

## **“Consumer Protection Act, 2019 & E Commerce Rules, 2020”**

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### **Abstract**

India has undergone a major shift in consumer protection as a result of the “Consumer Protection Act 2019 (CPA 2019) and the Consumer Protection (E-Commerce) Rules 2020”. The significant expansion of digital commerce within India, buoyed by greater access to technology and the internet, has changed the conventional consumer-trader dynamic. The established legal frameworks and avenues for consumer protection under the “CPA 1986” fell short of confronting the problems arising within the online transactions environment whereby matters such as, false advertising, fake reviews, improper use of consumer data, and the absence of person-to-person interaction could happen. The “CPA 2019” advanced Indian consumer protection into the modern age by introducing new governance principles around defective goods, unfair contracts, e-commerce and the establishment of a Central Consumer Protection Authority (CCPA) to supervise and oversee the legislation. The E-Commerce rules 2020 provided additional operations-based guidance to e-commerce platforms and sellers to govern their operations and provide integrity and transparency in their conduct. The aim of this paper is to provide a critical analysis of the development and architecture of “CPA 2019 and E-Commerce Rules 2020”, as well as the institutional mechanisms to enforce the legislation and the challenges to be faced in implementing them in India. The paper concludes that India’s consumer protection legislation has made significant progress in terms of regulating the digital economy, however, without effective enforcement of the legislation in conjunction with increased consumer awareness and more appropriate institutional coordination, unfair trade practices in the e-commerce sector will remain an area that needs to be addressed in India.

***Keywords:*** Consumer Protection Act 2019 – E-Commerce Rules 2020 – Central Consumer Protection Authority – Consumer Rights – Online Marketplaces – Product Liability – Misleading Advertisements – Unfair Trade Practices – Digital Transactions – Redressal Mechanisms

### **1. Introduction**

Consumer protection has always been a core constituent of India's socio-economic governance, firmly established in a constitutional philosophy of social and economic justice. “Articles 38 and 39 of the Constitution of India” impose an obligation on the State to ensure that the economy functions in a manner that “does not result in the concentration of wealth and resources to the common detriment”<sup>1</sup> and to protect individuals against exploitation. The legislative commitment of consumer welfare became firmly institutionalised with the legislative enactment of the “Consumer Protection Act, 1986, which provided a framework to

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<sup>1</sup> “*The Constitution of India*, arts 38–39.”

enable consumer grievances to be resolved in consumer forums at the district, state, and national levels.”<sup>2</sup>

In over three decades, the economic and technology environment in India underwent profound transformation. The liberalisation of the economy in the 1990s, the advent of international brands, and digital platforms have transformed the methods of trade and commerce. As consumers largely depended on electronic marketplaces, such as Amazon, Flipkart, and Myntra, consumers experienced new forms of unfair practices ranging from the posting of fake products to obscure refund policies. “The regime of the Consumer Protection Act, 1986 was drafted, and had implications, prior to the digital economy and electronic marketplaces and was not fit for the circumstance of regulating electronic transactions and the liabilities of intermediaries”.<sup>3</sup>

Acknowledging the existing deficiencies, the Government of India introduced “the Consumer Protection Act, 2019, which was implemented on 20 July 2020, and repealed the previous law established in 1986.”<sup>4</sup> “The new law expanded the definition of a consumer so that consumers included anyone who obtains goods or services, irrespective of obtaining them offline or online, and therefore included e-commerce transactions”.<sup>5</sup> “Importantly, it created the Central Consumer Protection Authority (CCPA), a class of authority that empowered it with functions to protect consumer's rights, to prohibit unfair trade practices, and to regulate false and misleading advertisements.”<sup>6</sup>

The CPA 2019 added several progressive features that brought consumer’s rights into the realities of a digital economy. “These included provisions on product liability which allowed consumers to claim compensation for any harm caused by defective products, unfair contracts, to ensure that a trader does not impose one sided terms, e-filing of complaints for greater access and mediation as an alternative dispute resolution method”.<sup>7</sup> Overall, these reforms recognized processes to enable access to consumer justice, to foster an efficient form of justice and to enable consumer justice to coexist with a technological-financial environment.

To fulfill these legal purposes in the digital marketplace, the “Government issued the Consumer Protection (E-Commerce) Rules, 2020, pursuant to Section 101(1)(zg) of the Act.”<sup>8</sup> These Rules are a significant shift in India’s regulatory environment as they create accountability for e-commerce companies that are either inventory-based or marketplace-based. “The e-commerce Rules require online platforms to share certain details about sellers and create clear and transparent information related to pricing, refunds and the appointment of a Grievance Officer to facilitate timely resolution of consumer complaints.”<sup>9</sup> The Rules also ban unfair trade

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<sup>2</sup> “Consumer Protection Act 1986, Statement of Objects and Reasons.”

<sup>3</sup> “Ministry of Consumer Affairs, *Report on Review of the Consumer Protection Act, 1986* (2015).”

<sup>4</sup> “Consumer Protection Act 2019, s 1(3).”

<sup>5</sup> *Ibid* s 2(7).

<sup>6</sup> *Ibid* ch IV, s 10.

<sup>7</sup> *Ibid* ss 35, 74, 82, 85.

<sup>8</sup> “Consumer Protection (E-Commerce) Rules 2020, notified vide G.S.R. 462(E), 23 July 2020”.

<sup>9</sup> *Ibid* rr 4–6.

practices such as search manipulation, deceptive representations of the product, or inappropriate use of consumer data. “The Rules also state that consumers will be notified of their complaint within 48 hours, and that the consumer's complaint will be resolved within one month, thus requiring the entity to remedy the consumer's complaint within a time limit.”<sup>10</sup>

“The E-Commerce Rules, 2020 furthermore have extended the scope of consumer protection to even include foreign e-commerce businesses selling goods or services to Indian consumers, allowing for extraterritorial application to the statute”.<sup>11</sup> The Rules re-enforce that e-commerce entities acting as platforms are prohibited from influencing consumers their choice via algorithms or predatory pricing. These requirements mark a shift from framework solely remedial to regulatory, which encourages preventive intention in remedies to address unfair conduct as opposed to waiting to provide compensation once unfair conduct has occurred.

Even with these legal developments, difficulties remain in practice. A key issue is that there are no standard enforcement mechanisms at the state level. The CCPA has set important rules about misleading advertisements and endorsements by social media influencers. However, “enforcing these rules will rely on the abilities of institutions and cooperation between departments.”<sup>12</sup> Moreover, the rural and semi-urban population is further characterized by a low level of awareness of digital consumer rights. The complicated online terms and conditions and limited access to digital grievance redressal facilitate an environment where consumers are often unaware of their options for resolution.

Another challenge area that is emerging is how to assemble and create synergy between consumer protection and business innovation. Many e-commerce platform supply chains are often complicated and involve several intermediaries, raising questions about liability and traceability. “To ensure industry policy coherence, there is need to align consumer law, data protection regulations and competition regulations to address jurisdictional issues between the Central Consumer Protection Authority (CCPA), Competition Commission of India (CCI), and sectoral regulators such as the Telecom Regulatory Authority of India (TRAI)”.<sup>13</sup>

Nonetheless, “the Consumer Protection Act, 2019 and E-Commerce Rules, 2020” demonstrate a forward-looking framework in consumer law in India. The Act represents a transition from a grievance-based regime to a rights-based preventive regime of accountability for both manufacturers as well as digital intermediaries for consumer welfare. The statutory provisions position consumers as more than purchasers, but as participants who have a right to fairness, safety, and transparency.

This paper will consider the historical development consumer protection has taken place in India, how policy and legislation have responded to the new economic realities, and then

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<sup>10</sup> Ibid r 5(5).

<sup>11</sup> Ibid r 2(1)(b).

<sup>12</sup> “Central Consumer Protection Authority, *Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022*.”

<sup>13</sup> “Department of Consumer Affairs, *Annual Report 2022–23*, Ministry of Consumer Affairs, Food and Public Distribution.”

consider the essential features of the Consumer Protection Act, 2019 community in a socio-genesis

The paper will then specifically look at the mechanisms of institutional and procedural structures, assessing how they are crucial to the operation of the implementation of the Act. This will be followed by an assessment of the Consumer Protection (E-Commerce) Rules, 2020, focusing specifically on their aims to address the challenges to consumer protection arising from digital commerce. Finally, the paper discusses barriers to enforcement and suggests ways to reform have increased consumer confidence, and expand the applicability of the law to India's dynamic marketplace.

## **2. Development of Consumer Protection Law in India and Significant Characteristics of the Consumer Protection Act, 2019**

### **2.1 Development of Consumer Protection Law in India**

Consumer protection in India has travelled the path of slow evolution based on a gradual transformation of socio-economic policy, judicial interpretation and legislative development. In the past, Indian society worked with a moral-ethical framework or dharma-based philosophy towards consumer relations, where the concept of distributing fairness in trade was based on ethical codes, as opposed to statutory means. "Early writings, such as, Arthashastra or Manusmriti, referred to consumer interests, where sanctions were imposed on traders to commit deceptive or fraudulent acts or to adulterate materials or goods."<sup>14</sup>

In the colonial modern era, consumer protection received formal recognition in law, most notably through the "Sale of Goods Act, 1930; the Indian Contract Act, 1872; and Drugs and Cosmetics Act, 1940." In the main, to stop fraudulent and unsafe, though these were still a limited mechanism to address inadequate, incomplete legislation to protect consumers as the legislative framework was incomplete mainly for intervening on regulating trade and contract. These statutes were piecemeal and did not empower consumers before remedies. "As a result, without a comprehensive law, consumers were completely lost to exploitation and deception, forced to endure losses through unfair trade practices and without the benefit of resolution procedures."<sup>15</sup>

After independence, India's focus on consumer welfare became an integral part of its developmental objectives. "The Directive Principles of State Policy, mainly Articles 38 and 39 of the Constitution of India, obligated the State to provide for equitable distribution of material resources and protect consumers from exploitation".<sup>16</sup> These constitutional aims were pivotal in establishing consumer-orientation as linchpin of legislative policy.

In the 1970s and 1980s, rising consumer awareness in the context of increasing industrialisation led to the necessity for the enactment of a specific law, which was fast, inexpensive, and reliable

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<sup>14</sup> "Kautilya, *Arthashastra*, Book III, Chapter 15"

<sup>15</sup> "*Indian Contract Act 1872; Sale of Goods Act 1930; Drugs and Cosmetics Act 1940.*"

<sup>16</sup> "*The Constitution of India*, arts 38–39."

for consumer representatives. “The Consumer Protection Act, 1986 (CPA 1986), was landmark legislation which established a three-tier quasi-judicial machinery of the District Forum, State Commission and National Commission (NCDRC) to address consumer grievances.”<sup>17</sup> “The 1986 Act had occurred at a pivotal moment in the consumer advocacy movement in India: it was considered revolutionary as it provided consumers a mechanism for redress, and access to justice associated with consumers themselves, significantly diminishing the complexity of legal proceedings, including introducing the concept of locus standi for representatives group and consumer associations.”<sup>18</sup>

Nonetheless, the constraints of the 1986 Act have since been recognized. It did not provide meaningful provisions related to e-commerce transactions, digital/formalised means of payment, data breaches, or deceptive online advertising. Furthermore, the speed of adjudication, lack of mediation, and an inflexible proceeding reduced its efficacy. “As products and services transformed within a globalised economy, a need for a stronger, flexible and technology enabled system became evident.”<sup>19</sup>

“The Government recognized these gaps. Based on the findings of the Standing Committee on Food, Consumer Affairs and Public Distribution (2016), it introduced the Consumer Protection Bill, 2019 to Parliament.”<sup>20</sup> The Bill sought to replace the outdated 1986 Act and place Indian consumer law within the context of the digital and service economy. “The Consumer Protection Act, 2019 received presidential assent on 9 August 2019, and came into force with its own Gazette published on 20 July 2020 - a landmark development in India’s consumer jurisprudence.”<sup>21</sup>

## **2.2 Key Features of the Consumer Protection Act, 2019**

The Consumer Protection Act, 2019 updated the consumer protection framework in India by introducing extensive measures to strengthen rights, remove unnecessary procedures, and expand scope to reflect the realities of modern markets. The key features of the Act are listed and described in more detail below.

### **(a) Expanded Definition of "Consumer"**

“Section 2(7) of the Act expands the definition of the word “consumer” to include any person who purchases a good or obtains a service, either by offline means or by online means, including electronic means, teleshopping, or direct selling”.<sup>22</sup> This new qualification to the definition enables adequate protections for consumers buying through traditional means or e-commerce.

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<sup>17</sup> “Consumer Protection Act 1986, ch III.”

<sup>18</sup> *ibid* s 12(1)(c).

<sup>19</sup> “Ministry of Consumer Affairs, *Report on Review of the Consumer Protection Act, 1986* (2015)”.

<sup>20</sup> “Lok Sabha Secretariat, *Standing Committee on Food, Consumer Affairs and Public Distribution: 9th Report on the Consumer Protection Bill, 2015* (2016).”

<sup>21</sup> “Consumer Protection Act 2019, s 1(3)”

<sup>22</sup> *ibid* s 2(7).

### (b) Creation of the Central Consumer Protection Authority (CCPA)

Possibly the most significant innovation was the establishment of the of the “Central Consumer Protection Authority (CCPA) under Chapter IV of the Act.” The CCPA will operate as a regulatory body capable of conducting an inquiry, suspending a good that poses hazard to the public, penalizing an economic agent who has made misleading statements in advertisements, and act on behalf of consumers in a “class action” anything other violations of consumer protection laws.<sup>23</sup> This central authority is positioned to conduct supervision of the marketplace, rather than wait for consumer complaints.

### (c) Product Liability Chapter

“The 2019 Act provides for the first time in Indian law a separate Chapter on product liability (Chapter VI) to assist consumers to establish liability for physical, or mental harm resulting from the use of faulty products, defective services, or negligence from manufacturers, traders, or service providers”.<sup>24</sup> This chapter holds producers to a standard of ensuring safety and quality of products and provides a mechanism to ensure markets function in a manner to protect the interests of consumers.

### (d) Identification of Unfair Contracts

“Section 2(46) introduces the subject of unfair contracts, and recognition to unfair term(s) in supply contracts (such as unreasonable security deposits, penalty clauses, and termination clauses)”.<sup>25</sup> This empowers the Consumer Commission to declare those terms unenforceable as a satisfactory remedy for consumers and promotes fairness in commerce with producers/traders/service providers.

### (e) Forum for Redressal of Consumer Grievances

“The Act restructures the agencies for redressal of consumer complaints into District, State, and National Consumer Disputes Redressal Commissions (CDRC's) while increasing pecuniary jurisdiction to reduce backlog and maintain accessibility”.<sup>26</sup> It encourages e-filing of consumer grievances, videoconference hearings, and mediation cells for prompt and efficient resolution of complaints.<sup>27</sup> These changes are aimed to shorten the duration of litigation and settlement, while advancing a resolution of complaints prior to an extended litigation process.

### (f) Restrictions on Deceptive Advertising and Celebrity Endorsements

“Section 2(47) of the 2019 Act explicitly prohibits false advertisements and makes manufacturers, advertisers, and endorsers liable”.<sup>28</sup> “The CCPA may levy fines of up to ₹10 lakh for false or misleading advertising and ₹50 lakh if the manufacturer, advertiser, or endorser

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<sup>23</sup> *ibid* ch IV, s 10.

<sup>24</sup> *ibid* ch VI, s 83.

<sup>25</sup> *ibid* s 2(46).

<sup>26</sup> *ibid* ch III, ss 34–58.

<sup>27</sup> *ibid* s 74; Department of Consumer Affairs, *E-Daakhil Portal for Online Filing of Complaints* (2021).

<sup>28</sup> *ibid* s 89.

has committed the same breach previously.”<sup>29</sup> This provision is especially pertinent in a time of digital marketing and influencer endorsements, when consumers rely heavily on online representations of products.

#### (g) E-Commerce and Direct Selling

“In recognition of an increasing volume of digital transactions, the 2019 Act provides the Central Government with a power to make rules that regulate e-commerce and direct selling in Section 101(1) (zg)”.<sup>30</sup> As a result of this provision, the Consumer Protection (E-Commerce) Rules, 2020 were notified. Among the obligations introduced with these rules were requiring fair disclosures of product information, restricting price manipulation, and providing grievance redressal mechanisms.

#### (h) Greater Penalties and Enforcement Power

“The 2019 Act fortifies enforcement through increased penalties for non-compliance. The District Commissions are empowered to impose a fine of up to ₹10 lakh, while in grave cases, the CCPA can order the recall of unsafe goods and suspend licenses”.<sup>31</sup> This progression from a strictly remedial framework to a regulatory-cum-preventative system of regulation reflects the intent of the law to instill consumer confidence.

### **2.3 Importance of the 2019 Act**

The significance of the Consumer Protection Act, 2019 is its departure from the earlier reactive structure to one of a proactive, preventive framework for consumer welfare. It addresses issues associated with the digital economy, provides for greater consumer involvement, and creates tech-enabled redressal. The provisions of the law to provide responsibility, through the CCPA, product liability, and e-commerce, reflects India's increasingly changing behaviours toward responsible governance of trade.

Despite its progressiveness, the effectiveness of the law will depend on whether it is effectively implemented, consumers are provided timely resolutions of the complaints, and public awareness is improved. The E-Commerce Rules, 2020 (broader than e-commerce) enhances the element of the legislation and allows for operationalising these objectives in an online capacity, which will be addressed in subsequent parts. Together, they form a comprehensive, up-to-date consumer welfare framework relevant for India's budding digital economy.

## **3. Consumer Protection (E-Commerce) Rules, 2020: Scope, Implementation and Challenges**

### **3.1 Introduction**

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<sup>29</sup> *ibid* s 21(2).

<sup>30</sup> *ibid* s 101(1)(zg).

<sup>31</sup> *ibid* ss 71–73.

The emergence of e-commerce has transformed the face of consumer markets in India, providing advantages such as convenience, competitive pricing and access to a wide range of goods and services. “According to India Brand Equity Foundation (IBEF), India's e-commerce market is expected to reach US\$ 350 billion by 2030 with rapid digitalization and a high rate of smartphone penetration to support the growth.”<sup>32</sup> However, this growth comes with complications, such as misleading advertisements, counterfeit products and the absence of grievance mechanisms. “The Consumer Protection (E-Commerce) Rules, 2020 were developed by the Ministry of Consumer Affairs, Food and Public Distribution to address these aforementioned complexities by applying the principles of fairness, transparency and accountability to the digital marketplace”.<sup>33</sup>

“The Rules were drafted pursuant to Section 101(1) (zg) of the Consumer Protection Act, 2019, came into force on July 23, 2020, and mark India's first specific regulatory framework for e-commerce. The Rules apply to all goods and services sold, or offered to be sold, over a digital or electronic network, whether it be by an Indian or foreign entity, to consumers in India.”<sup>34</sup> The introduction of the Rules is proactive step to align India's consumer protection framework with the realities of the digital economy, while reconciling the interests of business and consumers.

### **3.2 Scope and Applicability**

“E-commerce entity is defined in Rule 2(1)(b) of the E-Commerce Rules, 2020,” as any person who owns, operates, or manages a digital or electronic facility or platform for electronic commerce. The definition applies to marketplace models such as Amazon and Flipkart and inventory-based models such as Tata Cliq and Reliance Digital. “The Rules likewise apply to entities that offer goods or services to Indian consumers without an Indian establishment, thus extending the jurisdiction of the law.”<sup>35</sup>

The E-Commerce Entity Rules define and classify e-commerce entities as follows:

1. Inventory E-Commerce Entities, which own the inventory of the products or services that they sell to consumers;
2. Marketplace E-Commerce Entities, which provide digital platforms for the sale of goods or services to consumers.<sup>36</sup>

Both types of e-commerce business are accountable to the Rules, but the obligations are based on their classification. This classification will allow the regulators to enforce flexible regulation based on the extent of the e-commerce business's ability or capacity to control the transaction.<sup>37</sup>

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<sup>32</sup> “India Brand Equity Foundation (IBEF), *E-Commerce Industry Report 2023* (2023).”

<sup>33</sup> “Ministry of Consumer Affairs, Food and Public Distribution, *Press Release on Notification of E-Commerce Rules* (23 July 2020).”

<sup>34</sup> “*Consumer Protection (E-Commerce) Rules 2020*, r 1(3)”.

<sup>35</sup> *ibid*, r 2(1)(b).

<sup>36</sup> *ibid*, r 2(2).

<sup>37</sup> *ibid*, r 3(1).

### **3.3 Objectives and Key Provisions**

The Rules aim to bolster consumer confidence in online shopping by imposing particular duties on e-commerce businesses. The Rules base themselves around four main principles: transparency, accountability, fair dealing, and effective grievance redressal.

#### **(a) Transparency and Disclosure Obligations**

The Rules specify that all e-commerce businesses must provide accurate and comprehensive information with respect to the goods or services being offered, including the total price, including, as applicable, tax, shipping and handling costs, and any discounts.<sup>38</sup> Sellers will also need to share information about their return, refund, exchange, and warranty policies. For marketplace businesses, they will need to review information about the seller, including the seller's name, business address, and contact information that consumers will see before completing their purchases.<sup>39</sup>

The intentions of these obligations are to remedy the problems of misleading prices, hidden fees, and misrepresentation that have been widely documented in online transactions. In the same manner, these disclosures also serve the purpose of informed consumer choice, which is a key theme found in the Consumer Protection Act, 2019.

#### **(b) Accountability of E-Commerce Entities**

To promote accountability, all e-commerce entities must designate a Grievance Officer. They should make the contact information easily accessible on their website or application.<sup>40</sup> “The Grievance Officer is required to respond to consumer grievances within 48 hours, and to resolve an issue within 30 days. In addition, the Rules prohibit e-commerce entities from engaging in unfair trade practices, such as altering search results, misrepresenting quality of product/brands, and manipulating or interfering with consumer reviews.”<sup>41</sup> As an illustration, Rule 6(5) unambiguously states that e-commerce businesses may not refuse refunds or cancellations in contravention of their own policies. This clear endorsement of accountability presents a message from the government that it wants to relieve consumers of algorithmic bias and predatory business practices.

#### **(c) Protection Against Unfair Trade Practices**

The Rules exhibit a consumer-oriented bias by prohibiting practice that is fraudulent and unfair trade practices. Businesses are not allowed to deceive consumers with respect to origin, offer phony discounts, or request reviews to enhance product ranking.<sup>42</sup> These provisions become

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<sup>38</sup> *ibid*, r 5(2).

<sup>39</sup> *ibid*, r 5(3).

<sup>40</sup> *ibid*, r 4(4).

<sup>41</sup> *ibid*, r 6(5).

<sup>42</sup> *ibid*, r 5(7).

especially important in addressing growing concerns regarding counterfeits and the manipulation of target marketing decisions through data on digital platforms.

Sellers are also subject to obligations under the Rules related to the accuracy and verification of product descriptions, images and labels. For example, sellers are prohibited from publishing fake reviews or offering counterfeit goods as branded goods.<sup>43</sup> “Such violations may prompt action by the Central Consumer Protection Authority (CCPA) under the Consumer Protection Act, 2019”.

#### (d) Grievance Redressal and Consumer Rights

“Rule 4(4) requires that e-commerce entities establish a transparent grievance redressal mechanism for all consumers. The e-commerce entities must also appoint a Chief Compliance Officer (for foreign entities) and a Resident Grievance Officer, to ensure that consumers have a local point of contact for dispute resolution.”<sup>44</sup>

This framework is intended to complement the grievance redressal framework under the 2019 Act, and to provide faster resolution for complaints regarding delayed delivery, defective products, or misrepresentation.

#### (e) Responsibilities of Sellers on Marketplace Platforms

Sellers on marketplace platforms have basic obligations under the Rules: not misrepresent product quality or authenticity, comply with return/refund policies, and keep accurate transaction records.<sup>45</sup> Importantly, they must not refuse to fulfill after-sales service and warranty obligations once the product is sold. Thus, consumers will obtain parallel protections in the digital market comparable to those they receive in a physical store.

### **3.4 Challenges of Implementation**

The E-Commerce Rules, 2020 are an important advancement for consumer protection. However, putting them into practice has posed some challenges. Issues related to enforcement and real-world application still exist.

#### (a) Uncertainty about regulatory jurisdictions and inconsistent regulatory regimes

“One of the ideas of concern has been unclear jurisdiction between multiple agencies, especially the Ministry of Consumer Affairs, the Department for Promotion of Industry and Internal Trade (DPIIT), and the Competition Commission of India (CCI)”.<sup>46</sup> To illustrate, competition law may apply to predatory pricing or discounting, leading to comparable jurisdictional frameworks, in terms of jurisdictional issues for companies incorporated outside of India.

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<sup>43</sup> *ibid*, rr 5(8)–(9).

<sup>44</sup> *ibid*, r 4(5).

<sup>45</sup> *ibid*, rr 6(1)–(3).

<sup>46</sup> “Department of Consumer Affairs, *Annual Report 2022–23*.”

### (b) Enforcement Mechanism Against Foreign Entities

While the Rules do extend to entities that are not registered in India, compliance enforcement against foreign platforms remains a difficult operation. The cross-border nature of the quasi-appropriate arrangements raises issues on jurisdiction, especially as servers or payment gateways are located outside India. There are no mutual legal agreements concerning matters of Consumer Protection which raises complexity levels even higher.<sup>47</sup>

### (c) Awareness Among Consumers and Digital Literacy

“In India, consumer awareness with respect to their rights under the Consumer Protection Act, 2019 and the E-Commerce Rules, 2020 remains limited. According to a report issued by the Department of Consumer Affairs (2022), more than 40% of online consumers were unaware of how to get redress of grievance at all”.<sup>48</sup> This lack of awareness diminishes the deterrent value of laws and does not support consumers, especially rural and semi-urban youth.

### (d) Compliance Challenges faced by Startups and Small Sellers

Startups and small e-commerce sellers have said compliance requires disproportionate amounts of administrative time and cost for them. Compliance requirements, such as grievance officers, disclosures, and regular, frequent data auditing, can be difficult for these businesses.<sup>49</sup> The ongoing tension between consumer protection and the ease of doing business remains a key policy challenge.

## **4. The Role of the Central Consumer Protection Authority (CCPA) and Implementation Mechanisms**

The implementation of consumer rights in India relies on a strong institutional framework capable of dealing swiftly with consumer complaints, securing compliance with the law, and preventing unfair trading practices. “The Consumer Protection Act, 2019 (CPA 2019) will further strengthen the framework by creating new institutions and institutional innovations that reflect the growth of India’s market and digital ecosystem”. Together with the Consumer Protection (E-Commerce) Rules, 2019, it reflects a paradigm shift towards a proactive, regulatory and consumer-focused framework.

### **4.1 Central Consumer Protection Authority (CCPA)**

“The establishment of the Central Consumer Protection Authority (CCPA) under Chapter III of CPA 2019 marks a transformative moment in the development of consumer law in India. CCPA is the apex authority tasked with the promotion, protection and enforcement of the consumer's rights to be guaranteed in the law”.<sup>50</sup>

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<sup>47</sup> “DPIIT, *Draft National E-Commerce Policy* (2021).”

<sup>48</sup> “Department of Consumer Affairs, *Consumer Awareness Survey Report 2022*.”

<sup>49</sup> “FICCI, *Representation on Challenges in Implementation of E-Commerce Rules* (2021).”

<sup>50</sup> “*Consumer Protection Act 2019*, s 10.”

“The Authority consists of a Chief Commissioner and a number of other Commissioners appointed by the Central Government, and is assisted by an Investigation Wing led by a Director General”.<sup>51</sup> Their powers are quasi-judicial and regulatory in nature, which enable them to act suo motu or based on complaints received through online and offline methods. CCPA has the authority to recall hazardous goods, withdraw misleading advertisements, and penalise the manufacturer or endorser of any goods or services that have engaged in unfair trading practice.<sup>52</sup>

“In one of its initial actions, the CCPA issued notifications to major online retail companies, such as Amazon and Flipkart, for the sale of pressure cookers which do not conform to the mandated standards of the Bureau of Indian Standards (BIS).”<sup>53</sup> This demonstrates the Authority's growing concern on the issue of online sales, as well as its role in ensuring genuine compliance with relevant product standards, and the safety of consumers. Secondly, where multiple consumers are affected by a common complaint, the CCPA may bring class-action actions before consumer commissions, an innovation that arose out of a need to provide effective relief in mass-market transactions.<sup>54</sup>

#### **4.2 Consumer Dispute Redressal Commissions (CDRCs)**

The 2019 Act retained the three-tier dispute redressal framework established under the 1986 legislation, although it has restructured the tiers to make them more efficient and easier to understand in terms of jurisdictional competency and subsequent territorial jurisdiction of related claims against a particular seller. The CDRCs operate at the District, State, and National level with quasi-judicial authority and respective ex-officio agencies with defined pecuniary and territorial jurisdiction.<sup>55</sup>

“Under this restructured framework, the pecuniary limits at which the respective CDRCs operate assert that claims of under ₹50 lakh will be opened and dealt with at a District Commission, claims from ₹50 lakh to ₹2 crore at this State Level, and claims in excess of ₹2 crore at the National Commission”.<sup>56</sup> The CDRC's objectives to reduce backlog of cases and sufficiently distribute caseloads. The procedure before these tribunals have included streamlining, strengthened by an emphasis on an electronic system of filing, video conferencing, and disputant mediation towards settlement.<sup>57</sup>

“The Consumer Protection (Mediation) Rules, 2020 established a complementary Consumer Mediation Cell system for each Commission, allowing parties to settle disputes amicably prior

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<sup>51</sup> *ibid* s 11.

<sup>52</sup> *ibid* s 20.

<sup>53</sup> “Central Consumer Protection Authority, *Press Release on E-commerce Product Compliance Action (2022)*.”

<sup>54</sup> “*Consumer Protection Act 2019*, s 35(1)(c).”

<sup>55</sup> *ibid* ch IV.

<sup>56</sup> *ibid* s 34.

<sup>57</sup> *ibid* s 38(7).

to adjudication.”<sup>58</sup> In addition to greater speed in resolution, it promotes a less combative scheme of consumer justice.

“Addressing liability directly connected to e-commerce, in *Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd.*”<sup>59</sup>, the Delhi High Court held that an e-commerce platform cannot avoid complying with consumer protection obligations merely by asserting its status as an intermediary. In this way, judicial reasoning reinforces the authority of the Commissions, and confirms the accountability of modern digital-based platforms.

### **4.3 E-Commerce Rules, 2020 and Digital Redressal Mechanisms**

Understanding the increase in online consumer complaints specifically, the Consumer Protection (E-Commerce) Rules, 2020 impose a governing framework of obligations on e-commerce entities to promote transparency and provide access to a grievance redressal product. “In Rule 4 every e-commerce entity must appoint a Grievance Officer who has the obligation to respond to the complaint within 48 hours and resolve the complaint within one month.”<sup>60</sup> This provision implements consumer protection measures to the digital environment with an additional direct mechanism of accountability for consumers when purchasing products online.

Furthermore, sellers should provide all pertinent details, including their business name, address, customer rating, and refund policies, to promote transparency and informed decision-making.<sup>61</sup> The Rules also ban misleading advertisements, search result manipulation, and favoritism among sellers.<sup>62</sup>

“The National Consumer Helpline (NCH), part of the Consumer Online Resource and Empowerment (CORE) platform, grants consumers a consolidated online platform to lodge consumer complaints”.<sup>63</sup> Managed through the Department of Consumer Affairs, the NCH has been involved in addressing thousands of consumer complaints with regard to e-commerce, suggesting a shift toward digital governance in relation to enforcement of Indian consumer laws.

### **4.4 Role of State and Regulatory Cooperation**

Coordination between state and central stakeholders is fundamental to the successful implementation of a consumer protection framework. State Governments are responsible for establishing State Consumer Protection Councils and establishing active CDRCs in all districts.<sup>64</sup> There are still real-life issues - commission vacancies, processes taking a long time, and resource issues, and so forth.

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<sup>58</sup> “*Consumer Protection (Mediation) Rules 2020*, rr 3–5.”

<sup>59</sup> “*Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd.* (2019) SCC OnLine Del 10701.”

<sup>60</sup> “*Consumer Protection (E-Commerce) Rules 2020*, r 4(4).”

<sup>61</sup> *ibid* r 5(2).

<sup>62</sup> *ibid* r 6(2).

<sup>63</sup> “Department of Consumer Affairs, *National Consumer Helpline Annual Report (2023)*.”

<sup>64</sup> “*Consumer Protection Act 2019*, s 6.”

The overlap of consumer law with other regulatory regimes - specifically, data protection, competition law and electronic commerce - has created a role for collaboration among agencies. The Competition Commission of India (CCI) investigates anti-competitive conduct in digital markets and also how this may indirectly affect consumer choice. “The Ministry of Consumer Affairs is responsible for policy and enforcement under the 2019 Act”.<sup>65</sup> Still evolving, joint regulatory frameworks offer an important opportunity for tackling consumer-related cross-sector issues in an increasingly converged environment.

### **Conclusion**

The “2019 Consumer Protection Act and the 2020 Consumer Protection (E-Commerce) Rules” exemplify an important turning point in consumer law in India. Together, these two legislative vehicles offer a renewed commitment by the State to uphold consumer rights, as these rights are fundamentally challenged due to technology advances and the very nature of digital commerce in which consumers are required to engage in online marketplaces. The transition from the consumer framework established in 1986 to the 2019 Act is not simply an upgrade of the previous consumer legislation, it is a normative shift from a reactive, grievance-based regime to an evolvable, accountability-based regime, which will be more effective in meeting the challenges of online markets.

The 2019 Act has opened a more extensive scope for consumer protections due to expanding protection to cover services provided through electronic means and asserting that e-commerce entities fall within its sphere of protection and consumer rights.<sup>66</sup> The CCPA adds an important regulatory aspect. It gives regulators the power to take action on their own, look into unfair advertising practices, and impose penalties. With this timely enforcement setup, consumer protection in India will now respond to individual complaints and function within a compliance and oversight framework.<sup>67</sup>

“The E-Commerce Rules, 2020 serve as useful additions to the main Act. They set up a separate compliance system for digital platforms. These rules focus on transparency, data security, misleading ads, and consumer help. They require mandatory disclosures and the appointment of grievance officers”.<sup>68</sup> While the E-Commerce Rules specify that online sellers must provide accurate product descriptions and reasonably fair refund policies, they do promote a culture of ethicality in the Indian e-commerce context. “Emerging government initiatives to consolidate platforms such as the National Consumer Helpline (NCH) and Consumer Online Resource and Empowerment (CORE) portal provides enhanced consumer access to digital grievance resolution at the national level”.<sup>69</sup>

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<sup>65</sup> “Competition Commission of India, *Market Study on E-Commerce in India* (2020)”.

<sup>66</sup> “Consumer Protection Act 2019, s 2(7).”

<sup>67</sup> *ibid* s 10–21.

<sup>68</sup> “Consumer Protection (E-Commerce) Rules 2020, rr 4–6.”

<sup>69</sup> “Department of Consumer Affairs, *National Consumer Helpline Annual Report* (2023).”

However, there are still persistent systematic obstacles in enforcement. Problems with enforcement vary by state, hampered by infrastructural barriers, staff limitations, and delays in both adjudication and claims processing in “the Consumer Disputes Redressal Commissions (CDRCs).”<sup>70</sup> There is also limited consumer education about consumer rights and options for online grievance resolution mainly in rural and semi-urban contexts. Many consumers still do not have either the confidence or skill to pursue an online complaint. “Additionally, coordinated efforts among regulatory agencies, including the Ministry of Consumer Affairs, the Competition Commission of India (CCI), and Department for Promotion of Industry and Internal Trade (DPIIT), contributes to overlapping jurisdiction and confusion in policy making.”<sup>71</sup>

Another developing challenge is that business models are changing rapidly in the digital economy. The emergence of social commerce, marketing driven by influencers, and cross-border online transactions, has blurred the lines on the conventional buyer-seller relationship. These changes will need continuous legislative review and regulatory flexibility. This will help ensure that new types of e-commerce do not exploit consumers. The CCPA has made important strides in holding companies responsible for misleading endorsements and quality adequacy. However, it needs to be strengthened by adding more staff, improving data-monitoring abilities, and enhancing cooperation between agencies.<sup>72</sup>

The future of consumer protection in India relies on digital governance and coordination among institutions. We need to connect consumer complaint databases to enable the automatic escalation of unresolved issues. This will support enforcement operations through improved real-time monitoring of e-commerce platforms. The CPA framework must also work alongside data protection and cyber laws. Many consumer problems in e-commerce will probably involve misuse of personal information or bias in algorithms used by marketplaces.

In the end, the “Consumer Protection Act of 2019 and the E-Commerce Rules of 2020” have updated India's consumer law framework by including transparency, fairness, and accountability in market interactions. These laws empower consumers and show that India aims to regulate the digital economy through rights-based governance. However, just having laws is not enough to ensure consumer welfare. Protecting consumers requires dedication from authorities, public education, and advancements in technology. A strong consumer protection system relies on its ability to change. Consumer rights, business innovation, and regulatory oversight must keep pace with India's digital marketplace. Consumers want a system that not only prevents exploitation but also fosters responsibility and trust among all parties involved. The 2019 Act and 2020 Rules provide a solid foundation; now we need to see if the intended spirit of empowerment will actually benefit every Indian consumer.

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<sup>70</sup> “Department of Consumer Affairs, *Annual Report 2022–23*, Ministry of Consumer Affairs.”

<sup>71</sup> “Competition Commission of India, *Market Study on E-Commerce in India* (2020).”

<sup>72</sup> “Central Consumer Protection Authority, *Press Release on Misleading Endorsements and Product Recalls* (2023)”.