
E-COMMERCE AND CONSUMER PROTECTION IN EMERGING MARKETS: CHALLENGES AND OPPORTUNITIES IN INDIAN MARKET

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ABSTRACT

The explosive growth of e-commerce in developing countries has transformed the way customers engage with brands since it provides unparalleled ease of use and accessibility. This paper examines the intricate connection between e-commerce and consumer protection in the context of the quickly developing Indian industry. The spectacular expansion of the Indian e-commerce industry in recent years can be attributed to a number of factors, including rising internet penetration, smartphone usage, and an expanding middle class with more purchasing power. Strong consumer protection laws must be put in place if the industry is to continue growing over the long run and continue to gain trust. This study aims to identify the key problems that Indian e-commerce clients face and look into potential solutions in order to increase consumer safety. Furthermore, the research will examine the efficacy of the existing regulatory framework, which oversees e-commerce in India and includes the Information Technology Act of 2000 and the Consumer Protection Act of 2019, in adapting to evolving concerns. Additionally, the study will look at how self-regulatory initiatives and industry standards encourage moral business conduct among e-commerce enterprises. The rights and interests of consumers are put at risk by this regulatory gap, which encourages misunderstanding and online frauds. Therefore, this research is going to discuss the challenges as well as opportunities in the Indian market.

1. Introduction

1.1 Research Background

In recent times, as technology has been emerging and advancing rapidly, the business scenario has changed a lot all over the world. E-commerce has created a global phenomenon and transformed the global business by giving easy access to customers to be able to have their choice of products on time¹. E-commerce has expanded quickly, especially in developing nations, as a result of things like rising web usage, smartphone adoption, and changing customer tastes. It can also be said that concerns over consumer safety have arisen as e-commerce has grown in developing countries, despite its numerous benefits. The purpose of this research is to examine the complex relationship that exists between the expansion of e-commerce and the requirement for strong consumer protection laws in developing nations.

The maintenance of equitable and transparent transactions in e-commerce depends on consumer protection. It protects customers from dishonest sellers, inferior goods, and any fraud conduct. In the Indian context, where e-commerce is growing quickly, these issues must be resolved immediately to build consumer trust and confidence. Regulatory frameworks are one of the main issues the Indian e-commerce sector is now experiencing. Despite the fact that laws and regulations are in place to regulate e-commerce, they typically fall short of the rate of technological advancement and the dynamic nature of online transactions².

1.2 Research Aim, Objectives

Aim

The main aim of this research is to evaluate the challenges and opportunities faced by e-commerce in the consumer market in India.

Objectives

- To examine the current landscape of e-commerce in India, including market size,

¹ Chawla, N. and Kumar, B., 2022. E-commerce and consumer protection in India: the emerging trend. Journal of Business Ethics, 180(2), pp.581-604.

² Ray, S., 2011. Emerging trend of e-commerce in India: Some crucial issues, prospects and challenges. Computer Engineering and Intelligent Systems, 2(5), pp.17-35.

growth trends, and key players

- To evaluate the primary barriers to the protection of consumer rights in the Indian e-commerce market
- To analyse the existing consumer protection and e-commerce legal and regulatory frameworks in India
- To investigate consumer behaviour and attitudes on security, privacy, and trust in Indian internet transactions
- To emphasise how Indian e-commerce consumer protection legislation might be enhanced by technologies like blockchain and artificial intelligence

1.3 Problem Statement

The main problem that this research is going to articulate is the rising challenges and Opportunities in the emerging Indian market in e-commerce business. This research explores the intricate relationship between the growing e-commerce sector and consumer security concerns in the unique context of India's developing advertising landscape. India's e-commerce sector has grown rapidly due to the rapid increasing use of smartphones, sophisticated payment systems, and internet access³. Regardless, this rapid evolution has raised a plethora of issues with buyer security. Concerns including counterfeit goods, deceptive advertising, data security lapses, and inadequate dispute resolution tools present significant risks to consumers' trust and confidence in online transactions.

In India the major e-commerce companies like amazon, flipkart, Nykaa have acquired a wide customer base in India. However, as the consumer market is growing rapidly it becomes a concern for them to maintain the consumer right protection and maintain the safe payment options as well. On the other hand, despite various regulations, these concerns identify potential directions for enhancing consumer protection laws in the Indian e-commerce industry⁴. The study's objectives are to thoroughly examine by addressing the unique challenges faced by

³ Mangla, S.K., Juma, J.A., Kumar, U. and Agnani, J., 2018. E-Commerce in the Context of Trade, Competition and Consumer Protection in India.

⁴ Gupta, D., 2020. Digital Platforms and E-Commerce in India—Challenges and Opportunities. Available at SSRN 3577285.

businesses and consumers alike, the study aims to offer insights and recommendations that can guide governmental interventions, regulatory frameworks, and industry practices to build a more transparent, secure, and inclusive e-commerce environment in India.

1.4 Research Rationale

E-commerce operations use applications such as email, fax, web services, electronic data interchange (EDI), file transfer protocol, online catalogues and shopping cards, and e-newsletters to subscribers⁵. India is one of the rising countries and has high potential which gives e-commerce business a plethora of opportunities. India has youthful populations and the living standards are rising which has also significant in increasing the usages of the internet all over India. This is contributing a lot to strong development in ecommerce in India. Most e-commerce businesses use various digital media platforms to promote their business and connect with a wide customer base. However, due to the high use of technologies the risks of cybersecurity and data breaches⁶. These issues are main concerns of the growing consumers in the Indian market as they fear that it can lose their privacy and data theft can occur which sometimes hinder their purchasing behaviour as well. Therefore, this is extremely important for online businesses to secure their customers' details and create more safe and secure payments.

1.5 Research Significance

The importance of consumer protection is highly important as it delves into the rights of consumers who tend to use cash on delivery as the preferred mode of payment for online transactions. Consumer trust is fostered by website content and effective customer service and the successful operation of e-business businesses depends on a secure and reliable system. First of all, consumers find it more challenging to assess a product's quality when they shop online as it removes the need for in-person interaction. Legislation safeguarding consumers offers recourse for faulty products, clear return policies, and truthful product descriptions. Customers now have the authority to make informed decisions and avoid being fraud or cheated. The digital media might become a place for unfair practices. Deceitful advertising, hidden costs,

⁵ Singh, R.K., 2019. E-commerce in India: Opportunities and challenges. In Proceedings of 10th international conference on digital strategies for organizational success.

⁶ Indu, A. and Deol, R., 2017. E-Commerce-Changing Landscape. Mangalmay Journal of Management & Technology, 7(2), pp.103-109.

and dishonest discounts can all be used against customers. Consumer protection regulations require price transparency, prohibit deceptive advertising, and hold platforms accountable for the conduct of their vendors⁷. This keeps consumers from being taken advantage of and encourages a just market. Thus, this research is highly significant in understanding the challenges and opportunities more clearly.

2. Literature Review

2.1 Current landscape of e-commerce in India, including market size, growth trends, and key players

The way businesses and customers do business has radically altered as a result of global e-commerce, and India is not an exception to this digital revolution. Given the country's population of over 1.3 billion and increasing internet access, the Indian e-commerce industry has experienced rapid growth in recent years⁸. The increased internet accessibility and rising disposable income in metro cities are major factors driving the massive growth of e-commerce platforms. For e-commerce companies, this generational transition offers tremendous growth prospects. Due to the widespread availability of smartphones and reasonably priced mobile data plans, mobile commerce, or "m-commerce," has become the most popular e-commerce industry in India. To meet the needs of their increasing number of mobile clients, e-commerce companies are putting more and more effort into making their platforms mobile-friendly⁹.

An increasing number of e-commerce businesses are using omnichannel retailing techniques, which seamlessly integrate online and offline channels, to improve the customer experience and attract new customers. Customers can use a variety of touchpoints, such as websites, mobile apps, and physical stores, to make purchases while using this strategy¹⁰. There is now greater frictionless e-commerce due to the growth of digital payment systems and the Indian government's efforts to promote a cashless economy. In order to accommodate different

⁷ Makwana, T. and Parmar, J., 2015. Growth and Prospects of E-Retailing in India. *Global Journal of Research in Management*, 5(1), p.54.

⁸ Sharma, U. and Rajput, B., 2016. Future of E-commerce in India. In *5th Annual International Commerce Conference*.

⁹ Gnanasambandam, C., Madgavkar, A., Kaka, N., Manyika, J., Chui, M., Bughin, J. and Gomes, M., 2012. *Online and upcoming: The Internet's impact on India*. Bangalore: McKinsey & Company.

¹⁰ Waseem, A., 2020. Analysis of Factor Affecting e-Commerce Potential of any Country using Multiple Regression. *Jinnah Business Review*, 8(1), pp.1-17.

consumer preferences, e-commerce platforms are integrating a broad variety of payment choices.

On the other hand, there are various key players of e-commerce which have been creating a huge attention to consumers from different areas. Flipkart, Amazon, Myntra, Nykaa, Snapdeal are one of the major e-commerce companies in India who are generating huge amounts of revenues and trust from customers.

Founded in 2007 by Sachin and Binny Bansal, Flipkart is one of the leading e-commerce platforms in India. It offers a wide range of products, including food, clothing, appliances, and technology¹¹. Walmart acquired Flipkart in 2018, and the company is still expanding and leading the way. Most importantly as Indian government is aiming to create digital India and cashless payment, this e-commerce sites offer payments options from debit card, credit card, google Pay, Phonepe, BharatPay and other digital transaction options.

On the other hand, since entering the Indian market in 2013, Amazon has been a major player. Amazon India is well-known for its large product selection, dependable delivery services, and reasonable prices. It offers a wide choice of products in numerous categories, such as electronics, fashion, home goods, and more¹². The company has made large investments in infrastructure and logistics to serve India's vast and diverse population. Amazon has also been offering various digital payment options to their customers as well as various card offers.

Reliance Industries entered the e-commerce sector by launching JioMart, an online grocery platform, under the leadership of Mukesh Ambani. Through its network of stores, JioMart leverages Reliance Retail's extensive offline presence to offer customers an outstanding omnichannel shopping experience¹³. Reliance aims to capture a significant portion of the rapidly growing online grocery market in India with its ambitions to integrate JioMart with WhatsApp. Myntra is focused on fashion and leisure products. It offers a wide range of clothing, shoes, accessories, and cosmetics from domestic and international brands. Myntra has

¹¹ MOHANTY, S., Ramesh, B. and KAMAT, D., 2015. Online retailing: The future of emerging Indian retail sector.

¹² *Amazon.in* (2024). <https://www.amazon.in/>.

¹³ Kundu, S. and Sarkar, A., 2023. Business Innovation in Retail, Playing the Right Cards: A Case of Reliance Retail. Indian Institute of Management, Kozhikode.

made a name for itself in the Indian e-commerce market thanks to its emphasis on fashion trends, exclusive partnerships, and personalised shopping experiences.

2.2 Primary barriers to the protection of consumer rights in the Indian e-commerce market

India's consumer protection laws face numerous challenges in their effective implementation and enforcement. One significant challenge is the lack of awareness among consumers about their rights and the avenues via which they can seek redress¹⁴. Many consumers in India are either unaware that consumer protection laws exist or are unsure of how to lodge concerns. This ignorance frequently allows dishonest businesses to abuse or take advantage of their consumers. Another barrier is the inadequate structure for consumer return options. Consumer courts are accessible at several levels, including district, state, and federal, but the length of time it takes to decide a case often hinders their effectiveness. Courts that are overburdened and have a backlog of cases are the cause of long wait periods for people seeking justice¹⁵.

The efficient enforcement of consumer rights is severely hampered by corruption inside the consumer protection system. Incidents involving influence peddling, bribery, and collaboration between companies and regulators damage the confidence of the system and compromise the integrity of consumer protection laws¹⁶. Corruption not only makes it harder to handle customer complaints, but it also gives dishonest companies a pass on ethical violations. Another issue is the ineffectual application of fines and consequences for breaking consumer protection rules.

2.3 Consumer protection and e-commerce legal and regulatory frameworks in India

India has built up strong law and administrative systems to defend the rights of online buyers. The essential law overseeing e-commerce in India is the Consumer protection Act, 2019, which has established robust legal and regulatory frameworks to safeguard the rights of internet buyers¹⁷. This has replaced its predecessor and underwent significant revisions to address new

¹⁴ Kumar, N., Anusara, J., Hossin, M.A., Sarkar, M.K., Chanthamith, B., Shah, S. and Russel, M.I.H., 2018. Challenges and opportunities of e-commerce in India: Pathway for sustainable e-commerce. *International journal of Engineering, Business and Management (IJEBM)*, 2(2), pp.13-21.

¹⁵ PANDEY, A., 2022. Consumer Protection in the Era of E-Commerce: Issues and Challenges.

¹⁶ Shaik, D. and Poojasree, M.V., 2021, May. Consumer protection in e-commerce: A legal and compliance framework in the digital market. In *1st International Conference on Law and Human Rights 2020 (ICLHR 2020)* (pp. 18-23). Atlantis Press.

¹⁷ Home | Department of Consumer Affairs | Ministry of Consumer Affairs Food and Public Distribution | Government of India (2024). <https://consumeraffairs.nic.in/acts-and-rules/consumer-protection>.

challenges in the digital marketplace¹⁸. Under this Act, customers have a number of rights, including the freedom to choose, the right to safety, the right to information, and the ability to pursue legal recourse¹⁹. Moreover, it is basic to direct e-commerce through the Data Innovation Act of 2000 and its consequent revisions, especially with respect to cybersecurity, information security, and electronic exchanges²⁰. By giving a lawful system for computerised marks, electronic contracts, and intermediaries' obligation, the enactment increments belief in online exchanges. The 2020 E-commerce Consumer Protection Regulations are reformed to the 2019 Consumer Protection Act which showcase the development of these rules²¹. By monitoring e-commerce sites and marketplaces, they protect customers who shop online. Fair return policies, seller information disclosure, and a ban on misleading advertising are mandated by the regulations. On the contrary, the 2017 Consumer Goods Regulations which required Labelling and certification ensure that some consumer goods have the necessary labelling and certificates. This helps consumers choose the products they purchase wisely.

2.4 Consumer behaviour and attitudes on security, privacy, and trust in Indian internet transactions

Indian consumers' perceptions of security, privacy, and trust in online transactions have significantly changed over the past several years. Customers are becoming more aware of and circumspect about the hazards involved with utilising the internet as a result of the growth in e-commerce and digital transactions in the nation²². The security of their financial and personal data is one of the main worries of Indian customers. The numerous cyberthreats, including phishing, identity theft, and data breaches, are drawing an increasing amount of attention. Customers are putting more pressure on financial institutions and online merchants to have strong security measures in place to protect their personal data as a result. Privacy is a significant determinant of consumer behavior in Indian online commerce. Customers frequently worry about how personal data is collected, stored, and used by internet

¹⁸ Consumer Protection Act, 2019 (2024).

https://www.indiacode.nic.in/handle/123456789/15256?sam_handle=123456789/1362.

¹⁹ India Code: Section details (2024). [https://www.indiacode.nic.in/show-data?actid=AC_CEN_21_44_00007_201935_1596441164903&ionId=50044&ionno=19&orderno=19#:~:text=\(1\)%20The%20Central%20Authority%20may,practice%20or%20any%20false%20or](https://www.indiacode.nic.in/show-data?actid=AC_CEN_21_44_00007_201935_1596441164903&ionId=50044&ionno=19&orderno=19#:~:text=(1)%20The%20Central%20Authority%20may,practice%20or%20any%20false%20or).

²⁰ Yadav, A. and Yadav, G., 2021. Data protection in India in reference to personal data protection bill 2019 and IT act 2000. *Int. Adv. Res. J. Sci. Eng. Technol.*, 8(8).

²¹ Information Technology Act, 2000 (2000). <https://www.indiacode.nic.in/handle/123456789/1999>.

²² Chawla, N. and Kumar, B., 2022. E-commerce and consumer protection in India: the emerging trend. *Journal of Business Ethics*, 180(2), pp.581-604.

businesses²³. Cases of data misuse and unauthorized access have raised consumer worries about their right to privacy. Because of this, there is a greater requirement for consent and openness about the handling of personal data during online transactions. In India, trust has a big influence on how customers feel about online purchases. Reliability in customer service, ethical business conduct, and consistent delivery of promised services are all necessary to establish confidence. Consumers like to transact with reputable businesses and websites that have a strong track record of safeguarding their security and privacy.

2.5 Indian e-commerce consumer protection legislation might be enhanced by technologies like blockchain and artificial intelligence

Blockchain technology's immutable, transparent, and decentralised ledger features enable the creation of tamper-proof transaction records. India can benefit from increased transparency and trust between customers and sellers on e-commerce platforms because of blockchain technology. Smart contracts driven by blockchain technology have the ability to automate various transactional procedures, ensuring that terms and conditions are met and payments are handled securely for e-commerce business²⁴. This has the potential to significantly reduce fraud and dispute cases, which will increase customer confidence.

Additionally, by sorting through massive amounts of data to identify patterns that indicate fraudulent conduct, AI has the potential to totally alter consumer protection programs in e-commerce business. Machine learning algorithms are able to recognize anomalies in transactions and promptly detect any activity that could be fraudulent for customers in e-commerce. AI-powered chatbots can also provide round-the-clock customer support by promptly answering inquiries.

2.6 Theoretical Framework

Transaction Cost Theory

The *transaction cost theory* provides a helpful framework for understanding consumer rights in e-commerce. The Nobel Prize-winning economist Oliver E. Williamson established

²³ Adgulwar, R., 2021. Consumer protection and e-commerce in India. PalArch's Journal of Archaeology of Egypt/Egyptology, 18(10), pp.990-997.

²⁴ Singh, M., 2016. Consumer issues in the e-commerce regime: challenges and legal responses focusing upon an approach towards a policy framework (Doctoral dissertation, UPES, Dehradun).

transaction cost theory, which examines the costs associated with doing transactions in a market economy²⁵. In the context of e-commerce, these costs are crucial in evaluating the rights and interests of customers. A variety of expenses connected to the acquisition and sale of goods and services are included in transaction costs. The time and effort spent on travel, haggling, and information gathering in conventional brick and mortar transactions may be included in these costs. However, asymmetric information, search expenses, unclear contracts, and enforcement costs are now included in the scope of transaction costs in e-commerce. Contractual ambiguity arises from the distance and secrecy associated with conducting business on the internet. Customers may be reluctant to engage in e-commerce due to concerns about the security of their personal and financial information as well as uncertainties about sellers' ability to keep their end of the agreement. This unpredictability has the potential to undermine trust in e-commerce platforms, hindering market participation and limiting economic growth²⁶. Thus, it can be said that e-commerce sites like Flipcart, Amazon, Myntra and Nykaa with the help of this theory application can be beneficial to smoothen up the online transaction mode for the customers which will help them to reassure their consumer rights.

3. Methodology

3.1 Research Philosophy

This research is going to consider *interpretivism research philosophy* which can help this research to collect more effective and reliable data from various dataset. Interpretivism is pertinent to this research issue as it emphasises understanding the subjective experiences, meanings, and interpretations of individuals involved in e-commerce transactions in the Indian market²⁷. It recognizes that customer behaviours, perceptions, and responses to e-commerce practices are influenced by cultural, social, and economic factors unique to the Indian context. By utilising interpretivism, it can help in investigating the complex aspects related to consumer protection issues inside the framework of India's e-commerce sector. This line of reasoning encourages researchers to explore the many perspectives of consumers, authorities, and e-

²⁵ King, R.C., Sen, R., D'Aubeterre, F. and Sethi, V., 2012. A trade value perspective on ecommerce research: an integration of transaction value and transaction cost theories. In *Transformations in E-Business Technologies and Commerce: Emerging Impacts* (pp. 59-78). IGI Global.

²⁶ Toguan, Z. and Nur, J., 2020. The Legal Protection of Consumer Rights in Sale-purchase through E-Commerce. *ICoSEEH* 2019, 4, pp.18-23.

²⁷ Alharahsheh, H.H. and Pius, A., 2020. A review of key paradigms: Positivism VS interpretivism. *Global Academic Journal of Humanities and Social Sciences*, 2(3), pp.39-43.

commerce sites to elucidate the intricate relationships that exist between consumer behavior, laws, and market dynamics.

3.2 Research Approach

For this research "E-commerce and Consumer Protection in Emerging Markets: Opportunities and Challenges in the Indian Market," the application of a ***deductive research approach*** is particularly relevant. Data analysis and empirical observation are employed in deductive research to investigate a certain hypothesis or idea²⁸. In developing economies like India, a deductive approach has multiple benefits for e-commerce and consumer safety.

This approach helps in investigating theories or hypotheses about e-commerce and consumer protection in the Indian market. This research could examine how well-suited current consumer behaviour models, regulatory frameworks, or market dynamics are for India. With the help of this research approach it is possible to understand the cause and effect variables within the gathered data which can help in constructing the research in a more effective way.

3.4 Data Collection Method

In order to collect more reliable and validate data regarding the consumer protection rights in India for e-commerce businesses, a ***secondary qualitative data collection method*** is highly significant. Secondary qualitative data have been highly crucial to collect the data from various articles and journals, official websites and research papers²⁹. As this research has focused on e-commerce and consumer protection in the emerging Indian market. This data helps in collecting data regarding the key trends of the consumers regarding e-commerce sites, online transactions, privacy concerns, cybersecurity concerns as well as frauds. Qualitative data also has helped in understanding different consumer protection laws and regulations which helps in constructing this research in a more effective manner.

3.5 Data Analysis Method

Thematic analysis is a powerful methodological paradigm which has been considered for this

²⁸ Casula, M., Rangarajan, N. and Shields, P., 2021. The potential of working hypotheses for deductive exploratory research. *Quality & Quantity*, 55(5), pp.1703-1725.

²⁹ Thorne, S., 2013. Secondary qualitative data analysis. In *Routledge international handbook of qualitative nursing research* (pp. 393-404). Routledge.

research to extract findings from pre-existing sources of qualitative data, including academic publications, reports, and case studies. Using thematic analysis, researchers can identify recurrent themes, patterns, and trends pertaining to consumer protection and e-commerce in the Indian market within the secondary data. Through meticulous analysis and classification of the data, scholars can discern significant concerns, obstacles, and prospects related to the area of investigation³⁰. This procedure makes it easier to comprehend the subtleties and complexity associated with consumer protection and e-commerce businesses. On the other hand, with the help of thematic analysis this research can create different themes to analyse the research aim and objectives in a more significant manner. On the other hand, this data analysis has also been helpful to gather and understand key variables e-commerce business and consumer protection rights which are being implemented to ensure that consumers are being protected from any kind of frauds and having false and defective products.

3.6 Ethical Consideration

It is important ethical consideration to follow in secondary qualitative research using articles and journals in order to protect the data confidentiality, integrity, and dignity. In order to access and use published materials, researchers must use those articles which are accessible. On the other hand, it is not appropriate to copy or assess an author's work to get permission from the author. It is imperative that researchers thoroughly evaluate the ethical standards maintained by the original studies whose data they are using by maintaining data protection act 2018. It is critical to assess how well the main research complies with ethical norms pertaining to informed permission, voluntary participation, and protection from harm. When conducting a secondary analysis, researchers should carefully consider whether using their data raises any ethical issues from the initial study. Transparency and integrity are also essential throughout the whole research process. Researchers should properly cite and attribute the original sources of their data in order to honour the achievements of past research and avoid plagiarism. Authors can help readers verify the reliability and authenticity of the secondary analysis's data by providing clear references.

³⁰ Peel, K.L., 2020. A beginner's guide to applied educational research using thematic analysis. Practical Assessment, Research, and Evaluation, 25(1), p.2.

Findings and Discussion

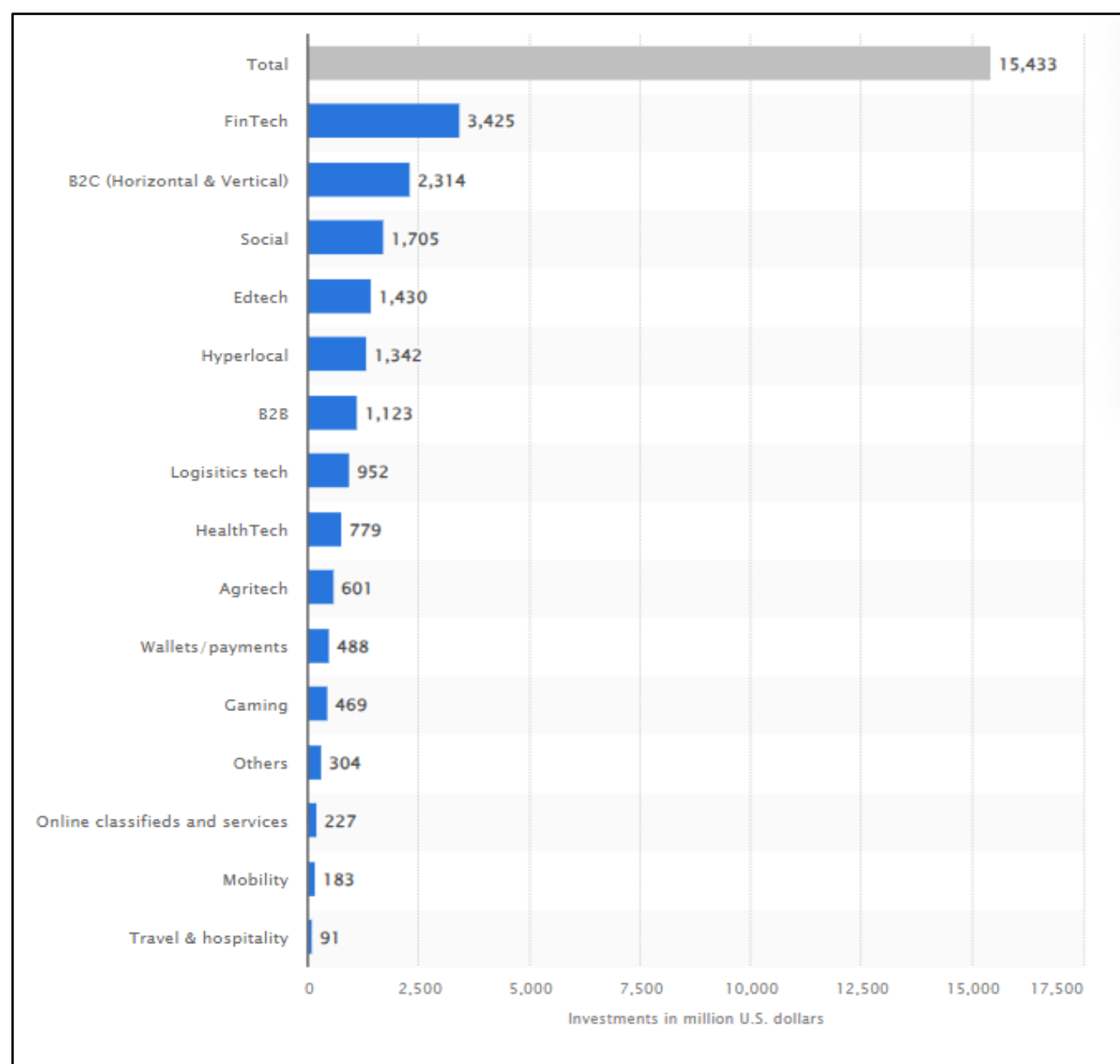


Figure: E-commerce and consumer invest in India in 2022

(Source: statista.com, 2024)

From the above mentioned statista report it has been found that over 15 billion US dollars were invested in consumer internet and e-commerce in India in 2022. With almost three billion dollars invested in financial technology that year, it has the greatest investment level³¹. By

³¹ statista.com, 2024. Statista (2024) E-commerce and consumer internet investments in India 2022, by sector. <https://www.statista.com/statistics/1226374/india-e-commerce-and-consumer-internet-investments/>.

comparison, with 91 million dollars invested, travel and hospitality had the lowest amount of investment.

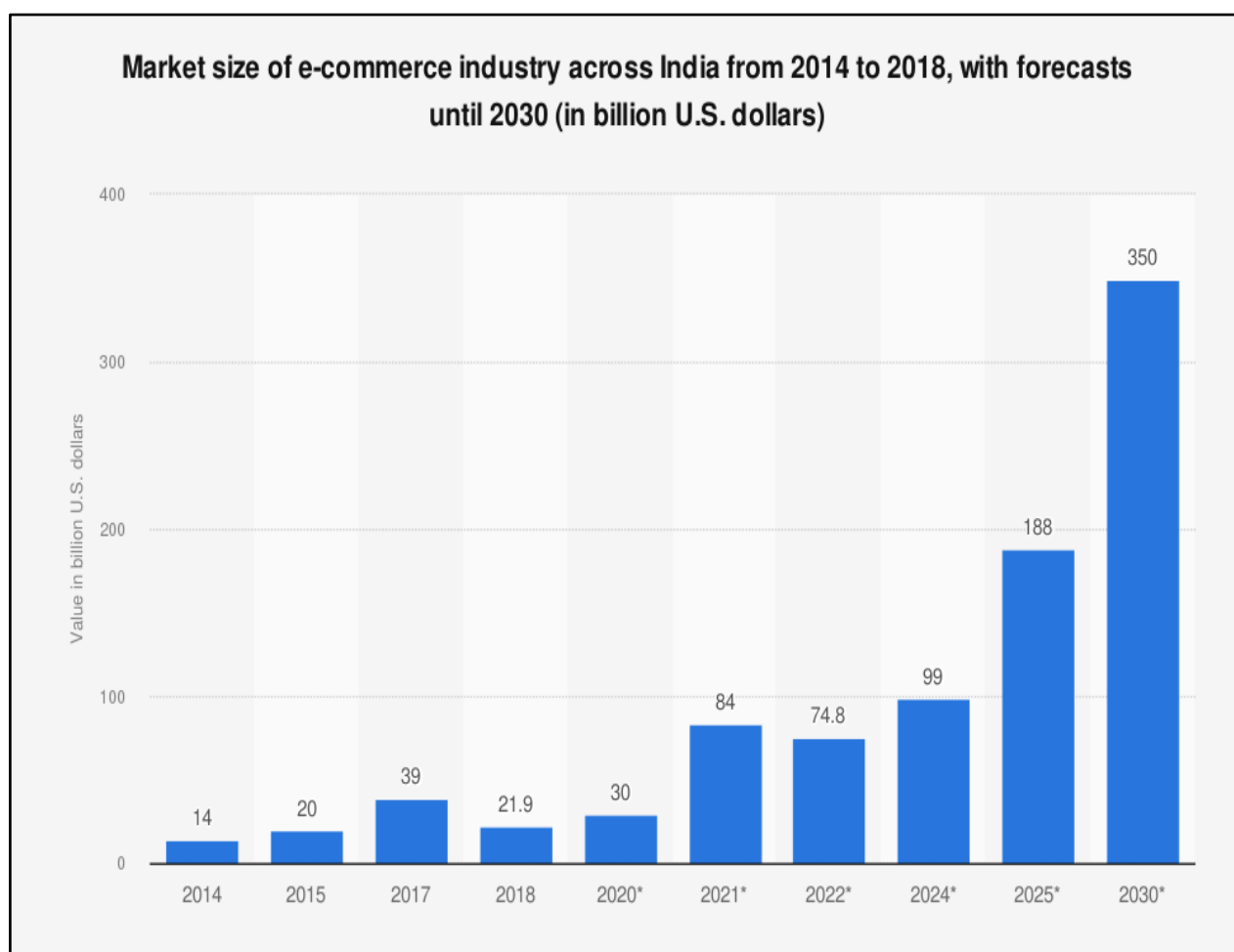


Figure 2: E-commerce industry across India from 2014 to 2018

(Source: statista.com, 2024)

India's expanding internet user base and favourable market conditions make the country a promising destination for e-commerce businesses. In 2018, the rapidly growing Indian e-commerce business was estimated to be worth over 22 billion US dollars. This sum was expected to rise to 350 billion USD by 2030³². The e-commerce sector is fiercely competitive in India. Many domestic and foreign companies are vying for the biggest portion of the market.

³² statista.com, 2024. India: e-commerce market size 2030 | Statista (2024). <https://www.statista.com/statistics/792047/india-e-commerce-market-size/>.

As of April 2017, Amazon India ranked as the country's largest online retailer, with sales exceeding \$500 million USD.

The manner that consumers shop has been completely transformed by India's booming e-commerce industry. This convenience also carries the risk of being taken advantage of. India has put in place a number of important consumer protection legislation to protect consumers' rights in online marketplaces. This paper examines these rules that are currently in place and how important they are for controlling online shopping.

The 2019 Consumer Protection Act, or CPA, states that customers have the ability to file complaints about a range of issues, such as unfair business practices, faulty products, inadequate services, and deceptive advertising. In order to give customers legal redress in the event of a disagreement, the CPA is applicable to all e-commerce platforms and vendors.

The Consumer Protection Act, 1986 is a significant piece of legislation in India that safeguards the rights and interests of consumers. Its primary objectives are to provide consumers with effective remedies against unfair trade practices and to ensure that their rights are protected in transactions involving goods and services³³. The Act outlines the responsibilities and rights of clients as well as the procedures for resolving disputes. In the context of e-commerce, the Consumer Protection Act has been amended to take into account the special dynamics and difficulties of online purchases³⁴. E-commerce has altered the way that consumers do business, but it also comes with new risks and challenges.

The Act mandates that e-commerce platforms give accurate information about products and services, adhere to fair trade principles, and be open and honest about the terms of sale and pricing. Additionally, consumers are free to file complaints on any issue pertaining to their online purchases, including subpar goods, delayed delivery, or fraudulent transactions.

³³ DIVISION TWO (2024). https://ncdrc.nic.in/bare_acts/1_1_2.html.

³⁴ Nomani, M.Z.M., Rahman, F. and Alhalboosi, A.K., 2019. Consumer Protection Act, 2019 and its implications for the medical profession and health care services in India. *Journal of Indian academy of forensic medicine*, 41(4), pp.282-285.

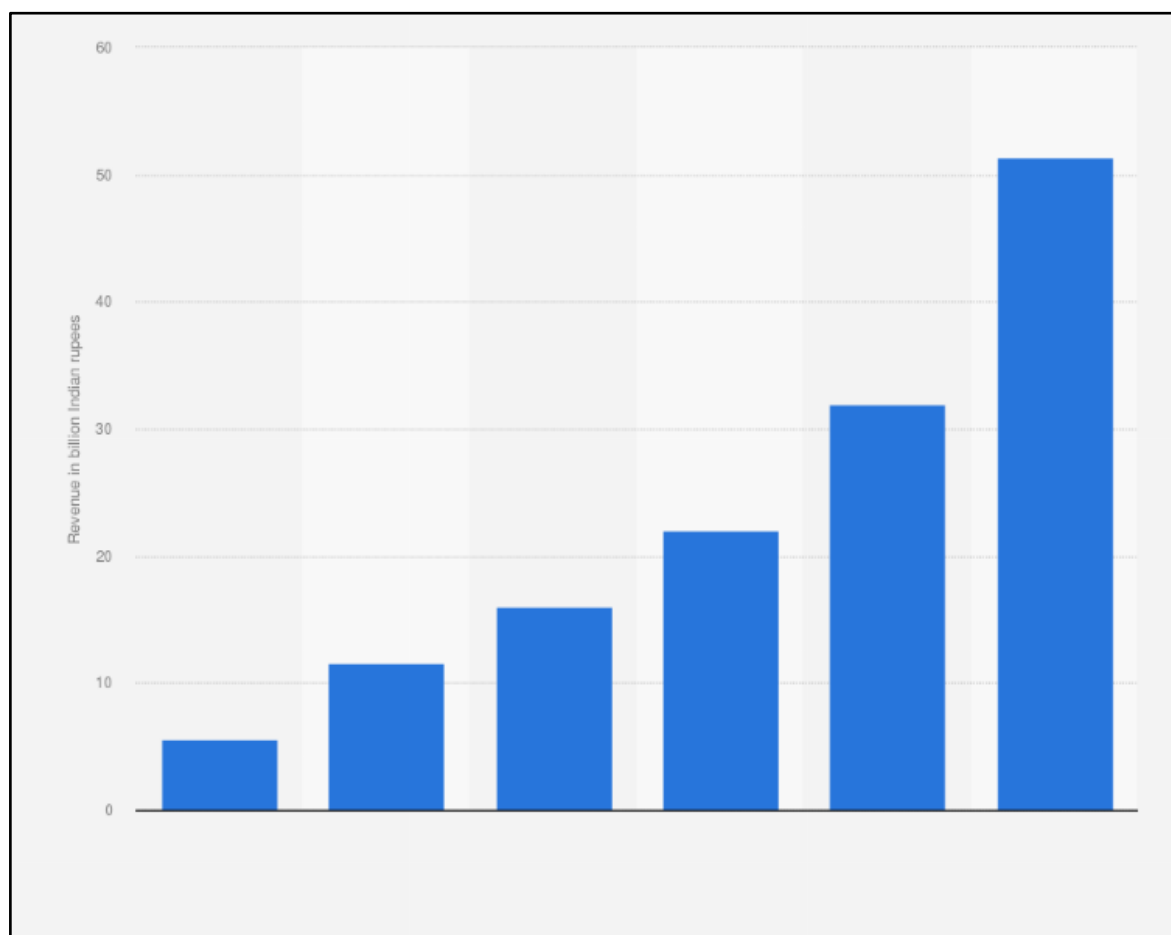


Figure: Revenue of Nykaa from financial year 2018 to 2023

(Source: statista.com, 2024)

Nykaa is one of the Indian online marketplace that has experienced tremendous growth since 2018. From its starting revenue of just over five billion Indian rupees, the yearly revenue climbed to 51 billion rupees in the fiscal year 2023. When Falguni Nayar started Nykaa in 2012, she attempted to take control of the beauty sector by filling the void left by online retailers of cosmetic products³⁵. Indian consumers continue to prioritise security when making transactions online. The growing number of cyber risks and data breaches has increased awareness of the importance of secure payment gateways and encryption measures. Users are more likely to use systems that prioritise security features such as two-factor authentication and secure socket layer (SSL) encryption. Customers' trust in the security architecture of e-

³⁵ statista.com, 2024. *Nykaa: revenue 2023* | Statista (2024). <https://www.statista.com/statistics/1053514/nykaa-revenue/#:~:text=The%20Indian%20online%20marketplace%20Nykaa,in%20the%20fiscal%20year%202023>.

commerce platforms has a direct impact on their purchasing decisions; many will abandon transactions if they feel there are inadequate security measures.

The Information Technology Act, 2000 (ITA-2000) is a significant piece of legislation in India that covers a number of topics related to digital signatures, cybercrime, data protection, and electronic commerce³⁶. Although its primary goals are to secure digital assets and control electronic transactions, it also has implications for digital consumer protection. According to the ITA-2000 electronic signatures, including digital signatures, are lawful documents. By enabling electronic contracts and transactions, this ensures the protection of consumer rights in digital transactions³⁷. The Act lays out guidelines for electronic commerce, including what consumers can and cannot do when they shop online. It mandates that e-commerce platforms disclose information, allowing clients to make the right choice and decision regarding their purchase.

Conclusion

Consumer Rights and Obligations:

Right to Safety: A customer has the right to inquire about the goods' quality and guarantee before making a purchase. The perfect product for them to buy is one that has been certified by AGMARK or ISI.

Right to Select: Customers ought to be able to select from a wide range of products at prices that are reasonable.

Right to Information: Purchasers have the right to obtain all relevant product information in order to act sensibly and alter their purchase decisions.

The consumer has the right to education on his or her rights so that they are not exploited. They may lose more due to ignorance.

Right to be heard: This guarantees that the customer will receive enough consideration to air

³⁶ Information Technology Act 2000 | Ministry of Electronics and Information Technology, Government of India (2024). <https://www.meity.gov.in/content/information-technology-act-2000-0>.

³⁷ Gupta, A. (2011) Commentary on Information Technology Act: With Rules, Regulations, Orders, Guidelines, and Reports.

their complaints in an appropriate venue.

On the other hand, inadequate penalties and repercussions for violating consumer protection laws are another problem. Enforcement efforts are often unequal or fail to serve as a strong enough deterrence, even in cases when offences such as selling imitation goods or employing deceptive advertising have penalties like fines and jail time. Due to a lack of enforcement mechanisms, businesses can violate consumer protection rules without consequence, which encourages the exploitation of consumers. In addition, the rapid advancement of technology and the proliferation of e-commerce present new challenges for India's consumer protection legislation. Regulatory responses to problems like online fraud, data privacy breaches, and counterfeit goods sold through online platforms need to be innovative if they are to effectively safeguard consumer interests in the digital realm.

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