



CONSUMER RIGHTS AND DATA PRIVACY IN THE DIGITAL ECONOMY: A CRITICAL LEGAL PERSPECTIVE

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Abstract

The growth of the digital economy has transformed the way consumers engage in transactions, with personal data emerging as a valuable commercial resource. Although digital platforms provide ease and wider access, they also subject consumers to risks such as data breaches, profiling, and unfair trade practices. This paper offers a critical analysis of the intersection between consumer rights and data privacy, particularly in the Indian context. It evaluates the effectiveness of the Consumer Protection Act, 2019 and the Digital Personal Data Protection Act, 2023 in protecting consumers within the digital marketplace. Further, it highlights regulatory shortcomings, challenges in enforcement, and suggests reforms to enhance legal safeguards in an increasingly digital environment.

Keywords: Consumer Rights, Data Privacy, Digital Economy, E-commerce, DPDP Act, Cyber Law

1. Introduction

The digital economy has fundamentally transformed how consumers obtain goods and services. Through online platforms, mobile apps, and digital payment systems, a data-driven environment has emerged in which personal information is constantly collected and processed.

Within this context, consumer rights are no longer confined to protection against faulty products or inadequate services. They now also encompass rights to privacy, data security, and informed consent. As dependence on digital platforms continues to grow, it becomes crucial to explore the intersection and mutual reinforcement of consumer protection laws and data privacy regulations.

2. Understanding Consumer Rights in the Digital Economy

(a) Conventional Consumer Rights

Conventionally consumer rights include Right to safety ,Right to information, Right to choose, Right to be heard and Right to seek redressal and are codified under the Consumer Protection Act, 2019.

(b) Evolving Rights of Consumers in the Digital Era

The growth of digital platforms has led to the development of new consumer rights that include the right to data privacy , the right to informed digital consent, protection against deceptive online advertising and safeguards against dark patterns and algorithm-driven manipulation.

As a result, the modern digital consumer functions both as a participant in the marketplace and as a data subject, necessitating comprehensive protection on both fronts.

3. Data Privacy Framework in India

(a) Constitutional Framework acknowledging Right to Privacy

The landmark judgment in Justice K.S. Puttaswamy (Retd.) v. Union of India recognized privacy as a fundamental right under Article 21 of the Constitution of India.

(b) Legislative Framework

The Digital Personal Data Protection Act, 2023 has created an exhaustive framework for personal data protection.

(c)Key Features of the DPDP Act

Consent-based processing of personal data ,Rights of data principals (access, correction, erasure) Obligations on data fiduciaries Penalties for data breaches
This legislation represents India's first comprehensive attempt to regulate personal data in the digital ecosystem.

4. Interplay Between Consumer Rights and Data Privacy

(a) Convergence of Legal Objectives

Both consumer protection and data privacy laws aim to prevent exploitation ,ensure transparency and promote accountability

(b)Key Areas of Intersection include E-commerce platforms like collection and use of consumer data, Targeted advertising: Use of personal data for behavioral marketing Dark patterns: Manipulative design practices influencing consumer choices and Data breaches: Financial and reputational harm to consumers

The misuse of consumer data can directly result in violations of consumer rights, making data privacy a critical component of consumer protection.

5. Challenges in Protecting Digital Consumers

(a) Lack of Consumer Awareness

Many consumers are unaware of how their data is collected, stored, and used.

(b) Weak Enforcement Mechanisms

Despite strong laws, enforcement is hindered by: the following factors viz Institutional inefficiencies, Delayed adjudication and Lack of coordination among regulators, Complexity of Digital Transactions and Terms and conditions are often lengthy and difficult to understand, undermining informed consent.

(c) Technological Advancements

Artificial intelligence and big data analytics create new risks **such as** like Algorithmic bias Profiling and surveillance and Automated decision-making

6. Comparative Analysis

International frameworks such as the GDPR (European Union) provide robust protection by integrating data privacy with consumer rights. Compared to such regimes, India's framework is still evolving, particularly in terms of enforcement and cross-border data governance.

7. Conclusion

In the digital economy, consumer rights and data privacy are deeply interconnected. The traditional boundaries of consumer law have expanded to include data protection concerns, reflecting the realities of a data-driven marketplace. While India has made significant progress through the Consumer Protection Act, 2019 and the Digital Personal Data Protection Act, 2023, challenges remain in enforcement, awareness, and regulatory coordination. A comprehensive and adaptive legal framework is essential to ensure effective protection of consumers in the digital age.

8. Recommendations

(a) Integrated Regulatory Approach

Harmonize consumer protection and data privacy laws to avoid fragmentation.

(b) Strengthening Enforcement

Enhance the capacity and coordination of regulatory authorities.

(c) Promoting Transparency

Mandate simplified privacy policies and user-friendly disclosures.

(d) Consumer Awareness and Education

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Conduct awareness programs to educate consumers about their rights.

(e)7.5 Regulation of Emerging Technologies

Development of specific guidelines for AI, data analytics, and digital platforms.

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