

INTERNATIONAL JOURNAL OF LEGAL SCIENCE AND INNOVATION

[ISSN 2581-9453]

Volume 7 | Issue 2

2025

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Online Shopping in India: Challenges, Benefits, and Consumer Protection

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ABSTRACT

Online shopping in India has witnessed significant growth, driven by increasing internet penetration, changing consumer behaviour, and the convenience of digital transactions. While it has revolutionized the retail landscape by offering a wide variety of products, competitive pricing, and 24/7 accessibility, several challenges persist, including security concerns, fraud, misleading product information, delayed deliveries, and inadequate customer grievance redressal mechanisms. This study aims to analyse the benefits and challenges of online shopping in India, exploring both the opportunities it presents for consumers and businesses, as well as the risks and obstacles that need to be addressed. By examining current practices, consumer behaviour, and regulatory frameworks, the study provides recommendations to enhance consumer protection, improve e-commerce regulations, and promote ethical practices. Effective solutions, such as enhanced data security, better customer service, and transparent product information, are crucial to ensuring a secure, trustworthy, and user-friendly online shopping environment. This research offers insights into fostering a balanced e-commerce ecosystem that supports both growth and consumer confidence.

Keywords: online shopping, consumer protection, benefits, challenges.

I. INTRODUCTION

Online shopping, a rapidly growing segment of the e-commerce industry, has transformed the way consumers in India purchase goods and services. Over the last decade, the increasing accessibility of the internet, the rise of smartphones, and the convenience offered by digital platforms have significantly reshaped consumer behaviour. Online shopping allows individuals to browse a vast selection of products, compare prices, read reviews, and make purchases from the comfort of their homes, all while offering 24/7 access to the marketplace.

In India, the online shopping market has expanded exponentially, with major e-commerce platforms like Amazon, Flipkart, Myntra etc leading the charge. (R. Angamuthu,2020)

These platforms cater to a diverse consumer base, offering everything from electronics and

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fashion to groceries and home essentials. The ease of online transactions, coupled with the ability to access international brands and products, has made online shopping a preferred option for millions of Indians, particularly among the younger generation.

However, despite the numerous benefits of online shopping, the industry faces several challenges that need to be addressed to ensure continued growth and consumer satisfaction. Issues like data security, privacy concerns, fraud, misleading product displays, delayed deliveries, and lack of effective customer service are common challenges faced by consumers. Moreover, the rapid expansion of the sector has outpaced regulatory frameworks, leaving gaps in consumer protection and business accountability.

This study aims to explore both the benefits and challenges of online shopping in India, analyse the existing consumer protection laws, and offer recommendations to improve the overall online shopping experience. By examining current practices, consumer behaviour, and the legal landscape, this research seeks to contribute to the ongoing dialogue around creating a safer, more transparent, and consumer-friendly e-commerce ecosystem in India.

(A) Research methodology:

This study follows a doctrinal research methodology, primarily relying on secondary data sources. Data is collected from government reports, journals, articles, books, and online resources. The study involves a detailed analysis of existing literature on online shopping, e-commerce regulations, and consumer protection laws in India. The research focuses on understanding the legal frameworks, identifying challenges, and examining the benefits of online shopping.

(B) Objectives of the study:

1. To analyse the benefits and challenges of online shopping in India.
2. To provide recommendations for improving the online shopping experience in India.

(C) Literature review:

Aishwarya Goyal (2015) The rising use of internet in India provides an impetus to online shopping. Now Consumers are increasingly adopting electronic channels for purchasing their daily needed products. The increasing use of Internet by the younger generation in India is creating opportunities for online retailers. This study provides theoretical contribution in understanding the present status of online shopping and provides insights into consumers' online shopping behaviours and preferences. This study will contribute in sharing the information about the scope of improvement in online shopping website and challenges faced

by online retailers in Indian market.

Muthumani et al., n.d.(2017) Online shopping is one of the most popular ways to make purchases, but it's not something that everyone is comfortable doing. Shopping online is becoming more common every day, and spans every type of product and every type of shopper. Online shoppers are all ages, come from all types of backgrounds, and both men and women. Consider the advantages and disadvantages carefully so the researcher can make an informed decision about what's best for customer. In this paper an attempt is made to know the products purchased by consumers from online stores and to identify the types of problems faced by consumers while buying goods from online shopping. In this paper the suggestions are also given to overcome the problems faced by online shopping consumers.

Chilka & Chauhan (2018)

Online Shopping or internet shopping consists primarily of the distribution, buying, selling, marketing, advertising and servicing of products with the help of internet and other computer networks. India is witnessing the tremendous growth in online shopping. This paper studies the recent scenario, recent trends in online shopping in India. For example, the interested categories of product, preferred way to pay online. Today's online shopping platforms provide many offers to consumer which attracts the consumer and drives their business. Along with that there are also problems in online shopping like quality, security etc. India's online shopping market is constantly growing at good phase.

II. BENEFITS OF ONLINE SHOPPING

One of the main factors that has swept Indian industry by storm is e-business. It is transforming business practices and establishing a whole new economy with enormous potential. Both buyers and sellers benefit from it, and this win-win scenario is the main factor for its extraordinary ascent. Online shopping is becoming increasingly appealing and convenient for consumers nationwide due to rising earnings and an increased selection of goods and services available for purchase. (Malhotra & Sri Aurobindo College, DU, 2014) Following are the various benefits that have made online shopping all the more attractive:

- **Convenience:** Online shopping allows consumers to browse and purchase products from the comfort of their homes, avoiding the hassle of commuting, finding parking, and dealing with crowds in physical stores. This is particularly beneficial for individuals with busy schedules, mobility issues, or those living in remote areas.
- **Time-Saving:** Unlike traditional shopping, which requires visiting multiple stores,

online shopping enables consumers to quickly search for specific items, compare options, and place orders within minutes. The checkout process is streamlined, saving time and effort.

- **Price Comparisons:** Consumers can easily compare prices across different online platforms to find the best deals. Various websites and tools aggregate pricing data from multiple retailers, helping shoppers make informed purchasing decisions without physically visiting different stores.
- **Infinite Choice and Availability:** Online stores are not limited by physical space, offering a vast selection of products, including international brands and niche items that may not be available locally. Consumers have access to a wide variety of options without geographic constraints.
- **Customer Reviews and Ratings:** Most e-commerce platforms provide customer reviews and ratings, offering insights into product quality, durability, and performance. This helps potential buyers make well-informed decisions based on real user experiences.
- **24/7 Shopping Access:** Unlike brick-and-mortar stores that operate on fixed schedules, online stores remain open 24/7. Consumers can shop at their convenience, whether during the day, late at night, or on holidays.
- **Flexible Payment Options:** Online shopping platforms offer multiple payment methods, including credit/debit cards, digital wallets, UPI, and cash on delivery (COD). Additionally, options like buy-now-pay-later (BNPL) and instalment payments make high-value purchases more accessible.
- **Easy Returns and Refunds:** Many e-commerce platforms provide flexible return and refund policies, allowing consumers to return unsatisfactory or defective products with minimal hassle. This increases consumer confidence in online purchases.
- **Personalized Shopping Experience:** Advanced algorithms and artificial intelligence (AI) analyse consumer preferences and browsing history to offer personalized product recommendations, making the shopping experience more tailored and enjoyable.
- **Exclusive Discounts and Offers:** Online shopping platforms frequently offer special promotions, flash sales, and discount coupons that are not available in physical stores. Subscription-based services and loyalty programs provide additional savings for regular customers.

III. CHALLENGES OF ONLINE SHOPPING

Today's advancement in internet implies the change in consumer behaviour. Shopping online has become a common form for the purchase of goods. Though internet shopping is convenient with no restriction of time and space, it also possesses hidden risks in comparison with the traditional way of shopping through solid shops. (Itl, 2018b). (Malhotra & Sri Aurobindo College, DU, 2014) The major challenges being faced by the consumers in case of online shopping are as below:

- **Jurisdictional Issues:** Cross-border transactions create legal uncertainties regarding applicable laws and dispute resolution.
- **Privacy Concerns:** Risk of unauthorized data collection, misuse of personal information, and lack of consumer control over data sharing.
- **Insecure Online Payments:** Online payment systems remain vulnerable to fraud, hacking, and unauthorized transactions.
- **Delayed Delivery:** Consumers frequently experience late shipments with no guaranteed timelines from retailers.
- **Complex Contractual Terms:** Lengthy, technical terms and conditions favour sellers, making them difficult for consumers to understand.
- **Weak Feedback System:** Lack of effective customer complaint resolution mechanisms in many online stores.
- **Phishing Attacks:** Fraudulent emails and fake websites deceive users into revealing personal and financial information.
- **Hidden Costs:** Unexpected fees, such as shipping and duties, only appear at checkout, leading to higher final prices.
- **Delivery Issues:** Lost, damaged, or incorrect items, with limited seller accountability after shipping.
- **Consumer Fraud:** Buyers refuse to accept cash-on-delivery orders, causing financial losses for businesses.
- **Courier Fraud:** Delivery personnel sometimes replace or steal products, leading to fraudulent transactions.
- **Misleading Product Display:** Product images and descriptions may not match the actual items received, leading to dissatisfaction.

IV. STEPS FOR SECURE ONLINE SHOPPING

By just clicking a mouse or touching a screen shoppers can buy nearly any product online. The word of e-Commerce enables consumers to shop at thousands of online stores and pay for their purchases without leaving the comfort of their home. However, the same thing can go wrong along with its innumerable benefits there is darker side to internet buying. Just as shoppers should be alert while purchasing from brick-and-mortar stores, online shoppers also need to be cautious while purchasing online. Following are the guidelines to make online shopping experience enjoyable and safe:

- **Shop from Secure Websites:** Ensure the website uses https for encryption to protect personal and financial information.
- **Check Website Credibility:** Verify the legitimacy of unfamiliar sites by checking their address and researching the company.
- **Review Privacy & Security Policies:** Ensure personal data is not shared with third parties without consent.
- **Disclose Only Necessary Information:** Avoid sharing unnecessary personal details that could be used for marketing or fraud.
- **Use Strong & Unique Passwords:** Create secure passwords with alphanumeric and special characters, and update them frequently.
- **Keep Records of Orders:** Save and print receipts or order confirmations for reference until the warranty period expires.
- **Verify Cancellation, Return & Refund Policies:** Check terms for returns, refunds, and warranty claims before purchasing.
- **Be Cautious of Attractive Offers:** Watch out for unrealistic deals and hidden conditions that may indicate scams.
- **Use Secure Payment Methods:** Opt for encrypted payment gateways like credit/debit cards and digital wallets.
- **Ensure Authentic Products:** Buy from reputable sellers and verify product quality to avoid counterfeit items.
- **Protect Data Privacy:** Ensure the website follows strict data protection regulations to prevent misuse of personal information.
- **Check for Responsive Customer Support:** Choose platforms with clear contact

options for resolving issues efficiently.

- **Stay Educated on Consumer Rights:** Understand e-commerce policies, dispute resolution processes, and safe shopping practices.
- **Regularly Monitor Compliance & Security:** Businesses should conduct audits to maintain adherence to consumer protection laws.

V. ONLINE SHOPPING AND CONSUMER PROTECTION

Online shopping has introduced people to the global marketplace, which is always just a click away. The internet has ushered in a new era of 24/7 access to goods and services, enabling instant purchases. However, the risks associated with online transactions are increasing just as rapidly. While internet shopping has improved efficiency and accessibility, several flaws remain unresolved. Despite the booming e-commerce industry, there is insufficient oversight, both governmental and non-governmental, particularly concerning quality control in emerging companies, making this rapid growth concerning. Online shopping is susceptible to issues such as substandard products, false deliveries, and fraud. Eye-catching sales, misleading advertisements, and persuasive social media posts attract thousands of buyers daily. Many cases of online fraud have been reported in India, where consumers are deceived by online sellers. In 2013, a Flipkart customer received two stones instead of an iPod worth Rs 20,000. Similarly, a Snapdeal buyer was delivered two coconuts instead of the Slazenger shoes he had ordered. Another notable incident involved Laxminarayan Krishnamurthy from Mumbai, who received a Vim bar instead of the Samsung Galaxy phone he had ordered from Snapdeal. He later shared pictures of the item on Facebook. Such incidents highlight the urgent need for consumer protection in online shopping.

In theory, physical and online consumers have equal rights, but in practice, differences arise due to the nature and medium of business. The Consumer Protection Act, 1986, was enacted to empower consumers against large corporations and prevent unethical business practices. It established special tribunals and simplified procedures to improve consumers' bargaining power. However, being over a quarter-century old, this law is not well-equipped to address the complexities of digital transactions. The Act's effectiveness in resolving online shopping disputes is limited, as online transactions often lack sufficient documentary evidence.

The Information Technology Act, 2000, acknowledges the growing significance of the internet in daily life. It primarily addresses issues such as hacking, privacy, regulatory authority, and punishments for cyber offenses. However, it does not specifically protect online shoppers, making it of limited use in resolving e-commerce disputes. These shortcomings highlight the

need for updated consumer protection laws to ensure the safety of online shoppers in India.

To address these concerns, the government introduced the Consumer Protection Act, 2019, which replaced the outdated 1986 Act. This new law provides comprehensive protection to online shoppers, recognizing e-commerce as a key sector requiring specific regulations. The 2019 Act introduces provisions such as product liability, stricter penalties for misleading advertisements, and rules for e-commerce platforms to ensure consumer rights are upheld. Additionally, the act establishes a Central Consumer Protection Authority (CCPA), which has the power to investigate consumer complaints, enforce regulations, and impose penalties on violators. One of its key features is the inclusion of rules governing unfair trade practices in e-commerce, false reviews, and transparency in online transactions.

Furthermore, the 2019 Act allows consumers to file complaints electronically, eliminating geographical constraints and making the process more accessible. This is particularly beneficial for online buyers who previously struggled with jurisdictional issues when seeking legal recourse. By introducing these amendments, the government aims to hold e-commerce platforms accountable, prevent fraudulent practices, and enhance consumer trust in online shopping. The law ensures that consumers have clear return policies, data protection measures, and accurate product information, reducing the risks associated with digital purchases.

These reforms enable the government to monitor e-commerce companies more effectively and provide greater security for consumers engaging in online transactions. The Consumer Protection Act, 2019, is further expected to bring significant improvements to online shopping, offering a higher level of consumer protection, transparency, and fair business practices in the digital marketplace.

VI. CONCLUSION AND SUGGESTIONS

Online shopping in India has witnessed exponential growth, transforming consumer habits and reshaping the retail landscape. The convenience, accessibility, and variety offered by e-commerce platforms have made them an integral part of modern-day shopping. However, this rapid digital expansion also brings significant challenges, including security threats, fraudulent transactions, misleading advertisements, and logistical issues. While consumers benefit from the ease of online shopping, they also face concerns regarding product quality, data privacy, and dispute resolution.

Despite the introduction of consumer protection laws, including the Consumer Protection Act, 2019, issues persist in enforcing regulations effectively and ensuring compliance from online retailers. Strengthening cyber laws, enhancing transparency in e-commerce transactions, and

increasing consumer awareness are crucial steps toward mitigating risks. Additionally, continuous improvements in technology, such as secure payment gateways, artificial intelligence-driven fraud detection, and robust grievance redressal mechanisms, can further enhance the online shopping experience.

The Consumer Protection Act of 2019, represents a crucial step towards modernizing India's consumer protection laws in response to the challenges faced by consumers in online shopping. However, there are several areas where further enhancements and reforms are necessary to effectively safeguard consumer rights in the digital era. Here are the key suggestions for enhancing Indian consumer protection and other relevant laws for the better online shopping experience:

1. **Enhance Data Security & Privacy:** e-Commerce platforms should implement advanced security measures, such as end-to-end encryption and multi-factor authentication, to protect consumer data. Clear privacy policies and compliance with international standards will further build trust.
2. **Strengthen Grievance Redressal Systems:** Improve customer service channels and grievance mechanisms to resolve complaints efficiently. Dedicated support teams and clear escalation processes will help address consumer issues promptly.
3. **Ensure Accurate Product Information:** Provide clear, detailed product descriptions and ensure that images and specifications match the actual items. AI-driven verification tools can enhance transparency.
4. **Improve Legal Enforcement:** Strengthen the enforcement of the Consumer Protection Act, 2019, and introduce specific regulations for cross-border transactions and seller compliance with product quality and return policies.
5. **Promote Consumer Awareness:** Launch educational campaigns to inform consumers about secure shopping practices, including how to identify trustworthy websites and protect personal information.
6. **Optimize Delivery & Logistics:** Partner with reliable couriers, improve tracking systems, and offer insurance on deliveries to prevent issues like delayed shipments or damaged goods.
7. **Encourage Seller Accountability:** Enhance review systems to ensure authenticity and penalize fake reviews. Provide consumers with better dispute resolution options for improved seller accountability.

8. **Expand Secure Payment Options:** Integrate secure payment gateways and advanced technologies like blockchain to ensure safe financial transactions.
9. **Adopt Ethical e-Commerce Practices:** e-Commerce platforms should practice fair pricing, transparent advertising, and sustainable sourcing to avoid misleading promotions and enhance customer trust.
10. **Foster Collaboration between Government & Private Sector:** The government and e-commerce companies should collaborate on consumer protection policies, ensuring better enforcement and addressing emerging industry challenges.

These steps will improve the online shopping experience in India, ensuring consumer trust and a safer, more reliable e-commerce environment.

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