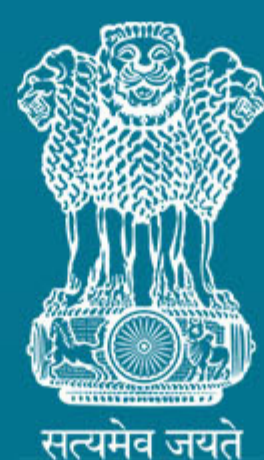




CONSUMER PROTECTION ACT



JANUARY 2021



Department Of Consumer Affairs
(Ministry of Consumer Affairs, Food & Public Distribution)
Government of India

I. **INTRODUCTION**

The erstwhile consumer protection law, i.e., the Consumer Protection Act, (CPA) 1986 was found lacking in several aspects and in achieving the desired objective of protection of the interests of consumers. For instance, (a) Consumer Commissions entrusted with the settlement of consumer disputes under the erstwhile law suffered from high volume of pending cases, frequent delays, adjournments and other shortcomings; (b) the Consumer Commissions did not have any suo-motu powers to prevent unfair trade practices such as misleading advertisements; (c) concept of 'product liability' was not included within the ambit of the law.

Therefore, the need was felt to carry out a holistic review of the legislative framework for consumer protection and introduce a comprehensive law which would simplify the dispute resolution framework and mechanism, facilitate ease of filing of consumer complaints & speedy disposal of consumer complaints and also be in sync with modern realities and emerging trends.

CPA, 2019, has come into force from 20th July, 2020. The Act provides for establishment of Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers as a class. The CCPA will be empowered to conduct investigations into violation of consumer rights and institute complaints / prosecution, order recall of unsafe goods and services, order discontinuation of unfair trade practices and misleading advertisements, impose penalties on manufacturers /endorsers/ publishers of misleading advertisements.

The Act also provides for simplifying the adjudication process of the Consumer Dispute Redressal Commissions with provisions for mediation as an Alternate Dispute Resolution mechanism.

II. **HOW DOES CONSUMER PROTECTION ACT FUNCTION?**

Under the Consumer Protection Act, a three tier quasi-judicial machinery, called Consumer Commissions, has been established at the District, State and National level to provide simple, inexpensive and speedy redressal to consumer disputes. A consumer can make a complaint against a company, manufacturer or trader for defective product, deficient service or other unfair trade practice.

The CCPA provided under the Act aims to protect the rights of the consumer by cracking down on unfair trade practices, and false and misleading advertisements that are detrimental to the interests of the public and consumers. The CCPA will have the powers to inquire or investigate matters relating to violations of consumer rights or unfair trade practices suo motu, or on a complaint received, or on a direction from the central government.

The Act also provides for simplifying the adjudication process of the Consumer Dispute Redressal Commissions with provisions for mediation as an Alternate Dispute Resolution mechanism. Mediation will be held in the mediation cells set up in the Consumer Commissions.

STRENGTHENING CONSUMER PROTECTION - SALIENT FEATURES OF THE CONSUMER PROTECTION ACT, 2019:

A. Central Consumer Protection Authority

The Act provides for establishment of the CCPA. The CCPA is empowered to conduct investigations regarding violation of consumer rights and institute complaints / prosecution, order recall of unsafe goods and services, order discontinuance of unfair trade practices and misleading advertisements and impose penalties.

B. Simplified Dispute Resolution Process

The monetary limits for adjudication of various disputes by the Consumer Commissions have been enhanced under the Act to provide speedier resolution of consumer disputes and decrease in the pendency of disputes.

C. Product Liability

Under the Act, manufacturers / service providers / sellers will be responsible to compensate for injury or damages caused by defective products or deficiency in services. The basis for such product liability action may include manufacturing / design defects, not conforming to express warranty(ies), failure to provide adequate instructions for correct usage.

D. Regulating E-commerce And Direct Selling

The Act empowers the Central Government to implement rules to prevent unfair trade practices in e-commerce and direct selling.

E. Penalty For Adulteration Of Products/Spurious Goods

F. Other Reforms

In addition to the above mentioned measures, the Act intends to better protect the interests of consumers through the following reforms:

- Provides for deemed admissibility of complaints after 21 days of filing if the application regarding admissibility of complaints remains pending.
- Consumer Commissions have been empowered to enforce their orders.
- To avoid delay in disposal of complaints, appeals will only be on question of law after the second stage.
- Seeks to facilitate ease of approaching Consumer Commissions by way of e-filing, online payment of fees and hearings via video-conferencing.
- Allows filing of complaints in a Consumer Commission having jurisdiction over the place of residence or work of a consumer.
- As per Consumer Commission Procedure Regulations, adjournments are to be entertained only in exceptional circumstances and reasons for adjournments are to be recorded. For adjournment under any other circumstances, unless sufficient cause is shown, Consumer Commissions have been permitted to impose such cost, as they deem necessary.

CONSUMER PROTECTION: BEFORE AND AFTER

Basis	Consumer Protection Act, 1986	Consumer Protection Act, 2019
Ambit of Law	Online Transactions and Teleshopping not available	All merchandise and enterprises through all methods of exchanges (web based, mail order shopping, and so forth).
Unfair/deceptive trade practices	Incorporate only six types of practices	Added three new practices:- (i) Not issuing receipt of purchase to the consumer; (ii) Not accepting goods returned within 30 days of purchase; (iii) Sharing of personal information of consumers.
Product Liability	No Provision	The concept of Product Liability has been provided
Unfair Contracts	No Provision	"Unfair Contract" is defined as a contract which causes significant change in the rights of a consumer.
E-Commerce	No Provision	Defines direct selling, E-Commerce and Electronic Service Provider, which brings them under the purview of Consumer Laws. The Central Government has also notified E-Commerce Rules, 2020.
Regulator	No Provision	Has established the Central Consumer Protection Authority (CCPA), which has the sole purpose of promoting, protecting, and enforcing the rights of consumers as a class.
P e c u n i a r y Jurisdiction of Commissions	District Commission : Up to Rs. 20 lakh; State Commission: Between Rs. 20 lakh and up to Rs. 1 crore; National	District Commission: Up to Rs. 1 Crore; State Commission : Between Rs. 1 Crore and up to Rs. 10 Crore; National Commission: Above Rs. 10 Crore.
Alternate Dispute Redressal Mechanism	No Provision	Has mandated that Mediation Cells be attached to the District, State, and National Commissions.
Appeal to National Commission	Appeal to National Commission	A second appeal to the National Consumer Disputes Redressal Commission (NCDRC) has been provided U/s 51(3) only if there is a substantial question of law involved in the matter.

V.

LOVED BY BUYERS AND SELLERS, LAUDED BY EXPERTS

Since access to district courts is better compared to state and national commissions, the increase in limit to Rs 1 crore of district courts will be a convenience point.

**Dr. M.R Madhavan ,
Co-Founder and President,
PRS Legislative Research**

Now, a consumer can institute a complaint from where he resides or from where he works for gain. Under the earlier Act, complaints could be initiated only in the place where the transaction took place.

**Mr. Vasu Venkat,
Chennai-based Advocate**

The New Consumer Protection Act views everything from the new state of the Indian economy and the success of it will lie on its implementation.

**Mr. Anand Jha ,
VP & Head, Corporate Affairs, Walmart India**

The facility of video conferencing will aid where physical presence is not possible. Earlier, it would result in adjournments. The adjournments, too, will be now be limited as benches will have to specify explicit cause.

**Mr. Ashim Sanyal,
Chief Operating Officer,
Consumer Voice**

Today there has been a structural shift from buyers beware to sellers beware.

**Mr. Ganesh Kollegal,
Member FICCI e-Commerce Committee**

The Central Consumer Protection Authority can initiate preventive action against deceptive trade practices prevailing in the market or may direct recall of unsafe food items which do not adhere to the standards prescribed by the regulatory authorities. Unethical trade practices can also be curbed on a preventive basis.

**Mr. Bejon Misra,
Chairman, Consumer Online Foundation**

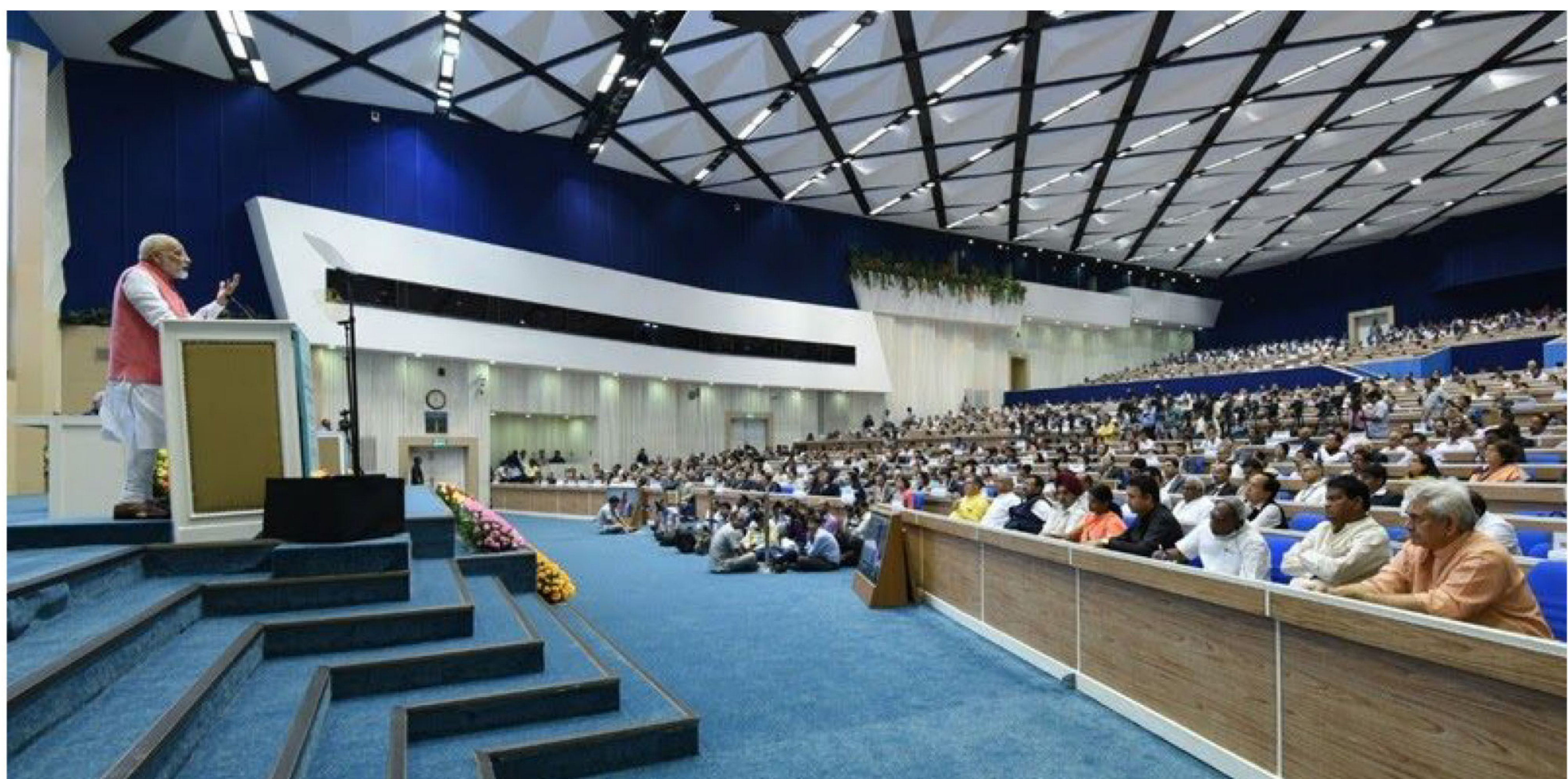
The 2019 Act provides that a manufacturer, producer or a seller will be liable for personal injury, death or damage resulting from product or service defects while there was no similar provision in the old law, which meant that consumer had to approach civil courts for claiming relief in product liability cases, which was time consuming

**Ms. Swathy Satyamurti,
Director - Operations**

“Consumer protection has been an integral part of governance for ages in India. It was enshrined in the Vedas. The sacred text in the Atharvaveda said that nobody should be involved in malpractices of quality and measurement.” - PM Narendra Modi



Hon'ble Prime Minister at International Conference on Consumer Protection with the then Hon'ble Minister of Consumer Affairs Food and Public Distribution



VI. CONSUMER PROTECTION ACT 2019 MAKING A DIFFERENCE

Editorial

The new Consumer Protection Bill is a major step forward in consumer empowerment

| Updated on August 03, 2019 | Published on August 03, 2019

New Consumer Protection Act to ensure 'ease of living'

Published: Aug 23, 2019 08:00 AM

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Consumer Protection Act 2019 Ushers In More Benefits For Consumers

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F Free Press Journal

Consumers protection gets a facelift, allows file complaint from anywhere

The new Consumer Protection Act allows consumers to file complaints ...

"The direct selling industry in India has evolved over the years and is ...

Oct 10, 2020

India: New Consumer Protection Law In India : Broadening The Horizon

29 August 2019

by [Darren Punnen](#), [Rahul Rishi](#), [Payel Chatterjee](#) and [Gowree Gokhale](#)

Nishith Desai Associates

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