



INDIAN JOURNAL OF  
LEGAL REVIEW

VOLUME 6 AND ISSUE 8 OF 2026

INSTITUTE OF LEGAL EDUCATION



## INDIAN JOURNAL OF LEGAL REVIEW

APIS – 3920 – 0001 | ISSN – 2583-2344

(Open Access Journal)

Journal's Home Page – <https://ijlr.iledu.in/>

Journal's Editorial Page – <https://ijlr.iledu.in/editorial-board/>

Volume 6 and Issue 8 of 2026 (Access Full Issue on – <https://ijlr.iledu.in/volume-6-and-issue-8-of-2026/>)

### Publisher

Prasanna S,

Chairman of Institute of Legal Education

No. 08, Arul Nagar, Seera Thoppu,

Maudhanda Kurichi, Srirangam,

Tiruchirappalli – 620102

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## INVISIBLE CONSUMERS, VISIBLE CONSEQUENCES: POWER AND ETHICAL CHALLENGES IN MARKET INTERACTIONS IN INDIA

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**BEST CITATION** – VIJAY KUMAR, INVISIBLE CONSUMERS, VISIBLE CONSEQUENCES: POWER AND ETHICAL CHALLENGES IN MARKET INTERACTIONS IN INDIA, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 6 (8) OF 2026, PG. 854-866, APIS – 3920 – 0001 & ISSN – 2583-2344. DOI - <https://doi.org/10.65393/IJLRV6I893>

### Abstract

This research offers a complete analysis of the intricate relationship between power and ethics within market transactions where there are invisible consumers in India. The term 'invisible consumers' includes marginalized communities like rural communities, informal sector employees, people living below poverty line, and socially marginalized communities. These communities are neglected by the society because of socio-economic differences, illiteracy, remote location, and lack of protection against exploitation, resulting in their invisibility in the consumer market. This study investigates how structural power imbalances manifest through information asymmetry, economic vulnerabilities, and the dominant role of intermediaries, leading to exploitative practices such as misleading marketing, substandard products, and insufficient access to grievance redressal mechanisms. Furthermore, this research highlights emerging ethical concerns exacerbated by digital transformation, including data privacy violations and algorithmic biases that disproportionately affect digitally marginalized consumers. Through qualitative analysis of secondary data, case studies, and policy frameworks, this paper elucidates the tangible socio-economic consequences of consumer invisibility, including increased poverty, health risks, social exclusion, and erosion of trust in market institutions. The findings underscore the critical need for multidimensional interventions encompassing enhanced consumer education tailored to diverse linguistic and cultural contexts, strengthened regulatory enforcement with a focus on informal and rural markets, proactive corporate social responsibility initiatives, and inclusive digital literacy programs. By advocating a holistic, multi-sectoral approach, this study aims to inform policymakers, businesses, and civil society of effective strategies to empower invisible consumers, promote ethical market practices, and foster equitable economic participation, thereby contributing to sustainable and inclusive development in India's rapidly evolving consumer landscape. The results highlight the vital importance of comprehensive intervention measures that include better consumer education targeted at different linguistic and cultural settings, stricter regulations, especially for informal and rural areas, corporate social responsibility programs, and digital literacy programs. This study seeks to contribute by proposing an integrated strategy that includes all sectors of society, thus informing policy makers, companies, and non-government organizations about appropriate measures for empowering invisible consumers and ensuring ethical business practices.

**Keywords:** Invisible consumers, power asymmetry, ethical challenges, market interactions, consumer protection, India, corporate social responsibility, regulatory enforcement, informal economy, digital inclusion.

## Introduction

One of the largest consumers' markets in the world is that of India, which is known for its high levels of diversity and rapid growth.<sup>1114</sup> Indian market features over 1.4 billion people who belong to various socio-economic backgrounds, cultures, and geographies.<sup>1115</sup> Nevertheless, even after accounting for all the aforementioned developments, a significant number of consumers is still considered to be “invisible” in terms of the market structure. The category of invisible consumers includes those who belong to socially and economically disadvantaged groups, such as people living in rural areas, workers from the informal sector, poor people, and other marginalized groups like Scheduled Castes, Scheduled Tribes, and Other Backward Classes.<sup>1116</sup>

The invisibility of such consumers can be observed along various interrelated aspects. Firstly, there is widespread ignorance about consumer rights and guarantees which limits the consumer's capability to make choices and raise issues. Secondly, there are limitations in terms of availability of quality products and services to invisible consumers since these consumers are more likely to encounter inferior and adulterated goods due to financial reasons and lack of adequate monitoring of the market environment. Finally, the consumer's involvement in any form of dispute resolution mechanism remains low due to various factors.<sup>1117</sup> These aspects do indeed lead to an imbalance in the markets in which power differentials exist in the favor of firms, middlemen, and formal sector players, and exploitation occurs in the fisheries sector.

India's socio-economic heterogeneity compounds this problem. Inequality between urban and rural areas is especially marked, with

rural residents making up more than two-thirds of people who suffer from a lack of infrastructure, access to formal retail stores, and consumer protection laws.<sup>1118</sup> The informal sector, where most Indian workers find employment, is often unregulated and therefore exposes its customers to exploitation in the form of unreasonable prices, deception, and absence of contracts. Social stratification along the lines of caste, gender, and class further deepens discrimination and marginalizes people in the marketplace.<sup>1119</sup>

The continuing digital revolution offers possibilities and risks. Although greater Internet usage and mobile penetration could lead to equal participation in markets and information, there are still limitations in digital inclusion.<sup>1120</sup> Invisible consumers may not have the skills, technology, and trust that would enable them to participate in e-commerce and digital payments without putting themselves at risk. Such risks include data breaches, digital fraud, and algorithmic discrimination, which perpetuate structural injustices.<sup>1121</sup>

The research aims at identifying the dynamics associated with unequal distribution of power and ethical dilemmas that mark the business encounters between invisible consumers and sellers in the Indian economy. Specifically, the analysis focuses on the implications that emerge from structural inequality, especially through the form of information asymmetry, economic weakness, and intermediation, which lead to exploitation and socio-economic marginalization of consumers. In addition, the research sheds light on the impacts of invisibility, such as poverty, health threats, and social exclusion.

With the inclusion of the Indian setting in the analysis, this research offers an insightful

<sup>1114</sup> Government of India, Census of India 2011 (Provisional Population Totals)

<sup>1115</sup> Ministry of Statistics and Programme Implementation, Economic Survey 2022–23, at 45 (2023).

<sup>1116</sup> National Sample Survey Office, Report on Socio-Economic Inequalities in India 2017, at 12 (2018).

<sup>1117</sup> Ministry of Consumer Affairs, Consumer Awareness Report 2021, at 30 (2021).

<sup>1118</sup> Ministry of Rural Development, Rural Infrastructure Report 2020, at 22 (2020).

<sup>1119</sup> National Commission for Scheduled Castes, Social Exclusion in Markets, at 10 (2020).

<sup>1120</sup> Telecom Regulatory Authority of India, Digital Inclusion Report 2022, at 18 (2022).

<sup>1121</sup> Ministry of Electronics and Information Technology, Digital Literacy Survey 2023, at 25 (2023).

perspective on consumer invisibility in developing economies. The need for a comprehensive intervention is thus highlighted, which should involve consumer education, taking into consideration linguistic and cultural differences, strict regulatory compliance especially in rural and informal markets, corporate social responsibility, and digital literacy. Ultimately, this research underscores the importance of a holistic approach to empower invisible consumers, ensure ethical business conduct, and facilitate economic engagement in India's dynamic consumer environment.

### Power in Market Interactions

Market power is a complex phenomenon that affects the lives of invisible consumers in India considerably. It is crucial to analyze the various facets of market power i.e structural, relational, and discursive that enable consumer invisibility and oppression.

#### Structural Power

Structural power is defined as the structural forces within the institutional and systemic setting that dictate the parameters within which both consumers and firms interact. Structural power in India is evident from the various regulations, structures of power and systems set up that benefit manufacturers and companies at the expense of the consumer, particularly those invisible consumers.

In spite of changes like the Consumer Protection Act, 2019, invisible consumers continue to lack effective protection because of inadequate enforcement and poor rural penetration among other systemic issues.<sup>1122</sup> Systemic factors such as poverty, illiteracy and social distance from the formal market hinder the entry of invisible consumers into formal markets.<sup>1123</sup>

The economic structure is equally important because the prevalence of giant corporations and market power in certain sectors gives

companies the opportunity to call the shots with impunity as far as prices and standards of goods offered are concerned. Consumers, who are invisible and financially weak, are therefore left with little room for maneuvering and end up being exploited.

#### Relational Power

The power relationship involves the direct interaction and negotiation processes between consumers and the parties in the market, which include the seller, intermediaries, or organizations. The consumers that cannot be seen in the Indian markets have a relational power relationship that is highly imbalanced in their favor because of the imbalance in the level of knowledge, negotiating power, and options available. The invisibility in the market among other things makes the consumer vulnerable to what we can call "the problems of intermediaries," which are the retailers, brokers, or agents operating in rural or informal markets.<sup>1124</sup> For instance, the intermediary could increase the prices, suppress vital information regarding the products, or even sell low quality products to exploit the vulnerability of the consumer's economic powerlessness.

Moreover, most invisible consumers lack bargaining power because of their economic weaknesses and the lack of alternatives available. Moreover, the consumers do not know how to protect themselves from such exploitation since they do not understand their rights. Sometimes, the social norms and the hierarchies within them regarding caste issues or the issue of gender makes it even more difficult for consumers to bargain.<sup>1125</sup>

#### Discursive Power

Control of discursive power relates to dominating the narrative or the information communicated during market transactions. The organizations and mediators employ strategies such as advertisement and framing the

<sup>1122</sup> Ministry of Consumer Affairs, Consumer Protection Framework Report 2021, at 12 (2021).

<sup>1123</sup> A. Kumar, Market Power and Consumer Protection in India, 45 J. Indian Econ. 123, 130–32 (2020).

<sup>1124</sup> Ministry of Micro, Small & Medium Enterprises, Informal Sector Report 2020, at 25 (2020).

<sup>1125</sup> National Commission for Scheduled Castes, Social Exclusion in Markets, at 14 (2020).

behaviors of consumers through branding to dominate the perception and action of individuals.

This phenomenon occurs in India where there is manipulative marketing of products that exploits the needs of the consumers without making them aware of any harm or risks that may arise from the consumption of these products. Consumers who are invisible due to low levels of literacy and knowledge of technology find themselves being manipulated.

Additionally, there are also consumers who prefer using languages not used by mass media and marketers, hence putting them at a disadvantage in accessing vital consumer information.

In the digital context, algorithms and data mining that guide the targeted content creation can work both ways. Invisible consumers might be empowered through personalization and algorithmic recommendations, but at the same time, these tools could be exploited by the corporations. Invisible consumers are exposed to biased algorithms that hide the right offers, yet the consumers themselves are exposed to predatory marketing via personalized advertisements.<sup>1126</sup>

### Intersection of Power Dimensions

The interaction and overlapping of these three elements, structural, relational, and discursive lead to the formation of an intricate network of obstacles that make invisible consumers in India vulnerable. The restrictions created by structural barriers, poor bargaining power due to relational barriers, and negative influence of discursive control on consumer choices and decision-making processes contribute to consumer invisibility and exploitation.

The recognition of power relations within the Indian consumer context is vital for the development of efficient interventions. Tackling any single aspect without taking into account

the others might have little effect on consumer invisibility, as illustrated by an example below.

### Implications for Invisible Consumers

The presence of power imbalances in market dealings leads to the exploitation of the invisible consumers through the provision of poor quality products, unreasonable prices, and lack of access to means of lodging complaints.

Approaches for empowering invisible consumers should incorporate solutions that involve structural empowerment, relational empowerment, and discursive justice, which include structural empowerment that involves making structural changes (such as broadening regulatory powers), relational empowerment involving the empowerment of consumers, negotiation powers, and intermediary regulation, and discursive justice through marketing ethics.

Such an approach will allow invisible consumers to have more empowerment, protection, and inclusivity in the market dealings in India.

### Ethical Challenges

The ethical issues related to transactions within the market place where there are invisible consumers in India are many and stem from a wide range of factors that are entrenched in inequalities in the society.

#### 1. Exploitative Marketing Practices

The invisible consumers can be subjected to unethical marketing practices, which tend to take advantage of the low level of knowledge about the product or service offered.<sup>1127</sup> Some advertisements might even highlight the benefits while ignoring any possible danger associated with the products, thus making the consumers make unwise choices due to their insufficient knowledge or poor literacy skills.

Unethical marketing practices in industries such as the pharmaceutical sector, fast-moving consumer goods (FMCG), and financial institutions may lead to unhealthy consumption

<sup>1126</sup> Ministry of Electronics and Information Technology, Algorithmic Bias and Consumer Impact Study 2023, at 10 (2023).

<sup>1127</sup> Ministry of Consumer Affairs, Consumer Protection Framework Report 2021, at 20 (2021).

choices by offering dangerous products that could harm the customers' financial position.<sup>1128</sup>

## 2. Product Quality and Safety Concerns

Invisible consumers often come across poor-quality, adulterated, or fake goods because regulation is minimal in informal and rural markets. Economic limitations force these consumers to consider cost as their main concern, which makes them vulnerable to poor quality products that put their lives at risk.

There is no shortage of moral and ethical ramifications that arise in this situation since this group suffers from the effects of poor product quality. Their exploitation by businesses and regulators highlights their vulnerability to such practices.

## 3. Inadequate Access to Grievance Redressal

Although there are provisions made in acts like the Consumer Protection Act, 2019, invisible consumers face many hurdles in getting their complaints redressed when consumer rights are violated.<sup>1129</sup> The language barrier, complicated procedures, geographical distance, and ignorance prevent consumers from lodging effective complaints and ensuring proper resolution of their grievances in India.

This becomes a vicious cycle, as unresolved grievances reduce consumer confidence in the market institutions and deny them the opportunity to claim their rights.

## 4. Data Privacy and Digital Vulnerabilities

The ethical problems concerning the invisible consumer arise from the fact that the market has evolved digitally, hence making invisible customers susceptible because of the deficiency in digital skills and knowledge. Privacy problems arise as a result of the procedure whereby organizations gather, analyze, and

disseminate customer data without the consumer's knowledge and permission.<sup>1130</sup>

The potential for algorithmic bias in digital marketing could result in discrimination against invisible consumers by denying them access to affordable products and subjecting them to aggressive marketing tactics. This raises concerns because of the opacity associated with digital marketing practices.

## 5. Ethical Responsibility of Corporations

CSR initiatives present a chance of addressing ethical challenges. Nevertheless, implementing these initiatives does not lead to the realization of the advantages of invisible consumers. CSR initiatives are superficial because they focus on the reputation of the business rather than the well-being of the consumer. If businesses have to be ethical, then they must act and engage in discussions as well as account for themselves with regard to invisible consumers. Failure to do so leads to constant unethical behavior in the business environment.<sup>1131</sup>

## 6. Structural and Systemic Neglect

Apart from individual transactions, other systemic ethical issues include exclusionary market design and regulation failures. In informal markets that govern the lives of most invisible consumers, such ethical dilemmas may occur outside the scope of official policies, exposing consumers to all kinds of abuses.<sup>1132</sup>

Inequalities in social stratification concerning castes, gender roles, and classes add yet another layer to ethical issues in consumerism through limited access to the market place.<sup>1133</sup>

## 7. Conflict Between Profit Motives and Consumer Welfare

The conflicting interest between corporate profit-making and consumer well-being gives rise to ethical issues. Companies may emphasize efficiency, growth, and competition

<sup>1128</sup> Food Safety and Standards Authority of India, Annual Report 2022, at 30 (2022).

<sup>1129</sup> Ministry of Consumer Affairs, Consumer Awareness Report 2021, at 35 (2021).

<sup>1130</sup> Telecom Regulatory Authority of India, Cybersecurity Report 2023, at 15 (2023).

<sup>1131</sup> Ministry of Corporate Affairs, Corporate Social Responsibility Annual Report 2022, at 25 (2022).

<sup>1132</sup> Ministry of Micro, Small & Medium Enterprises, Informal Sector Report 2020, at 28 (2020).

<sup>1133</sup> Reserve Bank of India, Guidelines on Responsible Lending and Consumer Protection in Microfinance (2021).

rather than safety, honesty, and consumer rights.<sup>1134</sup>

The problem is especially prominent in industries like microfinance, drug development, and digital commerce, which aim to reach invisible consumers through expensive loans, dangerous medications, and obscure digital products. Ethical misconduct in these industries further exploits consumers' weaknesses and reinforces social inequalities.

Solving these ethical dilemmas calls for an integrated strategy that includes strict regulations, consumer education, corporate responsibility, and inclusive market mechanisms. Understanding and addressing the particular needs of invisible consumers is critical in achieving ethical business practices and economic inclusion in India.

### Indian Consumer Market Overview

The Indian consumer market can be considered one of the most dynamic and complicated markets in the world, as it is influenced by the enormous population of India, which exceeds 1.4 billion individuals. It is also highly heterogeneous, both economically, geographically, linguistically, culturally, and in consumption behavior. This poses several opportunities and challenges for consumer protection in relation to invisible consumers.<sup>1135</sup>

### Market Size and Growth Dynamics

The Indian consumer market can be considered one of the most dynamic and complicated markets in the world, as it is influenced by the enormous population of India, which exceeds 1.4 billion individuals.<sup>1136</sup> It is also highly heterogeneous, both economically, geographically, linguistically, culturally, and in consumption behavior. This poses several opportunities and challenges for consumer protection in relation to invisible consumers.<sup>1137</sup>

<sup>1134</sup> Reserve Bank of India, Guidelines on Responsible Lending and Consumer Protection in Microfinance (2021).

<sup>1135</sup> Government of India, Census of India 2011 (Provisional Population Totals).

### Urban–Rural Divide

Whereas cities get more development in terms of infrastructure, education, and better market facilities, rural areas, where almost 65 percent of the population lives, remain undeveloped. Rural consumers lack good product availability, better retail facilities, and stronger consumer protection laws. The informal market system dominates the economy of rural areas, with intermediaries serving as an important part of the market chain.

### Socio-Economic Disparities and Consumer Behavior

The role that socioeconomic status plays in shaping consumer behavior and market dynamics cannot be overstated. The consumers' primary concern at the lower end of the socioeconomic spectrum is cost, often overlooking issues such as quality and safety concerns. This makes such consumers vulnerable to the negative practice of predatory pricing, fake products, and misleading advertising. The Scheduled Castes, Scheduled Tribes, and other disadvantaged communities have suffered from social and political exclusion.<sup>1138</sup>

### Digital Penetration and E-commerce

The digital revolution has had a profound impact on the Indian consumer market, where there are over 700 million Internet users and an increasing trend towards smartphones. Digital commerce websites have made it easier for consumers to access products and services, providing them with convenience and choice. Nonetheless, digital accessibility is not even across the board. A large number of consumers who remain invisible may not be digitally literate or may not have Internet access.

### Regulatory Landscape

The consumer protection laws in India have witnessed a lot of changes since then. These

<sup>1136</sup> Ministry of Statistics and Programme Implementation, Economic Survey 2022–23, at 45 (2023).

<sup>1137</sup> Consumer Protection Act, 2019, No. 35, Acts of Parliament (India).

<sup>1138</sup> National Sample Survey Office, Report on Socio-Economic Inequalities in India 2017, at 12 (2018).

include the Consumer Protection Act, 2019 that provides better rights to consumers, simpler grievance handling methods, and e-commerce rules. It forms Consumer Protection Councils as well as the CCPA (Central Consumer Protection Authority). However, implementation of the rules is poor due to weak institutional capability, especially in rural and informal markets.

### **Challenges in Enforcement and Awareness**

One of the challenges facing the industry is the ignorance on the issue of rights amongst the invisible consumers. This problem is further made difficult by the language barrier and lack of education in most consumers. Most of the consumers are not aware of the processes that they can follow to report any wrong doing in the industry.<sup>1139</sup>

### **Informal Economy and Market Interactions**

The informal sector is an important part of the Indian economy and provides employment to more than 80 percent of the workforce. The activities that take place in this sector involve cash dealings, lack regulation, and fall outside the scope of formal consumer protection laws. Invisible consumers operating in the informal markets face further vulnerability because of the absence of contracts.

### **Cultural and Linguistic Diversity**

The diversities in culture and language in India complicate matters regarding consumer protection. Communication materials, product information, and information about consumer laws are all available in the dominating languages, and are not available to the consumers who speak other languages. Thus there exists a requirement of specific communication.

### **Emerging Trends and Opportunities**

The government's involvement in schemes such as the Digital India Scheme, the Jan Dhan Yojana scheme, and the process of rural electrification aims at solving problems related to

infrastructure and connectivity. There has been a heightened emphasis on encouraging financial literacy and consumer education via consumer awareness campaigns, employing grassroots-level communication channels and media. Mobile money transfers and local e-commerce websites offer an opportunity to include invisible consumers.

### **Digital Inclusion Challenges in India's Consumer Market**

The aspect of digital inclusion is very significant when trying to integrate invisible consumers into the current market. There are a lot of challenges associated with achieving this objective in India despite advancements in Internet connectivity and smartphone usage.<sup>1140</sup>

#### **Access and Infrastructure:**

Rural areas can be remote from infrastructures like the availability of the internet connection, access to broadband, and electricity. The absence of appropriate infrastructure prevents invisible consumers from participating in the electronic market due to their inability to utilize online consumer protection facilities.

#### **Digital Literacy:**

The illiteracy in technology of some consumers is an impediment for engaging with the platforms in question. The comprehension of e-commerce sites and online payments as well as online fraud prevention all call for some degree of literacy that can be lacking in some consumers like women and old customers and those who lack proper education.

#### **Language Barriers:**

The linguistic diversity of India poses a barrier to digital inclusion as websites and information on the Internet are generally written in English or in the regional language of that specific area; therefore, people whose primary languages are different from the regional languages and English cannot access such websites.

<sup>1139</sup> Ministry of Consumer Affairs, Consumer Awareness Report 2021, at 30 (2021).

<sup>1140</sup> Telecom Regulatory Authority of India, Digital Inclusion Report 2022, at 18 (2022)

### **Trust and Awareness:**

Unseen consumers can be distrustful of any form of transaction that happens through the internet because of the possibility of fraud or violation of privacy. The lack of consumer knowledge of technology is another reason why consumers are distrustful of transactions on the internet.

### **Algorithmic Bias and Exclusion**

Recent research shows that there is a possibility that algorithms implemented in digital platforms may show bias towards marginalized consumers because the algorithms can restrict the ability of such consumers to access low-cost/compatible products or even exploit them via malicious marketing campaigns. Such a problem poses many ethical issues in market transactions on digital platforms.

### **Informal Sector Dynamics in Indian Consumer Markets**

The Indian labor market and consumer exchange is centered on the informal sector, which comprises unregistered enterprises and unregulated business exchanges. The structure of the informal economy accounts for the unique challenges associated with the invisible consumer.

### **Lack of Formal Protection**

In most cases, the deals made in informal markets lack agreements, guarantees, and standardized prices, which makes the consumers vulnerable to being cheated and receiving poor quality products or services. Consumers operating in informal markets lack any legal cover from the unfair practices of such markets.

### **Role of Intermediaries:**

It is essential that intermediaries such as retailers, agents, and brokers act as vital players in informal markets, especially in rural areas. While these individuals ensure that customers have access to goods, they may occasionally exploit customers due to ignorance on how to identify quality goods.

### **Cash-Based Transactions and Credit**

The transactions within the informal sector take place in cash hence making it opaque and difficult to account for. Some customers within the invisible economy obtain financing through the informal means, which charge extremely high-interest rates.

### **Regulatory Gaps:**

Regulations on consumers' rights and regulators do not have enough jurisdiction and capabilities to regulate the informal market effectively. It is not easy to implement the laws due to the fragmented nature of the informal market.

### **Social and Cultural Factors**

The social relationships and culture of the community are of extreme importance while making informal transactions. While these relationships could provide social support, they could just as easily lead to the promotion of exclusion or prevent consumer reactions to unfair behavior because of fear of exclusion.

### **Opportunities for Inclusion**

Steps toward formalizing the informal sector in terms of registration, microenterprise schemes, and digital payment systems could help with improving consumer protection. Measures that take into consideration the unique processes of the informal sector are vital in ensuring the inclusion of voiceless consumers.

### **Analysis and Discussion**

#### **1. Power Asymmetries in Indian Market Interactions**

Invisibility of the consumer is one of the most important causes of problems faced by invisible consumers. Generally, corporations possess more information regarding their goods, pricing, and rights than customers, especially those who are illiterate. Consumers lack any reliable source of gaining information since the company makes efforts in marketing to use the ignorance of the consumers.

Another cause of difficulties of invisible consumers is the economic disparity. They

cannot earn more money due to various factors. Therefore, they end up buying poor-quality goods that are sold at expensive prices.

Another critical player is intermediaries. There are times when intermediaries play the role of barriers between the consumers and firms. This makes it easier for the intermediaries to mislead them. Since they are illiterate, they cannot negotiate reasonable prices.

Despite the fact that technology makes it easy for market transactions to take place, there are certain challenges associated with it. One of them is related to the illiteracy level of the consumers.<sup>1141</sup>

## 2. Ethical Challenges Faced by Invisible Consumers

Exploitative marketing methods are common, from fraudulent advertising involving misrepresentation or deception to the sale of substandard products. Ethical considerations for invisible consumers in the digital marketplace could include invasion of privacy due to data breaches and unethical behavior concerning digital transactions, exacerbated by insufficient digital literacy.

The adulteration of goods is an ethical challenge that continues to exist in sectors such as food and pharmaceuticals, having greater adverse effects on vulnerable consumers due to their reliance on affordable products. The ethical challenges are not only concerned with public welfare but also involve social justice, where these consumers are most affected if the quality of goods deteriorates.

Access to remedies poses a challenge in ensuring justice for invisible consumers. Despite the existence of policies that address exploitation, many vulnerable consumers lack awareness of how to lodge complaints or face difficulties in accessing remedies due to various factors, including language and process barriers.

## 3. Visible Consequences of Invisible Consumer Exploitation

Some economic consequences of exploitation include an increased debt burden, a reduced income, and an inability to afford basic necessities. On the other hand, the social consequences include a deterioration of one's health, a reduction in social capital, and more marginalization in the legal economy.

The invisible exploitation of the consumer creates the poverty trap through the draining of minimal financial means via high costs, poor quality goods, and lending. Poor health consequences such as poor nutrition and toxicity increase the gap between socioeconomics. Socially, exploitation undermines trust in the market system and institutions, which leads to consumer exclusion.

Regulatory failure is part of the cause for these outcomes. Regulatory bodies may not have the necessary funding or political motivation to deal with violations, particularly in the informal and rural economy.

## 4. Case Studies

**1. FMCG Product Adulteration and Its Impact on Invisible Consumers:** Adulteration of FMCG items such as milk, spices, oils, and packed foods is common in rural and impoverished urban settings.<sup>1142</sup> Invisible consumers, who have no other options due to their limited finances, are forced into purchasing the contaminated products. The risks associated with such adulteration include food poisoning and chronic illness. This affects children, the old and people with weak immune systems the most.

### Policy Recommendations:

**Strengthening Food Safety Enforcement:** Enhancing the capacity and reach of the Food Safety and Standards Authority of India (FSSAI) in rural and informal markets through

<sup>1141</sup> Ministry of Electronics and Information Technology, Digital Literacy Survey 2023, at 25 (2023).

<sup>1142</sup> Food Safety and Standards Authority of India, Annual Report 2022, at 23 (2022).

decentralized monitoring and rapid testing kits.<sup>1143</sup>

**Community-Based Vigilance:** Empower local consumer groups and NGOs to conduct awareness drives and participate in monitoring product quality.

**Mandatory Labeling and Traceability:** Enforce stringent labeling norms and supply chain traceability to hold manufacturers accountable.

**Accessible grievance mechanisms:** Simplifying complaint processes with multilingual, mobile-based platforms tailored for low-literacy users.

#### **Ethical Framework:**

Companies need to embrace a rights-oriented strategy that values the safety of consumers above all else. Marketing must be responsible and reveal information on the components and quality standards of products as well as any potential dangers associated with them. Both regulators and companies are obliged to take care and avoid harm, which means quality control and recalls are essential.

## **2. Microfinance Sector Abuses: Predatory Lending and Debt Traps**

Microfinance institutions (MFIs) have expanded credit access, but often at the cost of consumer welfare.<sup>1144</sup> Invisible consumers, particularly rural women, face complex loan terms, high effective interest rates, and aggressive recovery tactics. A lack of financial literacy exacerbates misunderstandings of obligations, leading to over-indebtedness and social distress, including forced asset sales and family disruption.<sup>1145</sup>

#### **Policy Recommendations:**

**Regulatory Supervision:** Enhance the regulatory supervision by the Reserve Bank of India (RBI) of MFIs through interest rate ceilings and mandatory disclosures.

**Financial Education Initiatives:** Design financial education programs based on the local context,

which should focus on informing clients about their loan terms, rights, and risks, using both traditional organizations and technology as mediums.

**Grievance Handling Mechanisms:** Create grievance handling mechanisms that would be located within the jurisdiction of the aggrieved party.

**Code of Conduct for MFIs:** Formulate codes of conduct that promote ethical lending practices by MFIs.

#### **Ethical Framework:**

Ethically, microfinance organizations need to strike a balance between financial inclusivity and customer protection by adopting the concepts of beneficence and non-maleficence. The concept of transparency calls for effective communication, while the idea of autonomy implies that people's involvement must be voluntary. Social justice dictates that borrowing policies should not contribute to social injustice.

## **3. Digital Scams Targeting Rural and Low-Literacy Consumers**

As digital penetration expands, invisible consumers encounter fraudulent schemes, including fake loan apps, phishing attacks, and counterfeit e-commerce sites.<sup>1146</sup> Limited digital literacy and trust in intermediaries make consumers susceptible to identity theft, financial losses, and psychological distress.<sup>1147</sup> The complexity of digital complaint systems and the lack of localized support reduce reporting and remediation.

#### **Policy Recommendations:**

**Campaign for Digital Literacy:** Initiate major, culturally-tailored literacy campaigns concentrating on safe internet usage, identifying fraud, and privacy of personal data.

<sup>1143</sup> Ministry of Consumer Affairs, Consumer Protection Act, 2019, No. 35, Acts of Parliament (India).

<sup>1144</sup> Reserve Bank of India, Guidelines on Microfinance Lending (2021)

<sup>1145</sup> Ministry of Rural Development, Financial Literacy Program Report (2020).

<sup>1146</sup> Telecom Regulatory Authority of India, Cybersecurity Report 2023, at 12 (2023).

<sup>1147</sup> Ministry of Electronics and Information Technology, Digital Literacy Survey 2023, at 25 (2023).

**Regulation Measures:** Give powers to TRAI and cybercrime divisions to regulate, shut down and punish fraudulent actors promptly.

**User-friendly complaint mechanisms:** Online multilingual consumer protection portals along with the option of filing complaints offline must be initiated.

**Collaborative Initiatives:** Collaboration among governments, technology firms and non-government organizations is needed for designing a digital consumer protection framework.

#### **An Ethical Approach:**

The responsibility of ensuring digital consumers' rights rests with both the digital service provider and the regulatory authority. Ethics in using information and algorithm transparency can help curb any abuse of technology. Education as an empowerment tool is in line with autonomy and justice principles.

#### **4. Informal Market Exploitation: The Role of Intermediaries**

The intermediaries control most of the informal markets as they have control over access to goods and services.<sup>1148</sup> They can play games with the prices and mislead customers with regard to their products and services. The invisible consumers rely heavily on the intermediaries and thus cannot confirm the authenticity of goods and services.<sup>1149</sup>

#### **Policy Recommendations:**

**Formalization Assistance:** Assist informal marketers in registering and acquiring the necessary skills to allow them to be incorporated into the formal system.

**Transparency Initiatives:** Encourage practices that support price transparency and product certification available to consumers upon purchase.

**Empowerment of Consumers:** Strengthen trade unions and cooperative societies to lessen their dependence on intermediaries.

**Enforcement of Regulations:** Appoint consumer protection officers and mobile squads to monitor informal markets.

#### **Ethical Framework:**

In any marketplace situation, intermediaries have an obligation to be truthful to consumers. Honesty, fairness, and respect for consumers are essential elements in marketing ethics. It is important that policy makers ensure that the informal relationships that exist in the marketplace are not unjustified.

#### **5. Healthcare Access and Pharmaceutical Ethics**

The invisible consumer faces difficulties accessing cheap and good quality medical care. There are fake medicines available in the informal distribution chain of medicines, which put at risk the health of those consuming them. The producers of such medicines act unethically in their promotion within the informal medical sector.<sup>1150</sup>

#### **Policy Recommendations:**

**Step Up Medication Regulation:** Improve the monitoring and enforcement capability of CDSCO in rural and informal settings.

**Code of Ethics for Promotional Practices:** Adopt and implement stringent rules related to pharmaceutical marketing practices.

**Development of Public Health Infrastructure:** Provide greater financial support to expand quality public healthcare facilities and thereby lessen reliance on informal practitioners.

**Health Literacy Programs for Consumers:** These should include information on safe medication practices and patient rights.

<sup>1148</sup> Ministry of Micro, Small & Medium Enterprises, Informal Sector Report 2020, at 18 (2020).

<sup>1149</sup> National Commission for Scheduled Castes, Social Exclusion in Markets, at 14 (2020).

<sup>1150</sup> Central Drugs Standard Control Organization, Annual Drug Safety Report 2022, at 15 (2022).

### Ethical Framework:

It is the responsibility of the pharmaceutical companies and service providers to make sure that the welfare of the patient is of utmost importance and he or she gets all the necessary details about all kinds of medicine and treatments that could be used by him/her. Ethics in public health demand that everyone has access to drugs and vulnerable sections of the population must be safe from any kind of harm.

In this way, both the case studies and the ethical theory may be considered as a comprehensive approach to handling the problems associated with invisible consumers in India.

### Conclusion

The issues affecting invisible consumers in India arise from various sources, among them the issues of power dynamics and the low moral status of market transactions. The issue affects more than just economic poverty, it also affects social deprivation and may even cause health problems due to exclusion from market transactions. These structural issues include power dynamics which put invisible consumers in a position where they have little reliable information, economic weakness and dependency on intermediaries for conducting market transactions.

There are several economic and social impacts that may affect consumers as a result of their invisibility. Economically, these impacts include issues such as indebtedness, income loss, and inability to access high quality products. Socially, there is lost of social capital and vulnerability to health issues due to consumption of inferior quality products in the informal sector of the FSS.

Such problems need a comprehensive solution. The protection of consumer rights can be made possible through robust regulation that is effectively enforced, especially in rural and informal areas. Regulatory agencies should be adequately equipped to enforce the regulation on invisible consumers and resolve any infringement as soon as possible. It is necessary to create awareness among consumers

regarding their rights, product quality, and complaints procedures within their culture and socioeconomic context.

The idea of corporate accountability must be reconsidered by involving invisible consumers in meaningful engagement with them. Firms must take a holistic view of their operations by incorporating ethics into their strategies. This may involve implementing initiatives of Corporate Social Responsibility that benefit invisible consumers more than anything else.

Digital inclusion comes with its own set of advantages and challenges. The provision of digital literacy programs for those consumers who are not yet digitally literate and having effective and user-friendly online complaint platforms is essential in enabling invisible consumers to use digital marketplaces safely. It will be important for policymakers and technology companies to mitigate the problems of algorithmic bias and data privacy to avoid further marginalizing these consumers.

Another challenge that the invisible consumers face lies in the context of the informal economy where much of the transaction occurs among these consumers. Policy measures must therefore be developed in such a way that ensures that these transactions are formalized while still retaining the dynamics of the local economy. Including informal markets within consumer protection policies, building up the capacity of intermediaries, and promoting collective empowerment of consumers become critical strategies in this regard.

Finally, it will be necessary for all stakeholders including the government, corporates, civil society, and consumers themselves to take action towards creating fair and ethical market interactions for invisible consumers in India.

The necessity of such interventions becomes more apparent considering the swift development of markets and technological advancements in India's finance sector. If no intervention takes place, the inequalities that are currently present will only widen, and the



INDIAN JOURNAL OF LEGAL REVIEW [IJLR – IF SCORE – 7.58]

VOLUME 6 AND ISSUE 8 OF 2026

APIS – 3920 – 0001 (and) ISSN – 2583-2344

Published by  
Institute of Legal Education

<https://iledu.in>

repercussions of invisibility will further hinder the health of millions of Indians. In this regard, a reimagined approach towards market governance and ethics is essential in India to foster a fair consumer environment.





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ISSN 2583-2344



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