

CONSUMER PROTECTION ACT 2019

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INTRODUCTION

- Consumerism is a movement that promotes the interests of buyers of goods and services.
- Its main aim is to protect the consumer from unsafe or low quality of products, fraudulent advertising, labeling, packing and business practices that limits competition.
- It promotes adequate information about the products. So that consumer can take right decision in purchasing goods and services.

- It also tries to inform consumers of the effective means of getting compensation for damage or inconvenience caused by defective products and services.
- Due to increasing standards of life style, various consumer distresses like the lapses in the services offered by various utilities the air lines, railways, telecommunications, electricity board, nursing homes etc. are growing.
- It is the wholesalers and middlemen who indulge in illegal activities like dumping of goods to create artificial scarcity and raise the prices of commodities which will increase their profits.

- So, consumerism is a national problem affecting every section of the society such as men and women, young or old and youth or child.
- Hence, consumer protection is a form of social action which will be designed to achieve the well being of the one or group within a society.
- There is a need to extend consumerism in India which encompasses the set of activities of government business enterprise and independent consumer organizations that are designed to protect the rights and interests of consumers.

WHY THE NEED OF NEW LAW ?

- Consumer markets have undergone huge transformation since the enactment of the Consumer Protection Act in 1986.
- Presence of increasingly complex products and services in the marketplace.
- The emergence of global supply chains, rise in international trade and the rapid development of e-commerce.

- New delivery systems for goods and services and have provided new opportunities for consumers.
- Equally, this has rendered the consumer vulnerable to new forms of unfair trade and unethical business practices.
- Misleading advertisements, tele-marketing, multi-level marketing, direct selling and e-tailing pose new challenges to consumer protection and will require appropriate and swift executive interventions to prevent consumer detriment.

- Due to above cited reasons the Consumer Protection Bill, 2019 was passed by the Indian Parliament on Aug 06, 2019, and later on signed by the President of India.
- This new act will replaced the old Consumer Protection Act, 1986.

OBJECTIVES OF NEW STATUTE

- Ease the overall process of consumer grievance redressal system
- A better mechanism to dispose consumer complaints in a speedy manner
- Help in disposal of large number of pending cases in consumer courts across the nation

What is in the Consumer Protection Act, 2019?

- Consumer Protection Act, 2019 is a law to protect the interests of the consumers.
- This Act was inevitable to resolve a large number of pending consumer complaints in consumer courts across the country.
- It has ways and means to solve the consumer grievances speedily.

What is the aim of the Consumer Protection Act, 2019?

- The basic aim of the Consumer Protection Act, 2019 to save the rights of the consumers by establishing authorities for timely and effective administration and settlement of consumers' disputes.

What is Definition of consumer

- As per the Consumer Protection Act, 2019 :
- A person is called a consumer who avails the services and buys any good for self-use.
- This definition covers all types of transactions i.e. online and offline.

Worth to mention that if a person buys any good and avail any service for resale or commercial purpose, is not considered a consumer.

CONSUMER RIGHTS

- Consumer rights is an insight into what rights consumer holds when it comes to seller which provide the goods:
- **Right to Safety:** It means right to be protected against the marketing of goods and services, which are hazardous to life and property. Before purchasing, consumers should insist on the quality of the products as well as on the guarantee of the products and services.

- **Right to be Informed:** It means right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices.
- **Right to Choose:** It means right to be assured, wherever possible of access to variety of goods and services at competitive price. This right can be better exercised in a competitive market where a variety of goods are available at competitive prices

- **Right to be Heard:** It means that consumer's interests will receive due consideration at appropriate forums. It also includes right to be represented in various forums formed to consider the consumer's welfare.
- **Right to Seek Redressal:** It means right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers. It also includes right to fair settlement of the genuine grievances of the consumer.

- **Right to Consumer Education:** It means the right to acquire the knowledge and skill to be an informed consumer throughout life. Ignorance of consumers, particularly of rural consumers, is mainly responsible for their exploitation.

NEW FEATURES

- **SIMPLIFIED DISPUTE RESOLUTION PROCESS**
- **Pecuniary Jurisdiction** enhanced to-
 - District Forum - Up to Rs 1 crore
 - State Commission - Between Rs 1 crore and Rs 10 crore
 - National Commission - Above Rs 10 crore

- Deemed admissibility after 21 days of filing
- Empowerment of Consumer Commission to enforce their orders
- Appeals only on question of law after second stage
- Ease of approaching consumer commission
- Filing from place of residence
- E-filing
- Video- Conferencing for hearing

CENTRAL CONSUMER PROTECTION AUTHORITY (CCPA)

- While the sector regulators essentially serve as standard setting bodies and seek to ensure an even playing field between Government and other stakeholders.
- It is an **Executive** Agency to provide relief to a class of consumers. Swift executive remedies are proposed in the bill through CCPA
- The CCPA will be empowered to promote, protect and enforce the rights of consumers as a class

- CCPA would make interventions to prevent consumer detriment arising from unfair trade practices.
- The agency can also initiate class action, including enforcing recall, refund, return of unsafe products, goods and services and impose penalties.
- It will regulate matters related to violation of consumer rights, unfair trade practices, adulteration of products and misleading advertisements.
- Provisions for deterrent punishment to check misleading advertisements and

- Authority will have power to impose a penalty on a manufacturer or an endorser of up to 10 lakh rupees and imprisonment for up to two years for a false or misleading advertisement.
- Presently Consumer only have a single point of access to justice, which is time consuming. Additional swift executive remedies are proposed in the bill through Central Consumer Protection Authority (CCPA)

MEDIATION

- An Alternate Dispute Resolution (ADR) mechanism
- Reference to Mediation by Consumer Forum wherever scope for early settlement exists and parties agree for it.
- Mediation cells to be attached to Consumer Forum
- No appeal against settlement through mediation

PRODUCT LIABILITY

- A manufacturer or product service provider or product seller to be responsible to compensate for injury or damage caused by defective product or deficiency in services
- The Basis for product liability action will be:
 - Manufacturing defect
 - Design defect
 - Deviation from manufacturing specifications
 - Not conforming to express warranty
 - Failing to contain adequate instruction for correct use
 - Services provided are faulty, imperfect or deficient

UNFAIR TRADE PRACTICES

- The new Act introduces a specific broad definition of Unfair Trade Practices, which also includes sharing of personal information given by the consumer in confidence, unless such disclosure is made in accordance with the provisions of any other law.

NEW REMEDIES FORMULATED

- Envisages simplified dispute resolution process, has provision for Mediation and e-filing of cases
- Exclusive law dealing with Product Liability. A manufacturer or product service provider or product seller will now be responsible to compensate for injury or damage caused by defective product or deficiency in services.
- Product liability provision to deter manufacturers and service providers from delivering defective products or deficient services.

- The Bill also enables regulations to be notified on E-commerce and direct selling with focus on protection of interest of consumers.
- a provision for class action law suit for ensuring that rights of consumers are not infringed upon.

Consumer Disputes Redressal Commissions?

- Like in the case of the 1986 Act, CONSUMER DISPUTES REDRESSAL COMMISSIONS (CDRCs) would be setup at various levels.
- The CDRCs would be set up at multiple levels –
 - District
 - State
 - National

E-filing of Complaints

- The New Act provides flexibility to the consumer to file complaints with the jurisdictional consumer forum located at the place of residence or work of the consumer
- The new Act also contains enabling provisions for consumers to file complaints electronically and for hearing and/or examining parties through video-conferencing.
- This is aimed to provide procedural ease and reduce inconvenience and harassment for the consumers.

What is the appellate process?

- The parties involved in the complaint have the right to appeal in the higher forums in respect to any ruling provided in the respective CDRCs.
- Any appeals from the district CDRC would be heard in the State CDRC.
- Appeals from State CDRCs would be taken up in National CDRC.
- The final appeal beyond National CDRC would be taken up by the Supreme Court.

CONCLUSION

- With the new Act all set to become the law, gone are the days, where the 'consumer was asked to beware'.
- A consumer is now the one who assumes to be treated like a King.
- Hence, it is important for consumer driven businesses (such as, retail, e-commerce) to be mindful of the changes in the legal landscape and have robust policies dealing with consumer redressal in place.
- Consumer driven businesses must also strive to take extra precautions against unfair trade practices and unethical business practices.