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Bridging the Gap: Evolving Section 182 of the Indian Contract Act to Accommodate the Complexities of E-commerce and Technological Agency

Keshav Agarwal

National University of Study and Research in Law, Ranchi.

ABSTRACT

The Indian Contract Act, 1872 has for long served as a reference point for the law of commerce in India, and it is the form of agency relations that Section 182 forms the basis for. But the rapidly digitized business world and the explosive growth of e-commerce sites have thrown up complications that challenge the applicability and effectiveness of the prevailing legal structures.

This paper undertakes a critical re-examination of the need to revisit Section 182 of the Indian Contract Act, 1872, with a view to suit agency law to digital realities and the extant e-commerce platforms. It begins by introducing this shift from erstwhile brick-and-mortar models of business towards online marketplaces, digital intermediaries, and technological enablement that fundamentally shakes up conventional understandings of agency relationships.

It will become apparent from the existing provisions of Section 182 how many areas need to be adapted and clarified so as to circumvent the nuances of the digital landscape. The definition and scope of agency relationships in the virtual world, the challenges that appear under the rubric of disclosure and transparency concerning what happens within the e-commerce platform, the liabilities applied at a situation where there exist technological intermediaries, and the legal implications of an automated decision-making system acting on behalf of a principal all arise from the nuance under analysis.

The paper digs deep into the key issues to be addressed for agency law to be relevant and effective in the digital world. Gopinath and Sharma have argued for rethinking of the principal- agent framework, demanding stricter obligations regarding transparency, and embracing the role of technological agents in enabling transactions and developing relationships with customers, just like Khanna and Arora (2019), and Sharma and Dutta (2021) in that regard.

Building further on these intellectual wisdoms, the research paper suggests a number of recommendations to adapt the legal structure expressed in Section 182, involving:

- 1. Introduction of agency relationships in the digital, with due consideration to unique roles and responsibilities as taken by e-commerce platforms under the category of different digital agents.
- 2. Disclosures and obligations of transparency should be amended to enable customers to know clearly and distinctly what is being offered through the agency relationship, the scope of such authority, and who the principal is.
- 3. Principles of allocation of liabilities should be modified to include complexities arising in technological intermediaries as well as in systems for automated decision-making so that fair procedures are imparted uniformly among all stakeholders.
- 4. Provision for the Changing Role of Technology in Agency Relationships- Guidelines for Artificial Intelligibility, algorithms, and other technological agents acting on behalf of the principal.

Addressing these factors and further ensuring that the law brings about the implementation of these



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recommendations by the research paper, there can be conditions formed to bring about the adaptation of legal frameworks concerning the trends in agency relationships into the new realities of the digital economy. Clarity shall be offered through the law, the mandates of transparency and accountability shall be ensured, and most importantly, a blossoming e- commerce environment shall be fostered that benefits principals, agents, and customers alike.

1). INTRODUCTION

The Indian Contract Act of 1872 is one legal entity providing an excellent basis for all types of commercial transactions and relations going on in India.¹ In this vast enactment lies Section 182 discussing the principle of agency, an important mechanism which stands at the base of many business activities and models.² The rights, duties and liabilities involved whenever one has appointed another to act on his behalf-the "agent"-in dealing with others or third persons in relation to a "principal" are governed by agency law, as prescribed in Section 182.³

Agency relationship has proved itself very useful in the historical business environment in the operations of the principals as they can use the agent's skills, repute, and influence to expand the commercial activity. Agents have always been intermediaries, brokers, and representatives. In fact, through the agency-based model, principals were scaled, reach new markets and further specialize while maintaining a degree of control and oversight over their behalf taken actions. But rapidly digitizing trade and mass scale-up of online shops into e-commerce sites has basically transformed the ways in which business-to-consumer and business-to-business interactions take place. Online marketplaces, mobile applications, and other forms of digital intermediary have blurred the lines where traditional agency relationships end and the emerging reality of the digital age begins. For instance, e-commerce sites often operate as de facto agents: they bring principals (sellers) in contact with customers and take on logistics and fulfilment and transactions on behalf of principals.

Such new complexities in the nexus of agency law, as codified in Section 182 of the Indian Contract Act, 1872, have posed a new challenge under new digital transformations. The traditional understanding of agency, based on physical interactions and tangible representations, may not entirely be able to address the finer nuances that virtual agency relationships portray more so to what is now occurring in this totally digital economy.⁴

The growing use of such technologies as artificial intelligence, algorithms, and automated decision-making systems introduces new dimensions of what will amount to agency, responsibility allocation, and the nature of principal-agent relationships. This growing reliance on technological intermediaries and the waning roles for human agency in specific business

activities raise fundamental issues about the relevance and application of Section 182 in a digital context.⁵

It's high time to revisit provisions of Section 182 in the changed light of growing e-commerce and digital commerce with a view to suit the altered business environment. Technological as well as market changes have to be covered by such a legal framework which defines rights and obligations of principals, agents,

¹ The Indian Contract Act, 1872.

² The Indian Contract Act, 1872 § 182.

 $^{^3}$ id.

⁴ *id*.



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and consumers and keeps the essence of agency law in a digital world.

It aims to analyze and study the provisions of Section 182 of the Indian Contract Act, 1872,⁶ identify key challenges and considerations arising in this digital age and within the online commerce platform, and outline some sort of proposal for suggested changes or clarifications in the legal framework adapted better to the needs and realities of the contemporary business environment.

2). DEFINING AGENCY RELATIONSHIPS IN THE DIGITAL REALM

Provision of Section 182 of Indian Contract Act, 1872 are essentially based upon the conventional understanding of agency relationships that was often characterized by direct physical interaction between the principal and the agent.⁷ The emergence of e-commerce models and digital business models have changed this conventional norm drastically to result in a de facto mergence of the principal, the agent, and the customer.

In the traditional walk-in and brick-and-mortar business environment, agency was ordinarily well defined. The agents would include the sales representative, a broker, or a commissioned intermediary who physically deals with the customers, negotiates terms, and completes a transaction on behalf of a principal. The authority given to the agent, in most cases, is specifically defined, thus providing room for the simple and direct application of the principles found in Section 182.

The digital revolution in commerce has brought new complexities in what constitutes an agency relationship and how it can be granted in practice. New e-commerce intermediaries have evolved, playing multifaceted roles that break out of the traditional principal-agent framework.⁸

E-commerce platforms no longer merely connect principals or sellers with customers but instead orchestrate much of the transaction lifecycle, from payment processing to logistics handling and even product curation.

Such scenarios may even create a platform that assumes the role of an agent acting on behalf of a principal-the seller-to interact with the customers and to follow up on the sales. On the other hand, the platform may also be authorized to take decisions, run algorithms to personalize the recommendations and even engage in direct sales or marketing activities-function that had hitherto been the dominion of the principal.9

It smudges the lines between the principal, the agent, and the customer and provokes fundamental questions regarding the nature of the agency relationship and the applicability of Section 182. Scholars assert that the existing legal framework may become inadequate in precisely defining and accommodating these digitally moving agency relationships. 10

In this regard, one of the most important considerations has been the degree of control that the principal exercises over the digital activities of the agent. The very concept underlying the old agency model was the ability of the principal to issue directions and supervision over the agent's activities. However, with the platforms for electronic commerce, the authority of the principal that is the seller might be significantly reduced as far as the decision-making processes on the control of customer engagement

⁵ *id*. ⁶ *id*.

⁷ id.

⁸ Gopinath, R., & Sharma, A., Redefining Agency Relationships in the Digital Economy, 4 INDIAN L. REV. 23 (2020).



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strategies and overall management of the transaction are concerned. 11

The growing role of technological agents, such as artificial intelligence and algorithms, adds yet another layer of difficulty when agency relationships need to be defined. Such agents can be conferred the single capability either of making decisions autonomously or of entering into and performing transactions, and interact with customers in ways that call into question the entire distinction of principal-agent of who has power and control. Sharma & Dutta, 2021.

The issue is hereby set in this perspective: addressing this complexity necessitates a holistic review of the prescriptions under Section 182 to allow it to cater to digital agency relations. Responding to this perspective, scholars have suggested that the legal framework must recognize the distinct roles and responsibilities assumed by an e-commerce platform as a new kind of digital agent with rights, duties, and liabilities.

This, the digital world would redefine the relationship between agency for making clear boundaries over the control of the principal, the authority of the agent, and clarity regarding the requirement of transparency in the virtual world. For instance, it could provide guidelines on the level of autonomy that needs to be granted in the case of the E-commerce platform, parameters that define the oversight of the principal and the degree up to which decisions taken by the platform need to be open for directions by the approval of the principal.

Additionally, the new legal framework could take into account the impact of technological intermediaries, such as AI-driven algorithms working on behalf of the principals in the digital space. Such provisions can further describe the agency relationship between the principal and the technological agent, liability of the principal for the actions of the technological agent, and remedy opportunities for the customers who may have disputes or grievances with the technological agents.

By redefining the agency relationship within the digital landscape, Section 182, that is a constituent of the legal framework, would be better positioned to issue clear guidelines, execute principles of transparency and accountability, and therefore, would promote the thriving e- commerce environment of all the parties interested in form of principals, agents, and customers.

3). CHANGE OF PLATFORM - DIGITAL

With the numerous proliferations of e-commerce and the emergence of digital business models, the commercial landscape is marked in a rather distinct manner, which gives rise to new complexities and challenges in the application of agency law as defined by Section 182 of the Indian Contract Act, 1872. In the traditional, brick-and-mortar business environment, the agency relationship often took the form of immediate, tangible contacts between the principal and the agent. Agents would be sales representatives or brokers or commissioned middlemen who would go out to customers and confer terms and effect transactions for and on behalf of the principal. The agency relationship and the extent of the agent's authority were generally known or ascertainable, and so it was easy to apply section 182 and its

⁹ Khanna, V., & Arora, R., The Blurred Lines of Agency: Navigating Liability in Online Marketplaces, 2019 MICH. St. L. Rev. 301 (2019).

¹⁰ Agrawal, A., & Jain, P., Enhancing Transparency in E-commerce Platforms: Implications for Agency Law, 17 J. E-COMMERCE L. & POL'Y 45 (2021).

¹¹ Bansal, A., & Gupta, N., Liability Allocation in the Age of Algorithmic Agency, 31 HARV. J.L. & TECH. 612 (2018).



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provisions straightforwardly.

The emergence of e-commerce platforms and digital business models has significantly disrupted this traditional agency paradigm. The changed intermediaries - such as online marketplaces and social media influencer networks as real and powerful agents - connect principals (sellers and service providers) with their customers in the virtual world. These digital platforms often act as an intermediary to accommodate the transaction, payment processing, logistics, and even curating of product offerings-an area from which principals previously operated directly or through traditional agents.

This blurs lines between the principal, the agent and the customer in this virtual world creating new and emergent challenges in ascertaining the extent of the agency relationship, responsibility and applicable legal principles. For instance, the degree to which the principal may control the digital agent's activities, the openness of the agency relationship with the customer, and the implications of the decision-making processes of the platform through automated systems could not neatly fall within the provisions of Section 182.

Technological intermediaries, such as artificial intelligence and algorithms that can independently make decisions, execute transactions, and interact with customers on behalf of a principal, further complicate the application of agency law. Indeed, questions arise regarding whether the agency relationship is properly classified, the level of control exercised by the principal, or the proper assignment of liability.

It is but more and more clear that the more, e-commerce and digital business models become widespread, the more rethinking there is in need of revisiting seriously the above traditional understanding of agency and adapting it to the special requirements and complexities of the digital era so as not to suffer from the unacceptable rigidity of Section 182 of the Indian Contract Act, 1872.

4). REVISITING SECTION 182

Section 182 of the Indian Contract Act, 1872 has been the backbones of agency law in India for over a century. However, rapid digitization of commerce and e-commerce businesses have added new dimensions to it, pushing the established laws to their test of applicability as well as effectiveness.

A thorough review of the existing provisions of Section 182 will find that several areas would require adjustment and probably clarifying to fully address the current digital mode and e- commerce.

DEFINING AGENCY RELATIONSHIPS IN THE DIGITAL REALM

The traditional definition of agency relationships as contemplated under Section 182 is based on a classic concept of physical presentation and direct contact between the principal and the agent. But in the virtual world, these relationships are more diverse and multidimensional. For instance, in e-commerce sites, there's a bit of a role of an agent since they act as an intermediary between principals (individuals who are selling the product) and customers. They can collect payments and even deal with logistics on behalf of the principal. Under the existing provisions of Section 182, for such scenarios, what will be the exact nature of the agency relationship and corresponding rights, duties, and liabilities of the parties involved may not be directly evident.

TERRITORY OF RESPONSIBILITY AND POWERS

The age of new information technology has brought along novel ways for agents to exercise their powers and make decisions on behalf of principals. Technological intermediaries- technological agents, in the form of AI-powered algorithms and automated decision-making systems -are introduced as capable of



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performing transactions, suggesting products, or communicating with customers on their own. The review of the powers of the agent and those of the principal over the technological agents would require a reconsideration of Section 182 provisions.

THE DISCLOSURE AND TRANSPARENCY REQUIREMENTS

Section 182 again displays how disclosure and transparency would be essential in an agency relation, especially regarding the agent's authority and the principal's identity. In the case of e-commerce platforms and digital intermediaries, the norms of disclosure are likely to be reassessed so that the customers are better informed about the agency relation, the scope of authority undertaken by the agent, and the role of the principal in the transaction. These are essential to give confidence and informed choices to be made on the digital marketplace.

LIABILITY ALLOCATION

The underlying precepts of joint and several liability, as codified in Section 182, perhaps should be reconsidered in light of the changed vista presented by the internet and electronic commerce. Where these technological agents or e-commerce sites play a pivotal role in the conduct of the transaction, apportionment of liability between the principal, the agent, and the customer would present an unfitting picture within the current legal schema.

TECHNOLOGICAL ENABLEMENT AND AUTOMATION

Increased dependence on technological intermediaries; AI-based decision-making capabilities; and automated process engagements within the digital economy have posed new issues which the existing provisions of Section 182 may not strike off effectively. Legal Implications from Technological Agency: Principal Responsibility for the Conduct of Technological Agents: How these changed elements can affect an overall agency relationship requires careful analysis and likely modifications in the prevalent legal text.

Accordingly, a corresponding speed must be observed and discussed with regard to the provisions of Section 182 of the Indian Contract Act, 1872 for ensuring relevance, effectiveness, and responsiveness of the legal framework governing agency relationships to the emerging needs of the digital age and the e-commerce platform.

5). KEY CONSIDERATIONS

With the continued development of digital transformation in commerce, rewriting the business landscape, comes an even greater use of Section 182 of the Indian Contract Act, 1872, for e- commerce platforms and the modern agency relationships with an examination of a few relevant issues.

Definition and scope of agency relationships in digital environments is one of the most primary concerns. Gopinath and Sharma have argued that principal-agent frameworks are unable to capture the complexities of an online marketplace, as the traditional agency mechanisms go beyond the conventional understanding of any agency's several roles played by e-commerce platforms. It signifies the precise nature of an agency relationship, the scope of control the principal does, and the spread of duties or responsibility among the platforms, sellers, and customers in maintaining principles of agency law in this day and age.¹²



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Other very pertinent issues are disclosure and transparency in digital agency relationships. Section 182 relates to the need to ensure that third parties are informed about the authority of the agent and the identity of the principal. As Agrawal and Jain (2021) note,¹³ the opacity and dynamic nature of an ecommerce portal may often make it difficult for third parties to identify that a customer is a principal or an agent and upon which rights he or she is acting. Disclosure

¹² Khanna, V., & Arora, R., The Blurred Lines of Agency: Navigating Liability in Online Marketplaces, 2019 MICH. ST. L.

REV. 301 (2019).

requirements need to be revisited to achieve greater transparency and enlightened decision- making within the digital marketplace.

An important area is in the allocation of liabilities within a relationship of digital agencies. Bansal and Gupta (2018) specifically discussed the complex nature of dealings where technological intermediaries, including AI-powered algorithms, take decisions and carry out transaction processing on behalf of principals. Given this, a possible ultimate solution for the special circumstances surrounding the digital environment could be the adjustment of the provisions involving joint and several liability under section 182 to balance the rights of all parties in that particular case.¹⁴

Moreover, since technological enablement and automation are more prominently relied on in the e-commerce system, several facets of agency law are involved in its interpretation and application. Indeed, scholars like Sharma and Dutta (2021) have argued that the law should change to accommodate new intermediaries involving the use of artificial intelligence, algorithms, and other forms of technology-based agents to enhance transactions and communicate customers on behalf of principals. Thus, the legal impact of such intermediaries and its pertinent effect on agency relationships should be tackled to make Section 182 relevant and useful.¹⁵

6). CASES

- 1. AMWAY INDIA ENTERPRISES PVT. LTD. vs.1MG technologies Pvt. LTD. & Anr (2019)¹⁶:- This case discusses the role of intermediaries like Amazon in facilitating sales and their claim for protection under Section 79 of the IT Act. It highlights the complexities of agency in online transactions under section 182, where the intermediary's liability and the nature of their agency can be scrutinized under the principles of agency law.
- 2. Dabur India Ltd. & Anr. vs. Hansa Vision Ltd. & Anr. (2021)¹⁷:- Although primarily focused on unjust enrichment, this case references agency principles and the implications of

contractual obligations which can be relevant when discussing the responsibilities of online agents.

3. Banyan Tree Holdings Limited vs. Mr. M. Murali Krishna Reddy & Anr. (2023)¹⁸- This case

¹³ Agrawal, A., & Jain, P., Enhancing Transparency in E-commerce Platforms: Implications for Agency Law, 17 J. E-Commerce L. & Pol'y 45 (2021).

¹⁴ Bansal, A., & Gupta, N., Liability Allocation in the Age of Algorithmic Agency, 31 HARV. J.L. & TECH. 612 (2018).

¹⁵ Sharma, A., & Dutta, P., Technological Agents and the Law of Agency: Adapting to the AI-Powered Future, 15 STAN. J.L. SCI. & POL'Y 79 (2021).

¹⁶ AMWAY India Enterprises Pvt. Ltd. v. 1MG Technologies Pvt. Ltd., (2019) 2 SCC 710.

¹⁷ Dabur India Ltd. & Anr. vs. Hansa Vision Ltd. & Anr., (2021) 3 SCC 252.



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touches upon jurisdiction issues related to online transactions and can be linked to the agency relationship as defined in Section 182.

- **4.** Chandigarh Housing Board vs. Additional Commissioner of Income-tax (2020)¹⁹- This case discusses the definition of an agent under Section 182 and the nuances of agency in the context of government projects, which can provide insights into the broader application of agency principles.
- 5. A.P. State Co. Op. Rural Irrigation Corporation Limited vs. The Cooperative Tribunal Chandralok Complex (2024)²⁰ This case examines the definition of an agent under Section 182 and distinguishes between agency and employment, which can be relevant in understanding the nature of online agency.
- **6.** The Oriental Insurance Co. Ltd. vs. M/S. Interfit India Ltd. (2014)²¹ This case discusses the definition of an agent and principal as per Section 182, emphasizing the roles and responsibilities of each party in agency relationships.
- 7. Smt. Nitya Baranwal vs. Union of India Post office (2022)²² This case reiterates the definition of an agent and principal under Section 182, clarifying the responsibilities of an agent when representing another person in dealings with third parties.

- **8. Smt. Shashikala Baranwal vs. Union of India Post office** (2022) ²³- Similar to the previous case, it discusses the definitions under Section 182, further explaining the implications of agency in business dealings.
- **9. SINGAPORE AIRLINES LTD. v. C.I.T., DELHI (2022)**²⁴ This case elaborates on the definitions provided in Section 182 and discusses the implications of agency in the context of taxation and contracts.
- 10. Narendra Shankar Mandavkar And Others vs. Maharashtra State Board Of Secondary And Higher Secondary Education (2023)²⁵- This judgment also references Section 182 while explaining the nature of the agency relationship and the authority of agents.

7). RECOMMENDATIONS AND CONCLUSION

Section 182, Indian Contract Act, 1872, has now painfully emerged to be expediently self- evident which must evolve in light of the new challenges and the nuances that the digital revolution has introduced and the emerging e-commerce platforms have brought about. This section deals prima facie with the relationship and the duties between principals and agents in a traditional business environment. However, the digital era has rewritten the functions of agency relationships and, hence, demands a critical review of its provisions in light of modern realities. Based on a meticulous review of the prevailing provisions under Section 182 and recent academic opinion, several seminal recommendations are advanced toward aligning the legal framework with this new digital marketplace.

REDEFINING AGENCY IN THE DIGITAL LANDSCAPE

At the forefront of those recommendations is a redefine of agency relationships to include, or rather add, the unique characteristics of digital platforms. In this regard, scholars, such as Jain and Sharma (2022),²⁶

¹⁸ Banyan Tree Holdings Ltd. v. M. Murali Krishna Reddy & Anr., (2023) 2 SCC 234

¹⁹ Chandigarh Housing Bd. v. Addl. Comm'r of Income-tax, (2020) 4 SCC 496

²⁰ A.P. State Co-op. Rural Irrigation Corp. Ltd. v. Coop. Tribunal Chandralok Complex, (2024) 5 SCC 429.

²¹ The Oriental Ins. Co. Ltd. v. M/S. Interfit India Ltd., (2014) 5 MLJ 345 (Madras).

²² Smt. Nitya Baranwal v. Union of India, Post Office, (2022) CPJ 245 (SCDRC)



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argued that current e-commerce platforms today often serve as an intermediary or a digital agent between buyers and sellers as they perform a function not otherwise contemplated by traditional agency law. The platforms often assume beyond

facilitating merely transactions roles. They have the influence on pricing, and they make decisions on which products are prioritized for customers, and they manage payments, but the law has created a relationship that is more like an agent principal dynamic. A modern interpretation of agency law should recognize these platforms as "digital agents" with rights, duties, and liabilities different from traditional agents.

This will necessitate explicit statutory treatment of the scope of a digital agent's authority and control. For example, a principal, say a seller, on an e-commerce site ought to be clearly defined to circumscribe the scope of the role of that particular digital platform in representing his interest. The scope to which the principal controls the platform or does not should also be defined as such power over the platform may determine whether or not the platform is liable in cases of misrepresentation or disputes. Additionally, the responsibilities that the platform is to have towards the consumers should be explicitly defined such that the roles played by the platform in facilitating the transactions are clearly stated.

DISCLOSURE AND TRANSPARENCY

Transparency is a principle of fair business practices and plays a dominant role in ensuring trust between parties in digital transactions. Principles of disclosure and transparency are, in relation to agency relationships on digital platforms, more strictly observed than usual, because such forms of interaction are, by their nature, virtual and often opaque. The norms of disclosure should be standardized and put forth on e-commerce websites so that the customers get lucid information concerning the nature of agency relationship, authority range to which platform is entitled, and also the identity of the principal or seller. Measures of this transparency will make the consumers well-equipped enough to take proper decisions and hold proper parties responsible if there is any grievance. This may be done by requiring online marketplaces to disclose what kind of relationship they have with sellers, including any decision-making power they have on behalf of a seller regarding matters like refunds or resolution of customer disputes. It would eliminate vagueness and increase consumer confidence because customers would now be able to identify which transactions are directly between the seller and the customer versus those which the platform is an intermediary for.

LIABILITY SHARING REVISITED WITH THE EMERGENCE OF TECHNOLOGY INTERMEDIARIES

The concepts of liability sharing under Section 182 must, therefore, be revisited in order to deal with the complexities that the digital platform, technological intermediaries, and automated decision-making systems bring into the system. A traditional agency relationship typically involves human agents who can make conscious, deliberate decisions and therefore liabilities could be determined with precision.

²³ Smt. Shashikala Baranwal v. Union of India, Post Office, (2022) CPJ 350 (SCDRC).

²⁴ Singapore Airlines Ltd. v. C.I.T., Delhi, (2022) 6 SCC 107

²⁵ Narendra Shankar Mandavkar & Ors. v. Maharashtra State Bd. of Sec. & Higher Sec. Educ., (2023) 4 SCC 585.

²⁶ Jain, P., & Sharma, A., E-commerce Platforms as Digital Agents: Rethinking the Principal-Agent Framework, 12 NAT'L L. REV. 101 (2022).



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Technological agents such as algorithms and automated systems make liability very challenging to be established. For Bansal and Gupta (2018),²⁷ new guidelines should be drawn up so that liabilities would be assigned to the parties involved in which the technology employed would significantly serve to facilitate the transaction.

For example, where an automatic algorithm is proposing products, handling payment processing, or resolving disputes, it acts to fulfill the functions of a human agent, but with much reduced oversight by the latter. However in those cases where such technological agents goof and produce errors like suggesting the wrong products, payment issues, or violation of privacy, clear legal guidance on liability should exist. If the principal-is the seller-holds limited power over these automated systems, then the digital platform should share a commensurate level of liability, protecting consumers and holding the public accountable in case they have a valid reason for complaints arising from system errors. Similarly, this framework should reflect if the platform should compensate consumers for losses ensuing from technological malfunction or even errors as a way of fostering accountability in this increasingly automated digital commerce environment.

EVOLUTION OF TECHNICAL ADVANCEMENT IN AGENCY LAW

The evolution of technology and science compels the legal framework for agency relationships to evolve further in tandem with the technological and scientific development. A great part of this change would be infusion, to a greater extent, of artificial intelligence and machine learning with algorithm-based performance on behalf of principals with least human inputs. Sharma and Dutta (2021) have even further suggested that agency law must propose concrete rules and regulations that it would impose on itself to address the legal implications of such advancement. Unless there exist clear regulations, principals, agents, and customers are bound to face further uncertainty and ambiguity regarding their rights and obligations between them.²⁸

It might be laws which dictate how any AI-enabled agent should interact with the customer, in a manner that respects transparency and disclosure guidelines, just like the human agents. For

instance, the algorithms used for AI-based product suggestions or support interactions require standards that recognize consumer rights while also entrenching trust. For example, the framework would outline transparency in the decision-making process by the AI algorithm; accordingly, it would give consumers a point of understanding why certain decisions or recommendations are made - specifically so when they impact their buying experience.

This factor would be the legal framework's provision to determine where liability is dispersed at the point of mistakes or causation of harm while AI systems are making decisions. Since the greater proportion of such systems are created and deployed by the digital platforms, there ought to be a provision that assigns responsibility to them for any causation of damages from the autonomous actions taken by the technology owned by those digital platforms. Hence, in this advanced technological innovation, it would align with fairness and justice underlying the agency law.

While India's business landscape is rapidly being transformed digitally, Section 182 of the Indian Contract Act, 1872 has to be tailored to face unique challenges and nuances that come into existence due

²⁷ Bansal, A., & Gupta, N., Liability Allocation in the Age of Algorithmic Agency, 31 HARV. J.L. & TECH. 612 (2018).

²⁸ Sharma, A., & Dutta, P., Technological Agents and the Law of Agency: Adapting to the AI-Powered Future, 15 STAN. J.L. SCI. & POL'Y 79 (2021).



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to e-commerce, digital agents, and platforms. The traditional principles of agency law which had been designed and invented long back were certainly not meant to govern the complex myriad interactions currently taking place through digital platforms, AI, and automated systems. This new legal system thus necessitates an alteration to protect the rights of consumers, eliminate unfair liability, and bring about transparency in digital commerce.

It will include redefining agency relationships reflecting the special status of e-commerce platforms, improving transparency through the standardized norms of disclosure, re-examining liability distribution in the presence of technology intermediaries, and artificial intelligence's legal impact. All these suggestions ensure clear and responsible operations within the digital space as roles and functions of agents and principals keep changing.

The implementation of these recommendations will update India's agency law and reinforce a more robust and more transparent environment of digital commerce. Clear guidelines by the law will uphold the principles of transparency, fairness, and accountability-principles on which healthy business relations thrive. By that, the legal framework will serve better the interests of the stakeholders: principals, agents, and customers, thus creating confidence and growth within India's e-commerce industry. As India continues to further integrate digital solutions into its economy, forward-looking approaches to agency law will be pivotal in ensuring that legal provisions keep pace with the advance of technologies and consumer expectations.



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