



Platform Lock-In And The Ownership-Access Transition: An Exploratory Study Of Consumer Perceptions In The Indian Digital Economy

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ABSTRACT

The global digital economy is undergoing a structural transformation in which consumers are progressively transitioning from ownership rights to perpetual licensees paying recurring rents for digital goods and services. This paper explores the "Techno-Feudalism" framework advanced by Yanis Varoufakis, contrasting it against the "Platform Capitalism" counter-narrative, to examine how digital platforms in India extract cloud rent from consumers and businesses through algorithmically governed ecosystems. Employing a mixed-methods design combining secondary data analysis of global subscription economy trends with an exploratory pilot survey of urban Indian digital consumers (n=100), the study investigates the economic drivers compelling the transition from ownership to subscription models, the theoretical validity of digital rentier frameworks, and the psychological impact of subscription proliferation.

Key findings reveal that 86% of the primarily urban, Gen-Z respondents prefer perpetual ownership over subscription access, yet 86% currently pay for at least one subscription service. This reflects a structural preference-reality dissonance driven by ecosystem lock-in, choice architecture, and the systematic elimination of buy-once alternatives. Platform entrapment is widespread, with 86% of respondents feeling trapped within digital ecosystems, and the average perceived ownership score standing at only 2.43 out of 5. The paper situates these findings within the theoretical debates between Technofeudalism and late-stage capitalism, while examining India's stalled Digital Competition Bill 2024 and institutional capacity constraints at the Competition Commission of India as of early 2026. The research concludes that without robust ex-ante legislative intervention and institutional capacity building, the Indian digital economy risks consolidating into a rentier system structurally constraining consumer economic agency.

Keywords: Techno-feudalism, platform capitalism, subscription economy, digital ownership, cloud capital, consumer behaviour, Digital Competition Bill India, digital fatigue.

INTRODUCTION

The early promise of the digital economy was one of democratized access—that technology would lower costs, eliminate gatekeepers, and transfer power from institutions to individuals. In practice, the opposite trajectory has unfolded. What began as a revolution in distribution has evolved into a systemic regime of perpetual access, conditional licensing, and ongoing rent extraction. Consumers who once purchased software, music, films, and games as permanent assets now pay recurring fees for access, accumulating no equity, with access revocable at the platform's discretion.

India occupies a position of particular significance in this transformation. With over 750 million active internet users, India is at a critical juncture between two economic trajectories: one enabling consumer

welfare and wealth accumulation, and another deepening dependency and redirecting household income into perpetual platform rents. The Indian digital market presents a distinctive hybrid landscape dominated by state-backed digital public infrastructure, telecom-integrated digital bundles, and a burgeoning creator economy. Notably, India's creator ecosystem now comprises over 2 million monetised content creators, projected to drive over \$1 trillion in creator-influenced consumption by 2030, operating on complex hybrid monetisation models beyond simple subscriptions.

This paper investigates this digital transition through the theoretical lens of "Techno-Feudalism" (Varoufakis, 2023), juxtaposed with the "Platform/Rentier Capitalism" framework. It combines global macroeconomic data with an exploratory primary survey of urban Indian digital consumers to examine whether their behaviours and perceptions align with the structural dependencies described in recent critical political economy.

OBJECTIVES

This exploratory study pursues three interconnected research objectives:

1. To analyse the economic and structural drivers compelling the transition from ownership-based sales models to recurring-revenue frameworks, particularly how financial market incentives override consumer preferences.
2. To evaluate the theoretical applicability of the Techno-Feudalism vs. Platform Capitalism debate within contemporary digital markets in India, examining patterns of platform rent extraction and ecosystem lock-in.
3. To measure the psychological and financial impacts of subscription proliferation on urban Gen-Z Indian consumers, specifically focusing on digital fatigue, behavioural sludge, and the dissonance between ownership preference and market reality.

METHODOLOGY

1. Research Design

This study employs a mixed-methods exploratory research design. The qualitative secondary data analysis draws on global and Indian industry reports, academic debates on platform political economy, and parliamentary regulatory documents up to March 2026.

2. Data Collection and Limitations

Primary data was collected through a structured questionnaire administered to Indian digital consumers via online platforms. Purposive sampling targeted digitally active consumers with subscription experience, resulting in a sample of 100 respondents.

As an exploratory pilot study, the sample exhibits specific demographic skews: 86% fall within the 18–24 age bracket, heavily representing an urban, English-speaking, Gen-Z demographic. Furthermore, 57% earn above ₹10 LPA. The findings are therefore indicative of early-career, urban digital consumers and cannot be generalised to the broader Indian population.³ Methodologically, relying on n=100 sample limits the viability of traditional frequency based inference of statistics, as small sample sizes can inflate standard errors; robust validation of these constructs in future research will require Bayesian structural equation modelling and expanded, diverse sampling.

LITERATURE REVIEW

1. The Techno-Feudalism Thesis

Yanis Varoufakis (2023)

Varoufakis presents a consequential revisionist account of contemporary economics, arguing that traditional capitalism has been supplanted by "Techno-Feudalism." The thesis rests on "cloud capital"—AI-driven algorithms and networked platforms that modify behaviour and generate income through rent rather than productive profit. Varoufakis argues that digital platforms function as cloud fiefs, extracting ground rent (e.g., Apple's 30% App Store fee) from vassal capitalists and unpaid labour from "cloud serfs" (consumers).

Cédric Durand (2024)

Complementing this, Durand traces the institutional mechanisms creating the "digital glebe"—a system where platform ecosystems create insurmountable exit costs through accumulated data, APIs, and closed architectures.

Recurly (2026)

While the subscription economy maintained strong overall expansion, growth decelerated from 15.4% to 12.6% in 2025, indicating a market shift from acquisition-led growth toward retention and lifecycle extraction strategies.

Annual subscription plans generate 50–60% more revenue per subscriber compared to monthly plans, creating structural incentives for platforms to design onboarding flows that nudge users toward longer commitment cycles.

2. The Platform Capitalism Counter-Narrative

While evocative, the techno-feudal thesis is highly contested in contemporary academic discourse. (Evgeny Morozov and Nicholas Vrousalis)

Scholars such as Evgeny Morozov and Nicholas Vrousalis argue that capitalism is not dead; rather, it has evolved into a highly extractive "Platform Capitalism" or "Rentier Capitalism." Vrousalis contends that claims of a new feudal mode of production rely on implausible assertions about class constitution and rent extraction, asserting that "capitalism is alive and well".

Critics argue that platform monopolies utilize traditional capitalist mechanisms—monopoly power, data-driven rent-seeking, and unpaid digital labor—to accumulate wealth, representing an amplification of capitalist tendencies rather than a reversion to pre-capitalist extra-economic coercion.⁷ Modern lock-in relies on indirect economic coercion and structural dependence, rather than the legal bondage that characterized medieval serfdom.

3. Digital Ownership, Sludge, and Subscription Fatigue

Aaron Perzanowski and Jason Schultz (2016)

These authors document how End User License Agreements (EULAs) have systematically redefined the purchase of digital goods into conditional, revocable licences.

The psychological toll of managing these access licenses is increasingly recognized in behavioral economics. Platforms deploy "dark patterns" and "sludge"—frictions deliberately introduced into choice architectures to impede consumer agency and cancellation. In the Indian context, recent empirical studies confirm that urban consumers are suffering from profound digital fatigue stemming from constant digital ecosystem management. This fatigue enables platforms to exploit consumer inertia; for instance, in 2025 alone, the global software industry reclaimed over \$155 million in revenue from failed payments using automated recovery tools.

The scale of this disengagement is significant — globally, 52% of consumers canceled at least one subscription in 2025 alone, indicating that subscription fatigue has reached a critical inflection point across markets.

4. Regulatory Paralysis: The Digital Competition Bill (2026 Status)

India's proposed Digital Competition Bill (DCB) 2024 represents a domestic policy response to platform capitalism, proposing an *ex-ante* framework targeting Systemically Significant Digital Enterprises (SSDEs).¹ However, as of March 2026, a Parliamentary Standing Committee on Finance report noted that the DCB remains stalled, leaving a "critical regulatory gap at a time when digital markets are expanding rapidly".¹¹ Furthermore, the panel highlighted severe institutional capacity deficits, noting that the Competition Commission of India (CCI) currently operates with only 117 out of 195 sanctioned positions filled.¹¹

ANALYSIS AND FINDINGS

1. Monthly Subscription Expenditure

Analysis of the 86 respondents who actively maintain subscriptions reveals a concentration of spending in the ₹500–₹1,000 range (29%) and the ₹2,001–₹5,000 range (29%). While absolute spending is lower than Western markets, the relative burden on Indian household incomes is comparable. Platforms utilize sachet pricing to maximize extractable rent from a highly price-sensitive market. (Figure 1)

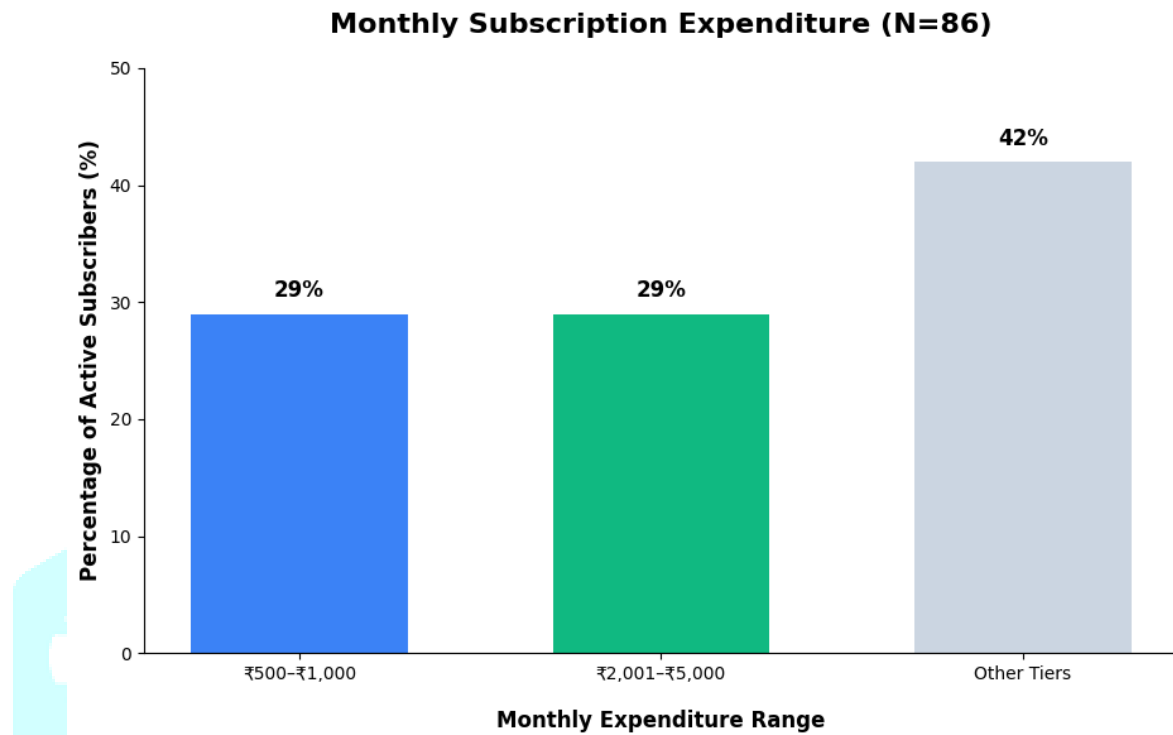


Figure 1

2. Ownership versus Access Preference

When presented with a choice between an ₹800/month subscription and a ₹25,000 one-time perpetual purchase for equivalent software, 86% of respondents selected the one-time purchase. The primary motivation was a fundamental preference for permanent ownership (57%).

This reveals a profound preference-reality dissonance: 86% of respondents prefer ownership, yet 86% maintain active subscriptions. Subscription adoption in this demographic is driven not by genuine consumer preference, but by the structural elimination of ownership alternatives and ecosystem lock-in. (Figure 2)

The Preference-Reality Dissonance (N=86)

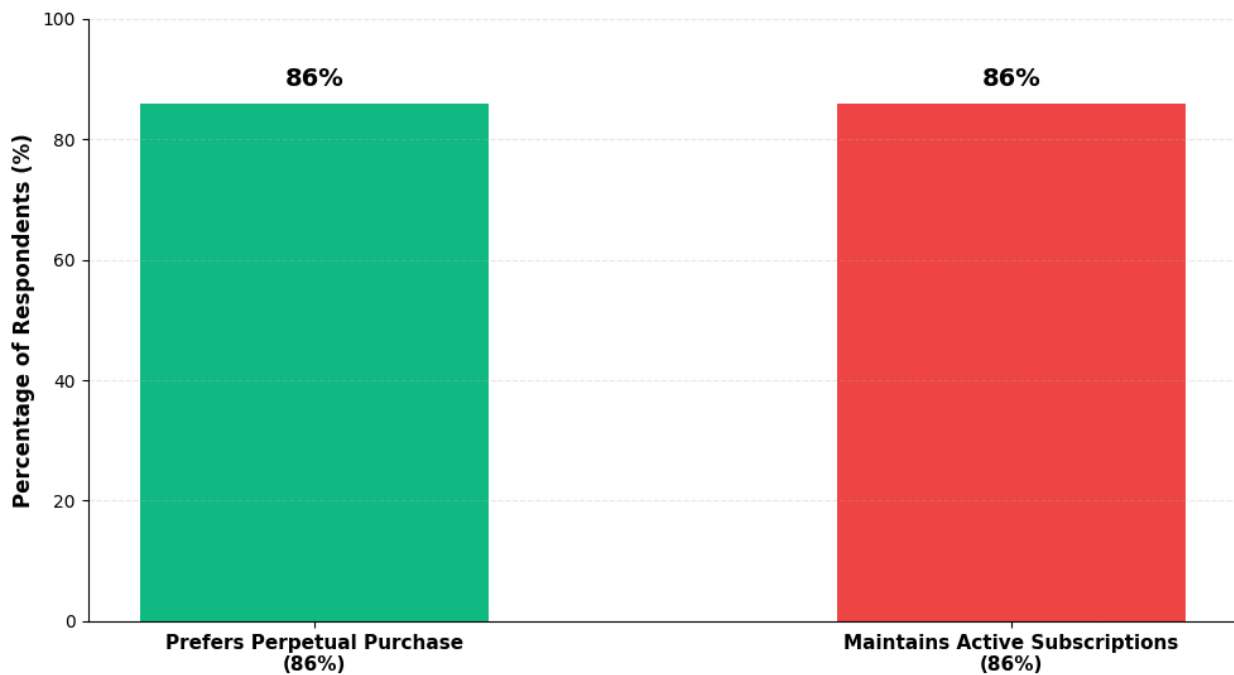


Figure 2

3. Subscription Fatigue and Behavioural Sludge

Three indicators of subscription fatigue confirm the effectiveness of platform-engineered inertia:

1. 57% of respondents pay for subscriptions they rarely or never use.
 - This aligns closely with global patterns — Recurly's analysis of 76 million subscribers found that 51% of cancellations in 2025 were driven by non-usage, confirming that the gap between subscription ownership and actual consumption is a structural feature of the model, not a consumer oversight.
2. 71% have continued a subscription longer than desired due to difficult cancellation processes (behavioural sludge).
 - This finding is particularly significant when contrasted with global consumer expectations — 71% of subscribers globally rank ease of cancellation as a top priority when choosing a service. The symmetry is striking: the same proportion that demands frictionless exit is being denied it, confirming that cancellation friction is a deliberate design choice rather than an oversight.
3. Respondents rated the mental stress of managing subscriptions at 3.50 out of 5.

Furthermore, consumers are increasingly subjected to AI-driven algorithmic management, with global data showing 43% of consumers are now managed by AI for content personalization and subscription fraud prevention¹⁰, widening the power asymmetry between platforms and users. (Figure 3)

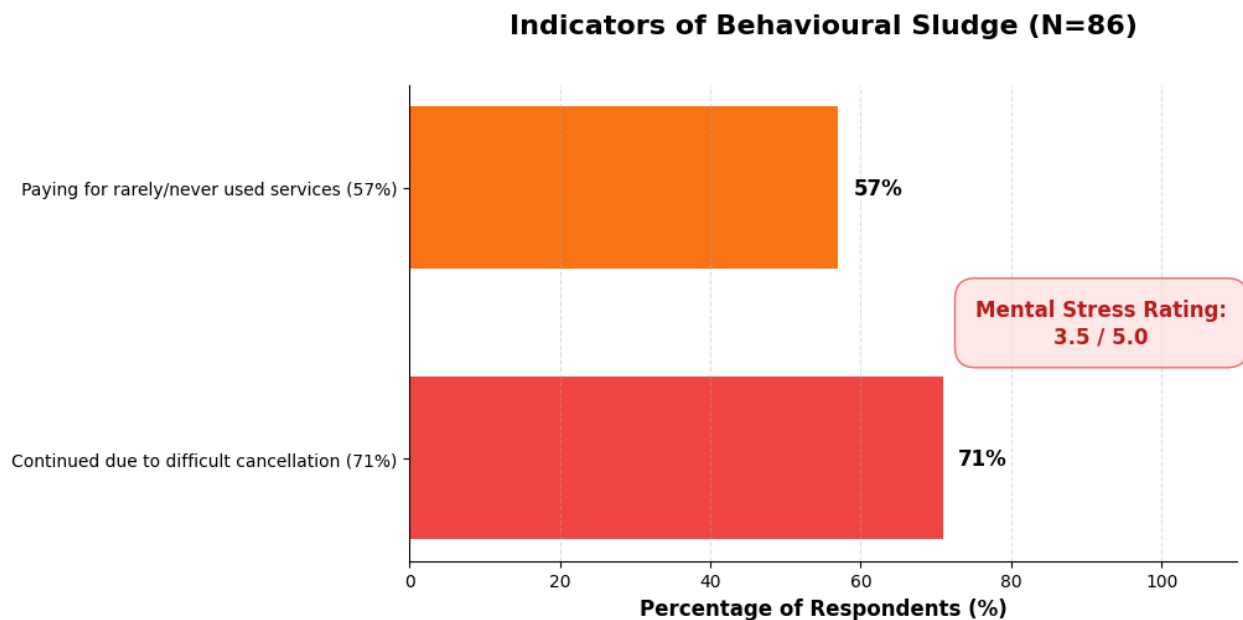


Figure 3

4. Digital Ownership Perception and Ecosystem Entrapment

The mean perceived digital ownership rating was just 2.43 out of 5, indicating acute awareness that digital purchases do not confer traditional property rights. Simultaneously, 86% reported feeling trapped within digital ecosystems due to non-portable content libraries, UPI integrations, and telecom-bundled packages. This validates the structural reality of the "digital glebe," though whether this constitutes techno-feudalism or advanced platform monopolization remains a matter of theoretical debate.

Interestingly, as Web3 technologies mature in the 2025-2026 cycle, moving beyond early speculative assets to establish verifiable digital ownership via decentralized identities¹², consumers may eventually find technological avenues to reclaim ownership outside traditional platform enclosures. **(Figure 4)**

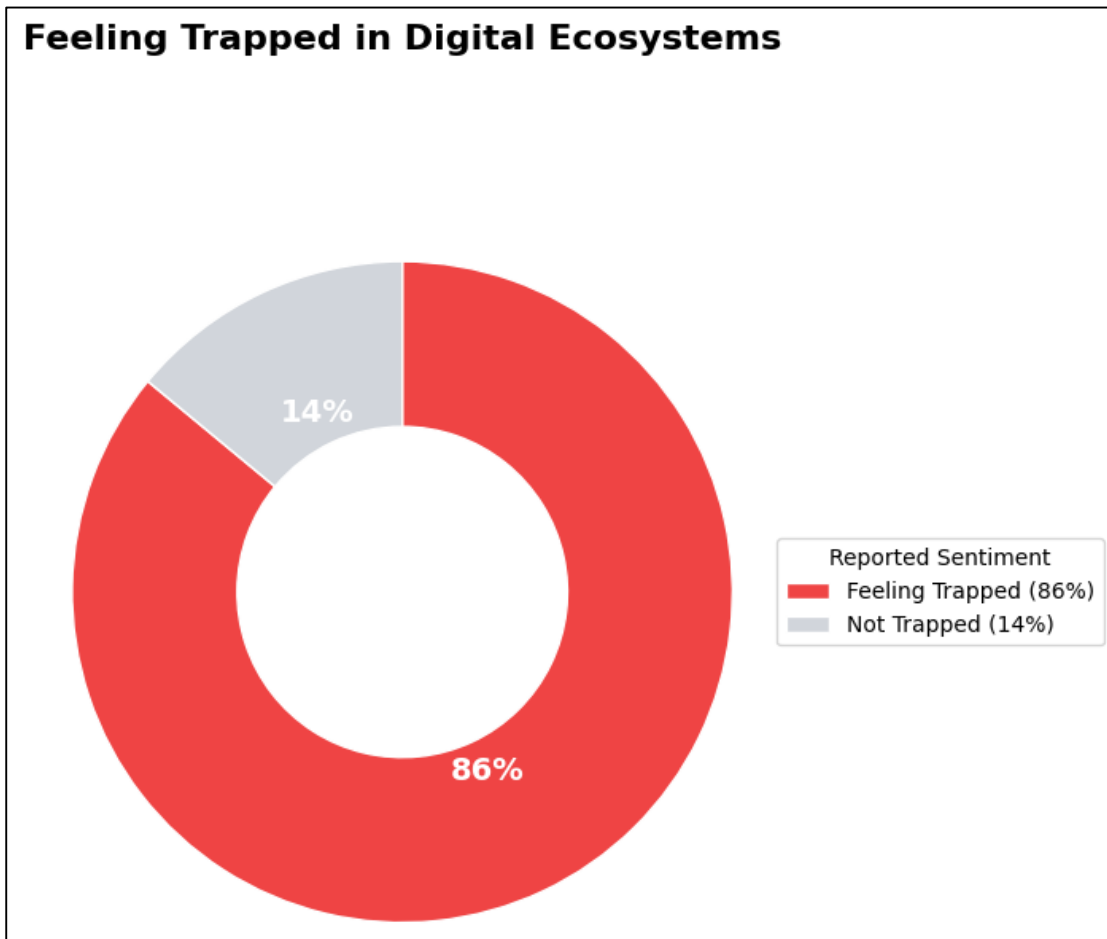


Figure 4

CONCLUSION AND RECOMMENDATIONS

This exploratory study of urban Indian Gen-Z consumers highlights a definitive structural tension: a pervasive preference for digital ownership systematically overridden by the market realities of platform-enforced subscription models. Whether framed as Varoufakis's "Techno-Feudalism" or Morozov's "Platform Capitalism," the empirical outcome for the consumer is identical: ecosystem lock-in, diminished economic agency, and the transition from asset accumulation to perpetual rent extraction.

The data confirms that phenomena such as subscription fatigue and inertia exploitation are actively measurable in the Indian context, driven by choice architectures designed to maximize lifetime value extraction.

Recommendations:

1. **Institutional Capacity:** The immediate priority for the Indian state is not merely passing the pending Digital Competition Bill, but urgently addressing the human capital deficit at the Competition Commission of India (currently at 60% staffing).¹¹ *Ex-ante* regulation is functionally irrelevant without the technical capacity to audit algorithms and enforce interoperability.
2. **Consumer Protection:** Policymakers should mandate transparency in subscription billing, requiring standardized one-click cancellation protocols to combat behavioural sludge.
3. **Future Research:** Academic researchers must expand beyond small-sample pilot studies, utilizing Bayesian statistical modeling and broader demographic representation to rigorously test the psychological impacts of platform dependency across India's diverse socioeconomic strata.

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