

## **CRITICAL STUDY OF CONSUMER PROTECTION ACT 2019 IN CONTEXT OF E-COMMERCE**

Rishabh

Amity Law School, Amity University, Noida, Uttar Pradesh

### **ABSTRACT**

The advent of digital technologies has revolutionized the retail landscape, propelling e-commerce into the mainstream of consumer transactions. With this shift, the nature of consumer grievances and vulnerabilities has transformed, necessitating an evolved legal framework. The Consumer Protection Act, 2019 was enacted to address the shortcomings of its 1986 predecessor, especially in the wake of rapidly growing online commerce. This paper presents a critical study of the Consumer Protection Act, 2019, with a specific focus on its application to e-commerce platforms and digital transactions.

The Act introduces several progressive provisions, such as the establishment of the Central Consumer Protection Authority (CCPA), inclusion of product liability, penalties for misleading advertisements, and recognition of e-commerce as a distinct mode of trade. It mandates that online marketplaces and sellers disclose all necessary information, ensure transparency, and take responsibility for defective goods and unfair trade practices. However, despite these advancements, the implementation of the Act reveals several challenges. Key issues include enforcement of liability on foreign-based e-commerce platforms, ambiguity in defining the role and responsibility of intermediaries, and lack of robust grievance redressal mechanisms tailored to online consumers.

Furthermore, the paper examines whether the Act adequately balances consumer rights with business interests, especially considering the dynamic and borderless nature of the digital marketplace. It also explores the effectiveness of the e-commerce rules notified under the Act and their compatibility with existing IT laws and data protection frameworks. Through a doctrinal and analytical approach, the study underscores the need for continuous legal adaptation and stronger regulatory oversight to ensure effective consumer protection in the digital economy. While the Consumer Protection Act, 2019 marks a significant step forward in addressing the challenges posed by e-commerce, its success largely depends on practical enforcement, judicial interpretation, and further regulatory clarity in the evolving digital context.

## CHAPTER 1: INTRODUCTION

### 1.1. CONCEPT

The exponential growth of e-commerce in India has significantly transformed the consumer market, redefining the dynamics of consumer relationships and reshaping the contours of commercial transactions. With the rise of online marketplaces, digital payment systems, and cross-border digital services, traditional models of consumer protection have been rendered insufficient. It is against this backdrop that the Consumer Protection Act, 2019 was introduced, repealing the earlier Consumer Protection Act of 1986. The 2019 legislation is a comprehensive attempt to bridge the legal gap between conventional consumer rights and the complexities arising in the digital age. It seeks to provide a modern framework that acknowledges the challenges posed by e-commerce, such as misleading advertisements, online frauds, data privacy concerns, unfair trade practices, and the lack of physical interaction between buyers and sellers.<sup>1</sup>

The 2019 Act introduces several innovative mechanisms that specifically address the nuances of e-commerce. One of the most significant inclusions is the statutory recognition of e-commerce under Section 2(16), which defines it as “buying or selling of goods or services including digital products over digital or electronic networks.” This definition lays the legal foundation for regulating digital marketplaces, aggregators, and online service providers. Additionally, the Act empowers the Central Consumer Protection Authority (CCPA) under Chapter III, especially under Section 18, to regulate matters relating to violations of consumer rights, unfair trade practices, and misleading advertisements, particularly in digital commerce. It has been given quasi-judicial powers to initiate class actions and conduct investigations, which is a significant shift from the 1986 regime that was primarily adjudicatory rather than regulatory.<sup>2</sup>

One of the key features of the 2019 Act in the context of e-commerce is the Consumer Protection (E-Commerce) Rules, 2020, notified under Section 101(1)(zg) of the Act. These Rules mandate that e-commerce entities must display details of sellers, provide information on return, refund, exchange, and warranty, and refrain from adopting unfair

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<sup>1</sup> Chandra, Navneet, and Dr Raj Kumar Yadav. "Evolution of E-commerce and Consumer Protection Laws in India." *MDU Law Journal* 32 (2024).

<sup>2</sup> Romdoni, Indi Auliya. "Legal Analysis of Consumer Protection in E-commerce Transactions." *Justisia: Jurnal Ilmu Hukum* 2, no. 1 (2024): 11-21.

trade practices. Rule 5 obligates e-commerce entities to appoint grievance officers and respond to consumer complaints within 48 hours and redress them within one month. Moreover, the Rules define “marketplace e-commerce entities” and “inventory e-commerce entities” and impose due diligence responsibilities accordingly. The rules also introduce the concept of “fallback liability” which makes e-commerce platforms liable in case of consumer harm due to negligence in verifying sellers or failure to act against misconduct. The integration of these provisions signifies a paradigm shift where the digital intermediary is no longer a passive conduit but a stakeholder in consumer accountability.

Moreover, the 2019 Act also makes provisions for product liability under Chapter VI, which includes Section 83 to Section 87, whereby manufacturers, service providers, and sellers can be held liable for harm caused due to defective products or deficient services.

Another critical development under the 2019 Act is the provision for mediation under Section 74 to Section 81, which encourages amicable dispute resolution. This is particularly useful in e-commerce disputes where delays in refunds, service dissatisfaction, or delivery issues are common. By institutionalizing mediation cells within District Commissions, the Act provides a user-friendly dispute resolution mechanism. Furthermore, the jurisdiction provisions under Section 34(2) have been updated to include the place where the consumer resides or works for gain, thereby facilitating easier access to justice for aggrieved consumers in e-commerce disputes. This was a much-needed reform, as many online buyers earlier faced hurdles in litigating disputes at the place of the seller or service provider’s office

The Consumer Protection Act, 2019, along with its E-Commerce Rules, marks a bold legislative stride toward ensuring consumer welfare in a digital economy. Its provisions are comprehensive, and its intent is consumer-centric, but its effectiveness will ultimately depend on vigilant enforcement, proactive regulation, and dynamic judicial interpretation. A critical analysis of its application in the e-commerce sector reveals both the strengths of the new regulatory architecture and the gaps that remain in practice. With technology evolving at a rapid pace, the law must not only keep up but also anticipate emerging challenges to ensure that consumer trust in digital platforms is both earned and preserved.

## RESEARCH QUESTIONS

- How effectively does the Consumer Protection Act, 2019 safeguard the rights of e- consumers in India?
- What are the key challenges consumers face while engaging in e-commerce transactions?
- How do the **Consumer Protection (E-Commerce) Rules, 2020** address issues of transparency, accountability, and consumer redressal?
- What is the judicial approach in India toward online unfair trade practices under the 2019 Act?
- How does India’s regulatory framework compare with global consumer protection models in the e-commerce sector

## OBJECTIVES

- To trace the historical development and transformation of consumer protection laws in India.
- To critically examine the Consumer Protection Act, 2019, in the context of e-commerce.
- To analyze key provisions, rules, and judicial precedents relating to online consumer rights.
- To identify the major challenges and legal loopholes affecting e-consumer protection.
- To propose reforms for enhancing consumer confidence and regulatory effectiveness in digital markets.

## 1.2. METHODOLOGY

The present study adopts a doctrinal research methodology, primarily based on a comprehensive and analytical examination of statutory provisions, rules, and regulatory frameworks related to consumer protection in India, with particular emphasis on the Consumer Protection Act, 2019 and Consumer Protection (E-Commerce) Rules, 2020. This research involves qualitative analysis of legal texts, including legislative documents, government notifications, policy papers, and academic literature, to evaluate the evolving legal landscape concerning digital consumer rights and e-commerce practices. The study also includes a critical review of reports from regulatory authorities and scholarly articles

## 3.1. INTRODUCTION

This chapter facilitated the understanding of electronic commerce and the interactions between electronic consumers. The primary objective of this chapter is to comprehend the context in which consumer protection is crucial and an inevitable facet in the progression of e-commerce. The implementation of safeguards for electronic consumers was deemed necessary as a result of insufficient explicit legislation and appropriate policy standards governing electronic consumer transactions, as well as numerous instances reported in both print and electronic media.<sup>21</sup>

Consumers may be wary of engaging in monetary transactions via e-commerce due to the absence of a personal connection between the parties to the contract. Confusion like this has a direct impact on shoppers' trust, which is a major problem for the growth of e-commerce. Customers prefer brick-and-mortar stores because they can examine the goods up close, ask questions, and get assurance about their purchases from knowledgeable sales staff. Consumers are more likely to make a purchase via an online store if they feel comfortable with the website, the company, and the service or product they are purchasing. This thesis has not focused on technological or marketing considerations, but rather on the application of Indian law to business-to-consumer online transactions.<sup>22</sup>

The Organisation for “Economic Co-operation and Development (OECD)” established its consumer protection guidelines in 1999 in response to the proliferation of e-commerce.<sup>7</sup> These rules are in place to safeguard consumers engaged in electronic transactions. The rules are adaptable to the dynamic corporate landscape in which electronic commerce plays a major role. Furthermore, these regulations have effectively extended the consumer protection rules to the realm of online trade. The message is clear: internet shoppers should have the same legal safeguards afforded to them as their offline counterparts.<sup>23</sup>

The main protections which have been recommended in the OECD guidelines are:

- Ethics in commercial dealings, marketing, and promotion

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<sup>21</sup> Craig Standing, “Internet commerce Development” (1st Artech, Boston & London 2000).

<sup>22</sup> Kanika Sayan, “E-commerce and Consumer Rights: Applicability of consumer protection Laws in Online Transactions in India” (2023).

<sup>23</sup> Donni L. Kidd, “Adopting Contract Law to Accommodate Electronic Contracts: overview and suggestions,” 12 Rutgers Computer and Tech L.J. (2nd ed., 2000).

- Clear and straightforward confirmation procedure Adequate disclosure of pertinent information
- Remedy options and jurisdictional clarity in the event of a dispute across international borders.
- A reliable method of payment that reduces the potential for bankruptcy.
- A reliable international ADR framework to provide a practical alternative to litigation, which may be prohibitively costly and impractical in the context of cross- border business dealings.

Concerns for consumers include issues of confidentiality, data protection, dispute resolution, pricing, deceptive practises, and legal jurisdiction. These issues are important to doing business via the Internet. Under the Consumer Protection Act (COPRA), the Act may encompass the actual vendor or distributor of goods in the event of a defect or deficiency in the product or service provided through an online platform.<sup>24</sup>

If we want people to feel safe making purchases and sharing personal information online, we need a legislative framework that prioritises consumer protection. This framework's primary focus is on preventing misleading and unfair business practises for the benefit of online shoppers. The OECD has laid forth effective and efficient dispute settlement and restitution processes<sup>25</sup> Because of this, shoppers may feel secure in the market because of laws and enforcement measures.

### **3.1.1. CONSUMER PROTECTION-CONSTITUTIONAL PERSPECTIVE**

Parliament passed the “Consumer Protection Act in 1986” to create consumer councils and other bodies for the resolution of customer complaints in the traditional brick-and-mortar retail sector. A new law, the CPA 2019 law, protects consumers when they purchase online. The new consumer protection legislative framework updates the 1986 legislation to account for concerns brought on by the novel business models prevalent in the Internet Age. In order to facilitate effectiveness in the consumer dispute resolution system and keep up with the

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<sup>24</sup> Commission of the European Communities, “Consumer Confidence in E-Commerce: lessons learned from the e-confidence initiative: Commission Staff Working Document” Brussels, (2004).

<sup>25</sup> OECD, “Conference on Empowering E-Consumers: Strengthening Consumer Protection in the Internet Economy: Background Report” (Washington DC, DSTI/CP (2009)20/FINAL, 2009).

increasing complexity of consumer disputes including e-marketplaces, online aggregators, intermediates, and endorsers. Dr. Ashok R. Patil has explained the constitutional framework of consumer protection:

Both the seller and the buyer have equal negotiating power under Article 14, which protects a basic human right. Article 19(1)(a) guarantees the right to free speech, which has far-reaching implications for topics like advertising and personal data protection. Article 19(1)(g) guarantees everyone the freedom to engage in any lawful occupation, vocation, or enterprise. Nonetheless, there are limits to this privilege. The very core of public good is the maintenance of a healthy equilibrium between individual liberty and the public good and consumer interest. In addition, Article 21 of the Constitution stipulates that the state should protect life, which shall include the right to a life unencumbered by exploitation and lived in accordance with one's intrinsic value. Articles 38 and 39 of the Constitution lay forth the Directive Principle of State Policy, which mandates the state's commitment to the general welfare via the promotion and protection of a social order in which justice predominates on all fronts (economic, political, and social). That's why we have protections for consumers in the Bill of Rights.<sup>26</sup>

### **3.2. CONCEPT, MEANING AND DEFINITION OF E-COMMERCE, E-CONSUMER AND E-TRANSACTION**

#### **3.2.1. E-commerce**

E-commerce, or electronic commerce, is the practise of doing commercial transactions using the internet. Buying, selling, and making payments are all fundamental to this sort of commerce, just as they are in traditional enterprises. This kind of company operates mostly via digital exchanges. In electronic commerce, businesses set up virtual shops and facilitate transactions between buyers and sellers through the internet. Since all transactions take place digitally, there is never any chance of seeing the vendor in person. E-commerce is an industry that fully embraces the use of technology to fulfil customer needs and complete business deals. In this kind of enterprise setup, a physical location is not needed; rather, a warehouse will suffice.<sup>27</sup>

E-commerce, sometimes known as "electronic commerce," is the process of doing commercial transactions electronically rather than face-to-face. The World Trade

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<sup>26</sup> Ashok R. Patil, (eds.), "25 years of Consumer Protection Act: Challenges and the way forward," Bangalore: National Law School of India University, 2023.

<sup>27</sup> Jae Shim And Joel Siegel Et Al, "The International Handbook of Electronic Commerce" (1st, Routledge, USA 2000).

Organisation coined the phrase "electronic commerce" to define the process of producing, disseminating, marketing, selling, or transporting products and services via the use of digital means. The "Organisation for Economic Co-operation and Development (OECD)" defines e-commerce as "any form of electronic transaction between firms, households, individuals, governments, or other public or private organisations that takes place over the Internet," which includes the selling and purchase of products and services. As defined by the APEC, e-commerce includes any and all commercial activity conducted over the Internet. The "United Nations Conference on Trade and Development (UNCTAD)" defines electronic commerce as the purchasing and selling of products and services via the Internet and other electronic techniques.<sup>28</sup>

E-commerce includes not just the act of buying something online, but also the consumer's interactions with the company before and after the transaction, as well as any information or services that the company makes available to the client online. An e-commerce transaction might include a business, a residence, an individual, a government agency, or a nonprofit organisation.

Conducting business through the Internet is not a novel practise. For decades, EDI has allowed companies to communicate and trade with one another digitally. However, EDI's high cost has prevented it from having a significant impact on the business sector.

The necessity for costly EDI equipment is rendered moot by an e-commerce infrastructure based on the Internet. The low cost and widespread nature of the Internet's networked environment makes e-commerce accessible to companies of all sizes. The Web is also useful for electronic data interchange (EDI) programmes since it standardises client software (the browser). Since it's easy to make apps that "talk" to a browser, browsers can solve the EDI software problem instead of the expensive intermediary software. As a result, there is no need to invest in costly, custom software developed by a third party. The browser's UI isn't perfect, but it's always being improved upon. For this reason, EDI-based e-commerce was formerly available mainly to the affluent, but with the rise of e-commerce on the web, many of the monetary barriers have been lifted.<sup>29</sup>

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<sup>28</sup> Ashok R.Patil, "E-consumer protection in India: Challenge," Karnataka Law Journal, 1 (2) 2012

<sup>29</sup> Dr. Shashi Nath Mandal, "E-commerce' Protection in India," Global Journal of Management and Business Research: E-Marketing, Vol. 16 Issue 5 (2023).



There are several benefits to doing business online. Particularly useful in outlying places, it makes it easier to get your hands on things that may otherwise be out of reach. Online shopping is a simple and efficient experience for both buyers and sellers. Even more so, before the rise of e-commerce, it was difficult to conduct low-value cross-border transactions on a vast scale.

When we talk about "e-commerce," what we mean is trading in products and services exclusively online.

That includes "any sort of economic transaction in which parties communicate electronically rather than via physical encounters or direct physical contract." In other terms, it's a technique for promoting and selling products and services through the Internet.

E-commerce, like any other abstract idea, has been subject to a wide range of definitions, the application of which would typically rely on the specific context in which the idea is being utilised. The term "e-commerce" means: "sharing business information, maintaining business relationships and conducting business transactions by means of telecommunications networks".

"E-commerce, or the purchasing and selling of items, services, and information using computer networks including the internet, is an umbrella term for doing business online." The researcher has used Paul Todd's definition for the sake of this study: any deal in commodities or services in which electronic digital communication plays a significant role.

The significance of online trade to contemporary economies cannot be overstated. The truth is that doing business online is rapidly displacing more conventional techniques, especially in the retail industry. The platform's numerous advantages, especially its simplicity, account for this. The internet has been seen by many businesses as a method to save costs by reducing the need for personnel, increasing accessibility, allowing for safe transactions over huge distances, and simplifying other operations.

The proliferation of online commerce has given birth to a number of legal and economic questions, as well as certain peculiarities. Therefore, there are downsides to doing business online, the most significant being an increased danger of the client being a fraud victim.

The consumer takes the biggest hit in the event of a mishap with an online purchase. Sometimes in online transactions, neither the buyer nor the seller ever really sees each other or communicates in any way. It's possible that the seller is being dishonest about their wares, or that the whole deal is a scam designed to separate you from your cash.

As a result, the law has stepped in to defend the interests of the unfortunate client, with protections in place in many industrialised countries to shield the vulnerable and ensure that consumers are treated fairly throughout the whole buying process.

Developing nations are eager to expand their role in the booming e-commerce market. However, many of these nations lack the legislative structure required to guarantee the system's smooth functioning, protect the rights of firms and customers, and impose punishments for cybercrimes relating to electronic commerce. This research compares the legislative requirements in India to those in the United States to analyse the aforementioned safety measures. As a developing nation, India is especially vulnerable to the drawbacks of internet purchasing. In view of the lack of regulation and general infancy of the information and communications technology business, the provision of proper legal protection for consumers is of crucial significance. Online purchasing has the potential to become a more secure and extensively used activity if appropriate safety measures are put in place.<sup>30</sup>

<sup>30</sup> Neitivanich, Watchara, "Mechanisms for the Protection of Online Consumers: A Comparative Analysis of the U. S. E-Sign Act and Thai E-Transactions Act," Annual Survey of International & Comparative Law: Vol. 10(1), (2004).



### 3.2.2. E-CONSUMER

Internet buyer; a consumer who makes purchases online. E-shoppers are not fundamentally different from brick-and-mortar customers in terms of their wants and needs. Online buyers are particularly vulnerable since they cannot examine the item before purchase and may be unaware of the seller's true identity. This finding provides more evidence that "trust" is even more crucial in the online trading environment than in conventional marketplaces. Despite this, businesses have difficulties convincing consumers to trust them during online transactions, and consumer protection legislation have significant gaps. The interests of

businesses, consumers, and the general public all align with the need for legal safeguards for online purchases. Online stores work hard to earn customers' confidence. Increased e- consumerism is good for business, consumers, and society as a whole since it boosts consumer confidence and reduces risk for all three parties involved in the transaction. The term "e-consumer" has not been agreed upon by experts throughout the globe. An e- consumer is a person who makes purchases online (either with cash on delivery or via an online transaction using a debit card, credit card, etc.). Jong- Yaun Rha and Richard Widdows define e-Consumerism:

*"Consumerism has been explained in the past as the social movement to boost the rights and power of buyers in relation to sellers. The notion of e-consumerism should take its place alongside concepts like e-commerce or e-retailing which are now omnipresent in the business literature. E-consumerism also defined as actions of consumers or their agents to protect and encourage interest and look for empowerment in the context of the electronic marketplace."*<sup>31</sup>

There exist diverse strategies that consumers can employ to mitigate the inherent risks of financial, product performance, psychological, and time/convenience losses associated with online shopping.

Nevertheless, the inference can be made that security concerns constitute the foremost cause of discontentment among individuals who engage in online shopping. Numerous global studies have identified various internet hazards, including but not limited to identity theft, clickstreams, spam, unsecured online transactions, malware attacks, pop-ups, and phishing.

The equivalence of protection afforded to electronic consumers and traditional consumers under domestic legislation such as Section 6<sup>32</sup> in India implies that electronic transactions are not subject to any distinct conditions in the majority of consumer laws with respect to their applicability or non-applicability. Inter-country transactions, where a consumer residing in one nation buys goods or services from a commercial entity located in another country, are an inevitable aspect of e-commerce. The matter at hand presents a distinct array of pragmatic challenges, including variances in legal authority, geographical placement of activities, and

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<sup>31</sup> Salvatore Mancuso, "Consumer Protection in E-commerce Transactions: a First Comparison between European Law and Islamic Law," JICLT Vol.2, Issue 1 (2007).

<sup>32</sup> Consumer Protection Act of 1986.

the lack of a uniform procedure for settling conflicts. While both traditional consumers and online shoppers are afforded the same legal protections, their respective interactions may exhibit variances. Hence, individuals engaged in a transaction that occurs solely through the internet are commonly referred to as "e-buyers," "e-sellers," "e-retailers," "e-consumers," and "e-transactions," respectively. In recent years, the population of e-consumers has significantly increased due to the convenience of online shopping. This trend is projected to exceed the number of traditional brick-and-mortar customers. The aforementioned highlights the necessity of implementing rigorous protective measures and enacting definitive legislative actions to ensure the protection of electronic consumers and the government's tax revenue.<sup>33</sup>

### **3.2.3. E-TRANSACTION**

By obtaining automation of e-commerce processes including product cataloguing and display, order taking and payment processing, inventory and shipping coordination, and customer service, e-commerce allowed for immediate company operations. It is expected that the e-commerce market would grow in terms of both the total number of customers and the variety of goods available for purchase. The pace of increase of online purchases is anticipated to reach 19% every year. E-commerce refers to any kind of business conducted through the Internet, such as buying and selling products or services, or transferring funds or data. These transactions may occur between companies, between customers, or between consumers and companies.

### **3.2.4. DIFFERENT TYPE OF E –COMMERCE**

types of e-commerce are: "business to business (B2B); business to consumer (B2C); consumer to consumer (C2C); business to government (B2G); Mobile commerce (M- commerce). B2B-the participants in a B2B e-commerce are either businesses or other organizations." To combine the value-added chain that might reach from the raw material supplier to the end customer, companies here often use the internet. Business-to-business dealings between Dell and Intel and their supplier are essential to a number of their applications.

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<sup>33</sup>India legal S, "Consumer-Protection-in-the-Age-of-E-Commerce"

<<https://www.legalservicesindia.com/article/1573/Consumer-Protection-in-the-age-of-E-Commerce.html>> last visited on April 02, 2025.

B2C - This transaction pertains to a commercial organisation on one end and a personal consumer on the other. B2C pertains to the commercial transaction of goods and services over the internet to the general public, commonly facilitated by shopping cart software. B2C transactions pertain to the retail or e-tail sector, encompassing a range of industries such as e- merchandise, e-finance, healthcare, and education.

Typical examples of e-commerce platforms include Amazon, Myntra, FlipKart, Snapdeal, Paytm mall, Indiatimes shopping, Jabong, eBay, Shopclues, Pepperfry, Zomato, BigBasket, and Alibaba, among others.<sup>34</sup>

C2C - Within this classification, consumers engage in transactions directly with other consumers. Individuals utilise the internet and mobile devices as means to vend commodities and amenities, whether it be through their personal webpages, electronic mail, or by offering classified advertisement services. The utilisation of online platforms for the promotion of individualised services is a notable illustration of consumer-to-consumer (C2C) transactions. Furthermore, numerous auction platforms provide the opportunity for individuals to list their items for bidding. An example of a consumer-to-consumer transaction can be observed on online marketplaces such as eBay and OLX.

B2G - This particular manifestation of electronic commerce is situated within the framework of electronic governance and the procurement of goods and services by public entities.

M-commerce - A major infrastructure for modern day e-commerce transactions has emerged as a direct result of technological advancements. Only business-to-consumer (B2C) e- commerce deals are of interest in this investigation.

E-commerce Model: There are two types of e-commerce model working in India:

#### **Marketplace Model:**

According to FDI policy guidelines, “*marketplace model of e-commerce is act as a facilitator between buyer and seller which means information technology platform being provided by an e-commerce entity on a digital and electronic network.*”<sup>35</sup>

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<sup>34</sup> “Government Working to Bring in E-Commerce Policy, Rules under Consumer Protection Act on Same Page” (The Economic Times) <<https://economictimes.indiatimes.com/news/economy/policy/government-working-to-bring-in-e-commerce-policy-rules-under-consumer-protection-act-on-same-page/articleshow/100164855.cms>> last visited on April 02, 2025.

advertisers, advertising agencies, and endorsers, including celebrities, are equally responsible for false and misleading advertisements. It mandated that before publicizing ads, advertisers must submit a self-declaration ensuring compliance with advertising codes, reinforcing the duty of care owed by all parties involved in advertising.

Additionally, in *Dr. Ajai Agarwal v. M/S Ibni8 Media & Software Limited & Ors.*, CS(OS) 21/2017 (Delhi High Court, 2020), the plaintiff sought damages for defamation and misleading advertising. The court examined the role of intermediaries and their responsibility in preventing the dissemination of misleading content, emphasizing the need for due diligence by platforms in monitoring advertisements.

### **5.3. DEFICIENCY IN SERVICE AND REFUND POLICIES: JUDICIAL INTERPRETATION IN E-COMMERCE DISPUTES**

The Consumer Protection Act, 2019, has significantly enhanced consumer rights in India, particularly concerning e-commerce transactions. Courts have increasingly held online platforms accountable for deficiencies in service, especially regarding refund and return policies. Several recent cases illustrate this judicial trend.

In *Taruna Rajput v. Flipkart India*, the Mumbai District Consumer Redressal Forum addressed a case where the complainant purchased 13 containers of Herbalife Nutrition Fresh Energy Drink Mix for ₹4,641. Upon delivery, she found the product's color and texture unusual and suspected it was counterfeit. Flipkart refused her return request, citing a "no return policy." The forum ruled that this refusal constituted an unfair trade practice and a deficiency in service, ordering Flipkart and the seller to refund the amount with 9% interest and pay ₹10,000 as compensation.

Similarly, in *Kamal Rathi v. Flipkart*, the District Consumer Disputes Redressal Commission in Panchkula, Punjab, dealt with a case where the complainant ordered a wooden dining set worth ₹16,057, which was not delivered. After several inquiries, the order was canceled without consent, and the refund was delayed by four months. The commission held Flipkart liable for deficiency in service, ordering a 9% per annum interest on the refund amount and ₹5,000 as compensation for mental distress and litigation expenses.

In *Baljinder Kaur v. Amazon*, the District Consumer Disputes Redressal Forum-II in Chandigarh addressed a case where the complainant purchased a pair of shoes from Amazon, paid via cash on delivery, and returned them due to size issues. Amazon refused the refund, claiming the shoes were never delivered. The forum found this refusal to refund ₹2,599

## CHAPTER 6: CONCLUSION

The Consumer Protection Act, 2019 (CPA 2019) marks a significant shift in India's approach to consumer rights, especially within the digital and e-commerce sectors. With the rise of online shopping and digital transactions, the traditional consumer protection mechanisms under the Consumer Protection Act, 1986 (CPA 1986) were no longer sufficient. The 2019 Act seeks to address the evolving needs of consumers in the age of e-commerce, ensuring that digital transactions are governed by the same standards of fairness, transparency, and accountability as traditional commerce. In this context, the new law has introduced several reforms that enhance consumer protection but also presents several challenges and gaps that need to be addressed to make it fully effective. This chapter synthesizes the key findings from the research, evaluates the strengths and weaknesses of the CPA 2019, and proposes recommendations for enhancing consumer protection in the digital age.

### 6.1. SUMMARY OF KEY FINDINGS

The CPA 2019 includes several advancements that directly benefit consumers, particularly those engaging in e-commerce transactions. The expanded definition of 'consumer' in the new Act includes those engaging in online purchases and services, ensuring that e-consumers are now expressly covered under the law. This is a crucial step in protecting consumers from fraud, misleading advertising, and other malpractices rampant in the e-commerce sector. The Act also introduced the Central Consumer Protection Authority (CCPA), which acts as a powerful regulatory body with the authority to impose penalties on erring e-commerce platforms and ensure swift redressal of consumer complaints. The Consumer Protection (E- Commerce) Rules, 2020, further clarify the responsibilities of e-commerce platforms, such as the need to display clear and accurate product information, transparent pricing, return and refund policies, and details regarding sellers' credentials. These rules are designed to minimize the consumer grievances related to deceptive advertising, misleading pricing, and unfair trade practices in online marketplaces.

However, despite these positive developments, several challenges remain. A significant portion of the population still remains unaware of the changes introduced by the CPA 2019, especially with regard to their rights in the e-commerce sphere. Many consumers continue to face difficulties in registering complaints and securing timely redressal. Furthermore, the implementation of the Act's provisions has been inconsistent, with enforcement agencies sometimes lacking the necessary resources or mechanisms to ensure compliance from e-commerce platforms. This can lead to a sense of insecurity and distrust among consumers, undermining the potential benefits of the legislation.

### 6.2. IDENTIFICATION OF GAPS AND CHALLENGES

While the CPA 2019 represents a step forward, it has several gaps that undermine its ability to fully protect consumers in the e-commerce space. One of the most significant issues is the lack of effective enforcement mechanisms. While the Act provides for penalties and consumer redressal, there remains a gap in ensuring that these provisions are rigorously implemented. The existing consumer dispute redressal mechanisms often face delays in processing complaints, and this hampers the swift resolution of consumer issues. Additionally, the jurisdictional challenges in the context of cross-border e-commerce transactions are a major concern. Given that many e-commerce platforms operate internationally, it becomes difficult for consumers to seek legal redress when the seller or platform is based in another country. This creates significant barriers to enforcement, as consumers may not know where to lodge complaints or which legal authority can intervene.

Another critical gap in the CPA 2019 is its inadequate treatment of data privacy and protection. With the rise of e-commerce, the amount of personal data collected from consumers has increased exponentially. However, the CPA 2019 does not provide comprehensive protection for consumer data or align with the provisions of the Personal Data Protection Bill, which is still under consideration. This presents a significant vulnerability, as the misuse of consumer data in online transactions can lead to identity theft, fraud, and other harms. Thus, there is a

need to integrate consumer protection with robust data privacy laws to ensure comprehensive safeguards for consumers in the digital age.

Moreover, while the CPA 2019 seeks to address unfair trade practices in e-commerce, its provisions are still vague on several points, especially in relation to the responsibility of e-commerce platforms to ensure the accuracy of product listings, and the handling of third-party seller complaints. The Act also does not adequately address issues such as the manipulation of algorithms by e-commerce platforms to mislead or deceive consumers, a growing concern in the digital marketplace. As e-commerce platforms become increasingly complex, with features like dynamic pricing, targeted advertisements, and cross-platform sales, the need for algorithmic transparency becomes more pressing.

### **6.3. RECOMMENDATIONS FOR STRENGTHENING CONSUMER PROTECTION**

To address these gaps and enhance the effectiveness of the CPA 2019, several recommendations can be made. First, the enforcement mechanisms should be strengthened by establishing dedicated consumer protection agencies with specialized expertise in digital commerce. These bodies should be empowered to not only monitor compliance but also to proactively investigate potential violations, ensuring that e-commerce platforms are held accountable for consumer grievances. Additionally, the existing consumer redressal forums should be made more efficient by increasing their capacity and reducing delays in processing complaints.

Second, addressing the jurisdictional issues requires international cooperation among consumer protection agencies. This can be achieved by creating cross-border frameworks that allow consumers to seek redressal when dealing with foreign e-commerce platforms. Through international cooperation, countries can establish guidelines for consumer dispute resolution and ensure that e-commerce platforms comply with local consumer protection laws, regardless of where they are based.

Third, the CPA 2019 should be integrated with the Personal Data Protection Bill, which is currently under deliberation in India. The convergence of these two pieces of legislation would provide consumers with a more comprehensive protection framework that covers both their rights in e-commerce transactions and their data privacy. This integration would help ensure that consumer data is treated with the highest level of care and responsibility, providing greater security to e-consumers.

Fourth, there should be a focus on consumer education and awareness programs that can help individuals understand their rights under the CPA 2019. Public awareness campaigns, online resources, and community outreach initiatives can significantly enhance consumer knowledge and confidence in navigating the e-commerce landscape. Consumer education will not only empower individuals but will also help in fostering a culture of informed and responsible online shopping.

Finally, continuous monitoring and auditing of e-commerce platforms are crucial. Government authorities and independent regulatory bodies should work together to regularly assess the compliance of e-commerce platforms with the provisions of the CPA 2019 and the Consumer Protection (E-Commerce) Rules. This will help identify gaps, prevent violations, and ensure that consumer rights are not compromised.

### **6.4. FINAL THOUGHTS**

The Consumer Protection Act, 2019 is a significant and progressive step in the regulation of e-commerce in India. It acknowledges the shift toward digital transactions and aims to provide a legal framework for addressing the unique challenges that arise in the online marketplace. However, the full potential of this legislation will only be realized through effective implementation, robust enforcement, and continuous adaptation to the evolving digital ecosystem. By addressing the gaps identified in this research and implementing the recommendations outlined above, India can create a safer, more transparent, and consumer-friendly e-commerce environment. In doing so, the CPA 2019 can play a pivotal role in fostering trust and confidence in India's rapidly growing digital economy.



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