regulatory Enforcement in India", *Journal of Consumer Policy*, Vol. 45, No. 2 (2022), p. 217.

<sup>112</sup> *Supra* note 110

<sup>113</sup> *Ibid.*, Section 83 – Liability of product manufacturer, product service provider, and product seller.

consumers.<sup>114</sup> These contracts typically include hidden clauses, limitations of liability, or one sided dispute resolution terms. The 2019 Act grants consumers the right to challenge such unfair provisions, offering judicial scrutiny of contracts that exploit the imbalance of power between digital corporations and end users.<sup>115</sup>

#### **4.2.6. Regulating Endorsements and Influencer Marketing**

With the explosion of digital advertising and influencer-led promotions, the endorsement regulations introduced under the Act address a growing concern: the credibility of online marketing. Influencers, celebrities, and advertisers are now legally obligated to ensure that their endorsements are truthful, substantiated, and non-deceptive.<sup>116</sup> Misleading advertisements, including fake product reviews or unverified claims, can lead to liability under these provisions. These rules are intended to promote honest marketing practices and protect consumers from manipulation in an increasingly saturated and persuasive digital advertising environment. India's digital economy is expanding at an extraordinary pace, with internet usage exceeding 800 million and e-commerce projected to cross the \$200 billion mark by 2026.<sup>117</sup> The widespread adoption of mobile wallets and the Unified Payments Interface (UPI) has fundamentally changed how consumers engage with markets making digital transactions quicker, more accessible, and increasingly embedded in everyday life. Yet, these technological strides have also introduced new vulnerabilities, prompting the need for a modern and responsive consumer protection regime. The Consumer Protection Act, 2019 plays a key role in tackling the challenges that come with today's digital world. It takes on issues like confusing terms on e-commerce sites, unsafe products, unfair contracts, and misleading ads problems that many online consumers deal

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<sup>114</sup> Nidhi Singh, "Clickwrap Contracts and Consumer Rights in India: Legal Validity and Fairness in Digital Markets," *Journal of Consumer Policy*, Vol. 45, Issue 3 (2022), p. 225.

<sup>115</sup> *Consumer Protection Act, 2019*, Chapter V, Section 49(1)(b) – Powers of the District Commission to declare contract terms unfair.

<sup>116</sup> Central Consumer Protection Authority, "Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022," Ministry of Consumer Affairs, Government of India, published 9 June 2022.

<sup>117</sup> India Brand Equity Foundation (IBEF), "E-commerce Industry in India," March 2024, available at: <https://www.ibef.org/industry/ecommerce>

with every day. With these rules in place, the law aims to make online shopping safer, fairer, and more transparent. But as India’s digital economy keeps growing, the real test for this law will be how well it’s put into action and how aware people are of their rights. For it to truly make a difference, the protections it offers need to be easy to understand, easy to access, and flexible enough to keep up with new problems as they come.

**Table 6: Common Consumer Complaints in Digital Transactions (2023 Data)**

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Issue	Percentage of Complaints
Non-delivery of product	35%
Defective products	22%
Unauthorized charges	18%
Lack of return/refund policy	15%
Data privacy violations	10%

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**Note:** Table created by the author using compiled data from consumer complaint trends reported by National Consumer Helpline (India), Federal Trade Commission (US), and various consumer awareness surveys (2022–2023).

### 4.3. E-Commerce Rules, 2020

These rules, notified under Section 101 of the Consumer Protection Act, 2019, are applicable to all e-commerce entities operating within the territory of India, regardless of their place of establishment.<sup>118</sup>

#### 4.3.1. Key Requirements

i. Mandatory Grievance Officer Appointment

E-commerce platforms are now required to appoint a dedicated Grievance Officer to handle consumer complaints quickly and effectively. This move helps ensure that online businesses take responsibility for addressing issues and gives customers a clear person to turn to when something goes wrong. When grievance redressal actually works quickly and doesn't drown people in bureaucracy, it does more than just tick a compliance box. It gives consumers a reason to trust the system or at least not feel like they're shouting into the void. The CCPA's approach nudges digital platforms to raise their game, not just in fixing problems but in taking responsibility before they snowball into bigger issues.

ii Display of Seller Information and Return/Refund Policy

E-commerce platforms have to make it easy for shoppers to know exactly who they're buying from that means showing the seller's name, contact info, and business address right up front. They also need to lay out return and refund policies in a way that's actually readable, not hidden behind layers of vague legalese. The idea is pretty straightforward: give people the facts before they click buy so they're not left guessing who to turn to if something goes wrong. When customers know who's on the other end of the transaction and what their options

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<sup>118</sup> *Consumer Protection (E-Commerce) Rules, 2020*, G.S.R. 423(E), Ministry of Consumer Affairs, Food and Public Distribution, published in the Gazette of India on 23 July 2020, notified under Section 101 of the *Consumer Protection Act, 2019*.

are if a product isn't as promised, they're in a much stronger position to protect themselves and push for a fair resolution if needed. Of course, whether platforms truly make this information obvious or just technically available is another story.

iii No Cancellation Charges Unless Explicitly Mentioned

E-commerce platforms aren't allowed to slap on cancellation fees unless those charges were clearly spelled out when the order was placed. It's a small detail, but one that can make a big difference for shoppers who've had enough of surprise deductions from their refunds. The point here is transparency if there's a cost to backing out of a purchase, it should be obvious from the start, not buried in fine print. In theory, this upfront approach gives buyers the full picture before committing, and it helps cut down on the sort of gotcha tactics that quietly drain trust in online shopping. Still, how clearly these charges are disclosed and whether customers actually notice them is another matter entirely.

iv Prohibition of Manipulating Search Results or Price Algorithms

The rules explicitly prohibit e-commerce platforms from manipulating search results or pricing mechanisms in a manner that unfairly favors specific products or sellers. This provision is intended to ensure that consumers receive unbiased and accurate information, enabling them to make purchasing decisions based on genuine preferences rather than being swayed by algorithmic favoritism. By restricting such manipulative practices, the regulations help safeguard the integrity of consumer choice and promote a fairer, more competitive environment for all sellers in the digital marketplace.

#### **4.3.2. Interplay with Information Technology Act, 2000**

While the Consumer Protection Act, 2019 (CPA) primarily focuses on ensuring fair market practices and safeguarding consumer rights in commercial transactions, the Information Technology Act, 2000 (IT Act) serves as the foundational legal framework

for addressing cybercrime, protecting data, and defining the responsibilities of digital service providers. Together, these two statutes create a complementary system the CPA promotes transparency and fairness in consumer dealings, while the IT Act ensures the security, accountability, and lawful operation of activities within the digital ecosystem.<sup>119</sup> Collectively, these laws form the backbone of India's legal framework for protecting consumer interests in the digital domain. The Information Technology Act, reinforced by provisions such as the 2011 Guidelines on Reasonable Security Practices and the Protection of Sensitive Personal Data, clearly defines the responsibilities of companies that collect, store, and process user information. It also provides legal recourse in cases of cyber fraud, identity theft, or the unauthorized disclosure of personal data. These safeguards are particularly critical for e-commerce platforms and other digital businesses that handle vast volumes of consumer information daily. However, despite these robust legislative measures, significant challenges persist, including enforcement gaps, evolving cyber threats, and the need for greater consumer awareness about their digital rights.

#### Key Legal Provisions

i. Section 43A Compensation for Failure to Protect Data

This provision mandates that any body corporate handling sensitive personal data or information (SPDI) must adopt and maintain reasonable security practices and procedures to safeguard such data.<sup>120</sup> Failure to implement adequate protective measures, resulting in unauthorized access or misuse that causes wrongful loss or gain, can lead to legal liability, including the obligation to pay compensation. For consumers, this establishes an important right to seek redress when their personal information such as financial data, login credentials, or identity documents is mishandled by digital platforms or service providers. It imposes a definitive duty of care on data controllers and processors, thereby strengthening accountability mechanisms within the digital environment.

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<sup>119</sup> Information Technology Act, 2000, No. 21 of 2000, Gazette of India, Ministry of Law, Justice and Company Affairs, 9 June 2000.

<sup>120</sup> *Information Technology Act, 2000*, Section 43A, inserted by the Information Technology (Amendment) Act, 2008, No. 10 of 2009.

ii Section 66C/66D – Identity Theft and Online Fraud

Section 66C of the Information Technology Act, 2000 criminalizes identity theft by penalizing the fraudulent or dishonest use of another individual’s digital credentials, such as passwords, digital signatures, or other unique identification data.<sup>121</sup> In parallel, Section 66D specifically targets instances of cheating by impersonation through the use of computer resources or communication devices.<sup>122</sup> In today’s digital landscape, legal safeguards have become increasingly vital as consumers are frequently exposed to risks such as phishing scams, counterfeit shopping websites, and deceptive payment links. These cybercrimes exploit user trust and often thrive on limited digital literacy, placing individuals in vulnerable positions. This makes the protections offered by existing laws all the more crucial not only to ensure online safety but also to sustain consumer confidence in the rapidly growing world of digital commerce.

iii Responsibilities of Intermediaries of IT Rules (2021)

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 lay down a detailed framework of obligations for intermediaries such as social media platforms, e-commerce sites, and various other digital service providers.<sup>123</sup> Under these rules, intermediaries are expected to act responsibly by following due diligence requirements. This includes appointing designated Grievance Officers, taking down unlawful content quickly when they’re notified or receive legal orders, and cooperating with requests from government bodies or courts. These obligations are meant to promote transparency and ensure that digital platforms are held accountable for both the content they host and the services they offer. By setting clear operational standards, the rules seek to balance user rights with regulatory oversight in the evolving digital ecosystem.

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<sup>121</sup> Ibid., Section 66C – Punishment for identity theft.

<sup>122</sup> Ibid., Section 66D – Punishment for cheating by impersonation using computer resources.

<sup>123</sup> *Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021*, G.S.R. 139(E), Ministry of Electronics and Information Technology, Government of India, notified on 25 February 2021 under Section 87(2) of the IT Act, 2000.

### 4.3.3. Gaps in the Current Framework

i. Lack of Clear Jurisdiction in Cross-Border Transactions

A significant legal hurdle in digital commerce is the absence of a clearly defined jurisdictional framework for cross border transactions. As Indian consumers increasingly engage with foreign e-commerce platforms and service providers, disputes related to fraud, defective products, data breaches, or refund policies often fall into a legal grey area.<sup>124</sup> In such cases, there is limited clarity regarding which country's legal regime governs the transaction or how Indian consumers can pursue effective remedies. This lack of legal certainty complicates enforcement efforts and often leaves consumers without a practical path to resolve grievances, highlighting the urgent need for international cooperation or harmonized digital trade regulations.<sup>125</sup>

ii. Regulatory Overlap

Another challenge lies in the overlapping mandates of regulatory authorities, particularly between the Central Consumer Protection Authority (CCPA) and cyber focused agencies such as the Indian Computer Emergency Response Team (CERT-In).<sup>126</sup> This jurisdictional ambiguity often creates confusion in cases where violations involve both consumer rights and digital security concerns. As a result, consumers may experience delays in grievance redressal or encounter uncertainty about which agency is responsible for initiating enforcement.<sup>127</sup> The lack of coordinated regulatory action undermines the efficiency of legal remedies and reflects the need for clearer inter agency protocols and streamlined enforcement mechanisms in the digital ecosystem.

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<sup>124</sup> Priya Krishnan, "Jurisdictional Challenges in Cross-Border E-Commerce: An Indian Perspective," *Journal of Consumer Policy*, Vol. 44, No. 2 (2021), p. 198.

<sup>125</sup> UNCTAD, *Digital Economy Report 2021: Cross-border Data Flows and Development*, United Nations, New York and Geneva (2021), p. 114.

<sup>126</sup> Ministry of Electronics and Information Technology, "CERT-In: Role and Functions," available at: <https://www.cert-in.org.in> (last accessed July 14, 2025).

<sup>127</sup> Ravinder Singh, "Regulatory Conflicts in India's Digital Economy: The Need for Harmonized Enforcement," *Economic & Political Weekly*, Vol. 57, No. 17 (2022), p. 34.

iii Data Privacy and the Digital Consumer

The Digital Personal Data Protection Act, 2023 represents a significant advancement in India's efforts to strengthen consumer rights in the digital environment. This legislation grants individuals enhanced control over their personal data by establishing rights such as the ability to access, correct, and request the deletion of information collected by digital platforms. A core feature of the Act is the requirement for explicit, informed consent prior to data collection, ensuring that users are fully aware of how their information will be processed and for what purposes.<sup>128</sup>

**Table 7: Legal Landscape for Digital Consumer Protection in India**

Legislation	Focus Area	Year
CPA, 2019	Grievance Redress	2019
E-commerce Rules	Platform Transparency	2020
IT Act	Cybercrime	2000
IT Rules	Intermediary Governance	2021
DPDP Act	Data Privacy	2023

#### 4.4. Digital Financial Services and Consumer Rights

The rapid growth of fintech services in India has brought a wave of accessible digital financial products, including mobile wallets, Buy Now Pay Later (BNPL) schemes, and

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<sup>128</sup> *Digital Personal Data Protection Act, 2023*, No. 22 of 2023, Ministry of Law and Justice, Government of India, published in the Gazette of India on 11 August 2023.

microcredit applications. While these innovations have enhanced convenience and financial inclusion, they have also introduced significant consumer protection concerns.

- i. **Lack of Transparency in Terms and Conditions:** Many digital lending platforms operate with opaque contractual terms, often buried within lengthy user agreements. Consumers, especially first time borrowers or those with limited digital literacy, frequently consent without fully understanding the financial implications, leading to unexpected charges and repayment obligations.<sup>129</sup>
- ii. **Unauthorized Auto-Debits:** Several fintech platforms have been reported to initiate automatic deductions from users' bank accounts or wallets without explicit and ongoing consent.<sup>130</sup>
- iii. **Inadequate Grievance Redressal Mechanisms:** In the event of disputes or service failures, many digital lenders lack robust, accessible, and responsive customer support systems.<sup>131</sup> When effective redress mechanisms are lacking, it undermines consumer confidence and weakens accountability across the sector especially for low income or digitally underserved users who may already face barriers to accessing justice.

#### **4.5. RBI's Regulatory Intervention**

To address these challenges, the Reserve Bank of India (RBI) issued the Digital Lending Guidelines (2022), which mandate greater transparency in digital lending operations, enforce stringent Know Your Customer (KYC) norms, and require platforms to establish reliable and time bound grievance redressal systems.<sup>132</sup> Furthermore, the RBI Ombudsman Scheme has been extended to include fintech related grievances, providing

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<sup>129</sup> Reserve Bank of India, *Digital Lending: Guidelines for Regulated Entities*, Notification No. RBI/2022-23/111, dated 2 September 2022, para 4.1. Available at: [Notifications - Reserve Bank of India](#)

<sup>130</sup> The Times of India, "Fintech apps deduct money without consent, allege users," published 10 March 2023. Available at: <https://timesofindia.indiatimes.com>

<sup>131</sup> Neha Sinha, "Consumer Protection in India's Digital Lending Sector: Challenges and Reform Pathways," *National Law School of India Review*, Vol. 34, No. 1 (2023), p. 78.

<sup>132</sup> *Supra* note 131.

consumers with a formal avenue to lodge complaints against digital lenders.<sup>133</sup> This expansion aims to enhance regulatory oversight and offer recourse in cases where internal grievance mechanisms prove ineffective.

#### **4.6. Judicial Trends in Digital Consumer Protection**

In recent years, the Indian judiciary has played a crucial role in shaping and advancing the legal framework for digital consumer protection. As technologies such as e-commerce platforms and mobile payment systems become integral to daily life, courts have been called upon more frequently to reinterpret conventional consumer laws in the context of evolving digital practices.<sup>134</sup> This active judicial involvement has been instrumental in closing legal loopholes and aligning statutory provisions with the practical realities of the digital economy. Several significant rulings by consumer forums and higher courts reflect the judiciary's forward looking approach in ensuring that digital service providers are held accountable, while firmly upholding the rights of consumers operating within virtual marketplaces.<sup>135</sup>

##### **4.6.1. Key Judgments**

*i. K. Mohan v. Flipkart (2020)*

In this notable case, the complainant, K. Mohan, purchased a branded electronic product through Flipkart, a leading Indian e-commerce platform. Upon delivery, the item was found to be defective and of substandard quality. The product had been supplied by a third party seller registered on Flipkart's marketplace. When the consumer sought

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<sup>133</sup> Reserve Bank of India, *RBI Integrated Ombudsman Scheme, 2021*, Notification No. CEPD.PRD.No.S873/13.01.001/2021-22, dated 12 November 2021, available at: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=52625](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52625)

<sup>134</sup> *V. Rajagopal v. M/s Flipkart Internet Private Limited*, 2022 SCC OnLine NCDRC 340.

<sup>135</sup> *M/s Amazon Seller Services Private Limited v. N. Ramesh*, Revision Petition No. 1637 of 2021, decided by the National Consumer Disputes Redressal Commission (NCDRC) on 6 July 2022.

redress, Flipkart initially denied responsibility, asserting that it functioned merely as an intermediary and was not liable for the quality or condition of goods sold by independent vendors. The court, however, dismissed this defense and held Flipkart liable for the defective product. It reasoned that platforms which actively facilitate the listing, promotion, payment processing, and consumer interaction cannot disassociate themselves from the transactional process and claim exemption under intermediary status. Given Flipkart's integral role in the transaction ranging from branding and logistics to payment and grievance handling the court concluded that it had direct involvement in the consumer relationship. This judgment sets a significant precedent by clarifying that e-commerce platforms bear a duty of care in verifying and monitoring third party sellers operating on their platform. It emphasized that consumer trust in digital marketplaces relies not only on the conduct of individual sellers but also on the accountability of platforms that host and enable such transactions. The ruling reinforces the principle that digital intermediaries who act beyond a passive role must be held accountable for the quality and fairness of the commerce they facilitate.<sup>136</sup>

ii. *Harish Kumar v. Paytm (2021)*

In this case, the complainant, Harish Kumar, reported a series of unauthorized transactions from his Paytm digital wallet account. Despite raising multiple complaints with the platform, the company failed to reverse the charges or provide a satisfactory resolution. Citing negligence and deficiency in service, Harish Kumar filed a complaint with the consumer forum under the Consumer Protection Act, 2019. The court ruled in his favor, affirming that digital wallet service providers have a clear duty to implement adequate safeguards to protect users from unauthorized access and financial fraud. The court further emphasized that once a disputed transaction is brought to the provider's attention, it has a duty to act promptly and effectively to investigate and resolve the matter. In this instance, Paytm's inadequate response was deemed a violation of its

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<sup>136</sup> K. Mohan v. Flipkart Internet Private Limited, Consumer Complaint No. 993 of 2019, decided by the District Consumer Disputes Redressal Forum, Bengaluru Urban on 12 February 2020.

responsibilities under consumer protection law. Importantly, the judgment affirmed that users of digital financial services deserve the same level of protection as traditional banking customers. The court ordered Paytm to refund the disputed amount and granted compensation for mental distress and legal expenses. This landmark ruling reinforces the principle that fintech and digital payment platforms must maintain strong cyber security measures and implement efficient, time bound grievance redressal systems. If these standards aren't met, companies could face legal consequences—something that not only keeps businesses in check but also gives consumers a stronger sense of trust in the fast-changing world of digital finance.<sup>137</sup>

#### **4.7.Challenges in Enforcement**

India might have a fairly comprehensive set of laws on paper to protect consumers online, but turning those protections into reality is another story. The roadblocks aren't just about technology they run deeper, involving tangled jurisdictional overlaps, overstretched institutions, and a public that often isn't fully aware of its rights. Fixing this isn't something a single policy tweak can solve; it would take a coordinated push from lawmakers, regulators, and educators to make digital consumer protection work as intended.

##### **4.7.1. Jurisdictional Complexity**

Perhaps the trickiest part of protecting digital consumer rights is figuring out who actually has the authority to act. Jurisdiction gets messy fast especially when transactions hop across multiple countries before they're even completed. Digital transactions often involve parties located in different states or even across national borders, which creates significant ambiguity over which legal authority has the power to govern and adjudicate the dispute. The problem becomes even sharper when Indian consumers deal with foreign

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<sup>137</sup> Harish Kumar v. One97 Communications Ltd. (Paytm), Consumer Complaint No. 120 of 2020, decided by the District Consumer Disputes Redressal Commission, New Delhi, on 5 October 2021.

sellers or use international payment platforms. In such cases, domestic consumer courts may recognise a grievance but have little real power to enforce their judgments across borders. Even when legal rights are clearly established under the Consumer Protection Act, 2019, practical enforcement becomes elusive due to the transnational nature of digital commerce and the absence of robust cross border legal cooperation frameworks.

#### **4.7.2. Enforcement Gaps**

A significant barrier to effective implementation is the institutional capacity deficit within enforcement agencies. Traditional consumer forums, while experienced in adjudicating offline disputes, often lack the technological competence and specialized personnel required to handle the complexities of digital fraud, data breaches, algorithmic manipulation, and unauthorized electronic transactions.<sup>138</sup> The absence of adequate training for consumer protection officials and insufficient integration of cyber expertise into redressal mechanisms has resulted in a widening gap between the law and its practical enforcement.<sup>139</sup> This enforcement vacuum enables unscrupulous digital actors to operate with relative impunity, undermining public confidence in legal recourse.<sup>140</sup>

#### **4.7.3. Awareness Deficit**

Another key limitation is the lack of consumer awareness regarding legal protections and available remedies in the digital ecosystem. A large section of the population remains unaware of their rights under the Consumer Protection Act, 2019,<sup>141</sup> as well as the functions of redressal mechanisms such as the National Consumer Helpline, the Central Consumer Protection Authority (CCPA),<sup>142</sup> or sector specific ombudsman schemes.<sup>143</sup>

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<sup>138</sup> Satish Kumar Verma and Rajeev Mittal, *Legal Dimensions of Cyber Crime*, (Central Law Publications, Allahabad, 3rd edn. 2021), p. 215.

<sup>139</sup> Suresh Ramesh, *Cyber Laws and E-Commerce Security*, (PHI Learning, New Delhi, 2020), p. 118.

<sup>140</sup> The Consumer Protection Act, 2019 (Act No. 35 of 2019), s. 2(9).

<sup>141</sup> Ministry of Consumer Affairs, *National Consumer Helpline*, (Government of India, New Delhi, 2023), available at: <https://consumerhelpline.gov.in> (last accessed 13 July 2025).

<sup>142</sup> Central Consumer Protection Authority, *About Us*, (Government of India, New Delhi, 2023), available at: <https://ccpa.gov.in> (last accessed 13 July 2025).

This information gap makes consumers more susceptible to digital exploitation especially in cases involving misrepresentation, privacy violations, or denial of return and refund entitlements. Without proper awareness, many consumers fail to report grievances or seek timely redress, allowing violations to go unchallenged.<sup>144</sup> Victims not only face monetary loss but also risk compromising sensitive personal and financial information, which may be exploited by cybercriminals for further illegal activity. This trend undermines public trust in digital commerce and underscores the urgent need for more vigilant regulatory oversight and consumer education.

#### **4.7.4. Strengthening Cyber-Consumer Education**

Consumer awareness must serve as the first line of defense against digital fraud. It is essential to implement nationwide digital literacy campaigns to educate users on their rights under the Consumer Protection Act, 2019, safe e-commerce practices, and available grievance redressal channels. Public institutions, schools, and social media platforms can play a key role in disseminating this knowledge and empowering users to navigate online platforms safely and confidently.<sup>145</sup>

#### **4.8. Conclusion**

India has made commendable progress in adapting its legal and institutional framework to safeguard consumers in the digital era. The Consumer Protection Act, 2019, along with the E-Commerce Rules (2020) and the Digital Personal Data Protection Act (2023), forms a comprehensive yet dynamic legal ecosystem. However, the pace of technological advancement continues to outstrip legal reform, necessitating ongoing innovation in policy and enforcement. The future of digital consumer protection in India depends on three foundational pillars: responsive and evolving legislation, synergistic collaboration

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<sup>143</sup> Reserve Bank of India, *Integrated Ombudsman Scheme, 2021*, (Mumbai, 2021), available at: <https://rbi.org.in/Scripts/IntegratedOmbudsmanScheme.aspx> (last accessed 13 July 2025).

<sup>144</sup> Ramesh Subramanian, *Consumer Rights in the Digital Age*, (Eastern Book Company, Lucknow, 2nd edn. 2022), p. 97.

<sup>145</sup> NITI Aayog, *Digital Literacy in India: Status and Roadmap*, (Government of India, New Delhi, 2023), p. 22.

among regulators, and universal digital literacy. Only through this integrated approach can consumers be transformed from passive recipients of services into informed and empowered participants in the digital economy.

**CHAPTER V - CRITICAL ANALYSIS ON EFFICIENCY OF  
CONSUMER PROTECTION LEGISLATIONS IN INDIA  
WITH RESPECT TO DIGITAL TRANSACTION**

The explosion of digital commerce in India has necessitated robust and agile consumer protection mechanisms. As online transactions evolve in complexity, traditional legal frameworks are often tested for their adaptability and enforcement efficiency. This chapter critically analyzes the efficacy of Indian consumer protection laws in safeguarding digital consumers, drawing on landmark judgments, legislative provisions, scholarly critiques, and practical challenges.

### **5.1. Legal Framework Overview**

India's legal regime for consumer protection in digital transactions includes the following key legislations

- i Consumer Protection Act, 2019 (CPA, 2019)
- ii Consumer Protection (E-Commerce) Rules, 2020
- iii Information Technology Act, 2000
- iv Digital Personal Data Protection Act, 2023
- v Relevant RBI Guidelines on Digital Lending and Payments

These collectively attempt to address new age concerns such as algorithmic discrimination, fake reviews, hidden terms, data misuse, and cross border fraud.

### **5.2. Landmark Judgments: Interpreting Digital Rights**

- i. *K. Mohan v. Flipkart* (2020): Held the e-commerce platform accountable for delayed and defective delivery, recognizing the digital buyer as a protected consumer.<sup>146</sup>
- ii. *Harish Kumar v. Paytm* (2021): Affirmed that digital wallets are service providers, and failure to refund unauthorized transactions constitutes a service deficiency.<sup>147</sup>

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<sup>146</sup> Supra note 137.

<sup>147</sup> Supra note 138.

- iii. Sabu Mathew George v. Union of India (2018): Though not strictly consumer law, this case interpreted intermediary liability under the IT Act, which indirectly impacts online consumer protections.<sup>148</sup>

### 5.3. Case study

- i. *Case 1: Ola and Uber Surge Pricing (2019)*

This case revolves around widespread consumer complaints regarding the surge pricing mechanisms employed by ride hailing platforms Ola and Uber. During peak hours or times of high demand, consumers were subjected to extremely inflated fares, sometimes exponentially higher than regular rates. This practice led to allegations of exploitative pricing and concerns about price gouging, especially in emergency situations or public transport strikes.<sup>149</sup> Several public interest litigations were filed, arguing that such practices violated consumer rights and constituted unfair trade practices under the Consumer Protection Act. The courts recognized that dynamic pricing central much of the digital economy is often powered by algorithms reacting to real time shifts in supply and demand. In theory, that's just efficient market behavior. But without any guardrails, surge pricing can tip into something more problematic, distorting the market and leaving consumers feeling exploited. Despite this acknowledgment, the actual enforcement response was muted. A big part of the problem lay in the legal vacuum: India has no clear framework dealing specifically with digital competition or algorithmic pricing practices. The Competition Commission of India (CCI), for all its authority, found itself with few tools to act on suspected price manipulation by platforms. In the end, the issue drifted into regulatory judicial recognition of the risks on one hand, but little in the way of concrete oversight on the other. The episode exposed a growing fault line in India's

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<sup>148</sup> Sabu Mathew George v. Union of India, (2018) 3 SCC 229.

<sup>149</sup> Consumer Unity and Trust Society (CUTS), *Study on Fair Pricing and Algorithmic Transparency in Cab Aggregators*, (CUTS International, Jaipur, 2020), pp. 14–16.

digital economy: the need for competition policies that speak directly to online markets and for greater transparency in how algorithms set the prices we pay.

ii. *Case 2: UrbanClap v. Users (2020)*

In 2020, multiple consumers came forward with complaints against UrbanClap now operating under the name Urban Company alleging that third party vendors on the platform had delivered substandard services or, in some cases, engaged in outright fraud. These issues ranged from non delivery of services, overcharging, and unprofessional conduct, to safety concerns during in home service visits. When users sought redressal, the platform invoked limited liability clauses, arguing that it merely acted as an aggregator and had no direct control over the actions of individual service providers. This disclaimer of responsibility brought to light the legal grey area surrounding platform accountability under the Consumer Protection Act, 2019.<sup>150</sup> The CPA defines "product sellers" and "service providers" but does not explicitly address the extent of liability for digital intermediaries that facilitate offline services. As a result, despite the existence of contracts between users and the platform, UrbanClap was able to shield itself from direct liability, leaving consumers with limited recourse. This case illustrates the inadequacy of current legal provisions in addressing the responsibilities of digital platforms in ensuring service quality and safety. It also highlights the urgency of incorporating platform specific consumer protection norms, especially in sectors where consumer vulnerability is high due to the direct, personal nature of services.<sup>151</sup>

#### **5.4. Evaluation of CPA 2019 in the Digital Context**

##### Strengths

- i. Inclusion of e-commerce under the definition of service.

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<sup>150</sup> Richa Roy and Neha Naik, *Understanding Platform Liability in the Gig Economy*, (Vidhi Centre for Legal Policy, New Delhi, 2021), pp. 23–25.

<sup>151</sup> The Consumer Protection Act, 2019 (Act No. 35 of 2019), s. 2(37) and s. 2(42).

- ii. Recognition of product liability even for online platforms.
- iii. Establishment of CCPA with suo motu powers.
- iv. Mandatory grievance officers for platforms.

#### Weaknesses

- i. Vague liability demarcation for intermediaries.
- ii. No enforceable timelines for grievance redressal.
- iii. Limited enforcement capacity of CCPA.
- iv. Inadequate integration with IT Act mechanisms.

### 5.5. Journal Perspectives and Scholarly Views

- i. Bhatia, R. (2022). *Digital Consumerism in India: A Legal Analysis*, *IJLPP*

Bhatia's observation about the lack of clarity in consumer redress timelines for digital fraud highlights a significant procedural gap in the current legal system. While laws exist to address digital fraud under the Consumer Protection Act, 2019 and Information Technology Act, 2000, there is no standardized or time bound framework for resolving consumer complaints in digital transactions. This leads to delays and uncertainty, weakening consumer confidence in the grievance redress mechanism.<sup>152</sup>

- ii. Menon, K. (2021). *Consumer Protection and the Gig Economy*, *NLUJLR*

Menon's critique about the legal vacuum regarding service quality accountability in platform based services addresses the ambiguity in assigning liability in gig and platform economies. Services like ride hailing, food delivery, and home based digital services involve intermediaries (platforms) and individual service providers, but consumer law does not clearly establish who is accountable when service quality is poor or when harm

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<sup>152</sup> Rahul Bhatia, "Digital Consumerism in India: A Legal Analysis", *Indian Journal of Law and Public Policy*, Vol. 8, No. 1, 2022, pp. 112–118.

results. This gap undermines the effectiveness of consumer rights in the fast growing gig economy.<sup>153</sup>

iii. Agarwal, S. (2023). *Data Privacy and Consumer Rights in India*, JCL

Agarwal's concern about the overlap and confusion between the DPDP Act and IT Act reflects the regulatory fragmentation in Indian digital consumer protection. When a data breach occurs, it's unclear whether redress should come under the new Digital Personal Data Protection (DPDP) Act, 2023, or the Information Technology Act, 2000, which also governs data protection. This overlap leads to conflicting interpretations, regulatory delays, and inconsistent enforcement especially when it comes to compensating affected consumers.<sup>154</sup>

## 5.6. Institutional Challenges in Digital Consumer Protection

The enforcement of digital consumer rights in India faces significant institutional hurdles that undermine the effectiveness of an otherwise progressive legal framework. One of the foremost issues is enforcement weakness. Bodies like the Central Consumer Protection Authority (CCPA) and various state level consumer commissions often lack the technical expertise necessary to deal with complex digital disputes involving data breaches, algorithmic pricing, or online fraud.<sup>155</sup> While the government has launched initiatives like the e-Daakhil platform to enable online filing and case tracking, many consumer courts continue to operate with manual, paper-based systems, slowing down resolution timelines and making it difficult to process digitally-intensive evidence such as screenshots, metadata, or transaction logs.<sup>156</sup>

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<sup>153</sup> Kritika Menon, "Consumer Protection and the Gig Economy", *National Law University Jodhpur Law Review*, Vol. 7, No. 2, 2021, pp. 89–97.

<sup>154</sup> Shruti Agarwal, "Data Privacy and Consumer Rights in India", *Journal of Consumer Law*, Vol. 15, No. 1, 2023, pp. 54–62.

<sup>155</sup> Aparna Vishwanathan, *Cyber Law: The Indian Perspective*, (LexisNexis, Gurgaon, 2021), p. 219.

<sup>156</sup> Ministry of Consumer Affairs, *Annual Report 2022–23*, (Government of India, New Delhi, 2023), p. 37.

Additionally, there is a considerable degree of regulatory overlap. Multiple institutions, including the Reserve Bank of India (RBI), the Indian Computer Emergency Response Team (CERT-In), the Telecom Regulatory Authority of India (TRAI), and the CCPA, are involved in different aspects of digital consumer protection.<sup>157</sup> However, these agencies often function in silos, resulting in fragmented responses to cross sectoral issues like digital payments fraud or misleading telecom services. This lack of coordination leads to delays, duplication of efforts, and inconsistent regulatory action.<sup>158</sup> The absence of a centralized authority or a nodal agency specifically empowered to address digital consumer issues further exacerbates the problem. Lastly, jurisdictional ambiguities remain a persistent challenge. Many digital platforms operate across borders and host their servers outside India, making it difficult for Indian authorities to enforce injunctions, levy penalties, or ensure compliance with domestic consumer protection orders.<sup>159</sup> This limitation is particularly problematic in cases involving international e-commerce sites or data breaches originating overseas, where legal cooperation and enforcement mechanisms are either weak or non-existent.<sup>160</sup>

### **5.7. Digital Personal Data Protection Act, 2023**

While not a consumer law per se, the DPDP Act complements consumer rights by regulating personal data processing:

- i. Consent Mechanisms: Often buried in unread terms.
- ii. Penalties for Breach: Hefty but implementation remains unclear.

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<sup>157</sup> Reserve Bank of India, *Master Directions on Digital Payment Security Controls*, (Mumbai, 2021), p. 4; Indian Computer Emergency Response Team (CERT-In), *Cyber Security Guidelines*, (Ministry of Electronics and IT, New Delhi, 2022), p. 11.

<sup>158</sup> Telecom Regulatory Authority of India, *Consultation Paper on Regulatory Framework for Over-the-Top (OTT) Services*, (New Delhi, 2023), p. 9.

<sup>159</sup> Rahul Bhatia, “Digital Consumerism in India: A Legal Analysis”, *Indian Journal of Law and Public Policy*, Vol. 8, No. 1, 2022, p. 115.

<sup>160</sup> Shruti Agarwal, “Data Privacy and Consumer Rights in India”, *Journal of Consumer Law*, Vol. 15, No. 1, 2023, pp. 55–56.

- iii. Data Fiduciaries: Large platforms are covered, but smaller vendors often go unchecked.

**Table 8: Regulatory Interface of Indian Digital Consumer Protection Framework**

Regulator	Focus Area	Challenges
CCPA	Market conduct	Limited digital reach
RBI	Financial fraud	Coordination gaps
CERT-In	Cybersecurity	Reactive, not preventive
MeitY	Data regulation	Jurisdiction overlap

### **5.8. Emerging Areas of Concern**

- i. AI and Algorithmic Bias: Discriminatory pricing or misleading recommendations based on profiling.
- ii. Fake Reviews and Influencer Liability: Despite guidelines, enforcement is rare.
- iii. Digital Redress Platforms: Platforms like e-Daakhil are underutilized due to lack of awareness.

## **CHAPTER VI - CONCLUSION AND SUGGESTIONS**

## 6.1. Conclusion

The digital revolution has dramatically reshaped India's consumer landscape, offering new opportunities while also introducing complex legal and regulatory challenges. As this dissertation has demonstrated, the exponential growth of digital transactions has brought with it a range of emerging risks from cyber security breaches and data privacy violations to manipulative In response to the growing complexities of the digital economy, India has rolled out a series of notable legislative reforms chief among them the Consumer Protection Act, 2019, and the Consumer Protection (E-Commerce) Rules, 2020. Together, these measures mark a conscious attempt to update traditional consumer rights frameworks and extend them into the messy, fast changing world of online trade. On paper, the 2019 Act strengthens consumer rights and tightens regulatory oversight. But in practice, its reach into digital commerce feels uneven. Key issues like how product liability should apply to virtual transactions, what counts as a misleading online advertisement, and where exactly accountability falls in the chain of online sellers are still in flux, both in interpretation and enforcement. That uncertainty doesn't just leave consumers guessing; it also frustrates digital businesses trying to stay compliant without a clear rulebook. Looking abroad can be instructive. The European Union and the United States, for instance, have built more consistent and tech-aware systems, from strong data protection regimes such as the GDPR to enforceable rules around algorithmic fairness and streamlined cross-border dispute resolution mechanisms. By comparison, India's consumer protection in the digital space still wrestles with deeper, structural constraints patchy infrastructure, regulators with limited capacity, and thorny jurisdictional issues that make international e-commerce disputes a slow and uncertain affair.

One of the most urgent challenges is the sheer lack of digital literacy among consumers. Strong legal protections mean little if people don't know their rights or how to act on them. The problem is especially visible in rural and semi-urban regions, where slow internet, lower education levels, and minimal outreach from regulatory bodies make it difficult for consumers to fully engage with, let alone benefit from, the digital economy.

In such areas, even basic tasks like verifying a seller's credentials or filing an online complaint can feel out of reach. Unless there's a concerted push for targeted education campaigns and stronger institutional support, the gulf between what the law promises and what people actually experience will remain stubbornly wide. Furthermore, although recent reforms have aimed to improve grievance redressal, the practical experience for many consumers remains frustrating. Online complaint portals and mediation channels, though promising in theory, often fall short in terms of accessibility, usability, and transparency. Delays, lack of follow up, and bureaucratic hurdles continue to deter consumers from seeking justice, particularly when the sums involved are small or the offender is located in another jurisdiction. Finally, the lack of harmony between consumer law and allied digital frameworks such as the Information Technology Act, 2000 and the Personal Data Protection Bill creates confusion and inefficiency. Without synchronized governance and a unified legal ecosystem, enforcement will continue to lag behind innovation.

## **6.2. Suggestions**

In light of the above findings, the following suggestions are proposed to improve the effectiveness of consumer protection laws in India, particularly in the digital transaction space.

### **6.2.1. Enhancing Legal Awareness and Digital Literacy**

- i. A nationwide campaign should be launched to educate consumers about their rights under the Consumer Protection Act, 2019, especially those related to online purchases and digital contracts.
- ii. Collaboration between the government, NGOs, educational institutions, and digital platforms can foster community level awareness initiatives, particularly targeting non-urban populations and first time internet users.

### **6.2.2. Strengthening the Implementation of E-Commerce Rules**

- i. The Consumer Protection (E-Commerce) Rules, 2020 must be enforced more rigorously, with clear penalty structures for non compliance by sellers and platforms.
- ii. Marketplaces should be mandated to conduct regular compliance audits and disclose transparency reports regarding dispute resolution, data usage, and consumer satisfaction metrics.

### **6.2.3. Faster and Accessible Redressal Mechanisms**

- i. Consumer redressal forums must be digitally empowered, adequately staffed, and monitored to ensure timely delivery of justice.
- ii. The Online Dispute Resolution (ODR) framework, including tools such as digital mediation and arbitration, should be expanded with the integration of AI driven platforms and language diverse interfaces.
- iii. Streamlined complaint processes and unified grievance redressal systems across multiple jurisdictions would significantly improve consumer access to legal remedies.

### **6.2.4. Legal and Regulatory Synergy**

- i. Stronger collaboration is needed among consumer rights regulators, data privacy authorities, and cybercrime enforcement agencies.
- ii. A consolidated legal framework should be formulated to address intersecting issues in digital commerce, data protection, cyber security, and consumer rights aligning the relevant provisions of the Consumer Protection Act, Information Technology Act, and upcoming data protection laws.

### **6.2.5. Cross-Border Consumer Protection Protocols**

- i India should actively participate in bilateral and multilateral dialogues aimed at establishing binding frameworks for cross-border consumer protection, especially in light of the rapid expansion of international e-commerce.
- ii Template agreements with key trading partners should incorporate provisions on jurisdiction, grievance redressal, and liability in the context of global digital trade.

### **6.2.6. Incentivizing Ethical Platform Practices**

- i. Digital service providers should be incentivized to implement user-centric practices, including transparent refund and return policies, explicit data consent protocols, and neutral algorithms for product recommendations.
- ii. Government-backed incentive schemes or certification programs could spotlight businesses that play fair those with a track record of ethical practices, minimal consumer complaints, and consistently high levels of customer satisfaction.

### **6.2.7. Strengthening Jurisprudence and Judicial Training**

- i. Targeted training programs could be developed for members of consumer forums and the judiciary, giving them the practical skills and up to date knowledge needed to handle disputes that stem from digital transactions.
- ii. Jurisprudence must evolve to address emerging challenges such as AI driven contracts, influencer endorsements, liability for virtual goods, and digital content regulation.

### **6.2.8. Bringing More Voices to the Table in Lawmaking**

- i. Policy development should follow an inclusive and consultative approach, incorporating input from consumer advocates, industry representatives, legal professionals, and technology experts.
- ii. Institutionalizing periodic reviews and structured feedback channels is essential to ensure that legal frameworks remain aligned with evolving market trends and technological advancements.

#### **Final Reflection**

India is at an interesting crossroads. Digital consumer activity is growing so quickly that the old legal frameworks are starting to feel like they're sprinting to keep up and losing ground. The recent wave of legislative reforms is encouraging, no doubt, but whether they'll truly make a difference depends less on what's written in the statute books and more on how those laws are put into practice. Progress here isn't just about passing amendments. It's also about making sure enforcement isn't toothless, that institutions have the resources and expertise to act, that ordinary people consumers, small business owners, even casual online shoppers are part of the conversation. With digital transactions fast becoming the default way to buy and sell, the legal system will need to be more than just up to date it will have to stay nimble, open to change, and genuinely focused on protecting consumers. Otherwise, we risk having laws that look impressive on paper but barely touch the reality of the digital marketplace.