

Consumer Protection Act 2019

(Passed by the Indian Parliament and notified by the Central Govt. on 15th
July 2020)

Effective from 20th July 2020

Compiled by : Kuldeep Gauniyal

Salient features of the new CPA

- Formation of Central Consumer Protection Authority (CCPA) as regulatory authority
- Formation of Consumer Protection Councils as advisory councils at National, State and District levels.
- Enhancement in Consumers' rights
- Prohibition in misleading advertisements and penalties thereon.
- Renaming DCDRF as DC and enhancement in pecuniary jurisdiction of DC, SC and NC
- Specifically covers e-commerce transactions
- Prohibiting unfair contract having such terms which cause significant change in the rights of consumers.
- Filing of complaints online and hearing thru video conference
- No filing fees upto Rs. 5 lakhs value
- Promoting disputes thru mediation.
- Compensation for the harm caused under Product Liability.
- Heavy penalties for non-compliances of orders

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Formation of Central Consumer Protection Authority (CCPA)

- ❖ To regulate matters relating to violation of consumers rights, unfair trade practices and misleading advertisements, which shall be led by Chief Commissioner.
- ❖ Will have an investigation wing, headed by a Director-General, which may conduct inquiry or investigation into consumer law violations.
- ❖ To take suo-moto actions, recall products, order reimbursement of the price of goods/services, cancel licenses and file class action suits, if a consumer complaint affects more than one individual.
- ❖ To impose penalties for false and misleading advertisements.

Formation of Consumer Protection Councils (CPC)

- ❖ CPCs are advisory bodies for promotion and protection of consumer rights.
- ❖ CPCs will be formed at the District, State and National Level.
- ❖ Central Council will have 36 members, which shall be lead by Union Consumer Affairs Minister. At the State level, it will be headed by State Consumer Affairs Minister and at District Level, it will be lead by District Magistrate.

Enhancement in Consumers' rights

- ❖ To have information about the quantity, quality, purity, potency, price, and standard of goods or services.
- ❖ To be protected from hazardous goods and services.
- ❖ To be protected from unfair or restrictive trade practices.
- ❖ To have a variety of goods or services at competitive prices
- ❖ Right to seek redressal from deficiency in services
- ❖ Right to know the country of origin of the product offer for sale.

Prohibition in misleading advertisements and penalties thereon.

- ❖ CCPA may impose a penalty of up to Rs. 10 lakhs on a manufacturer or an endorser, for a false or misleading advertisement. In case of a subsequent offence, the fine may extend to INR 50 lakhs; and / or
- ❖ CCPA may also sentence them to imprisonment for up to 2 years for the same. In case of a subsequent offence, imprisonment of up to 5 years.
- ❖ CCPA can prohibit the endorser of a misleading advertisement from endorsing that particular product or service for a period of up to 1 year. For every subsequent offence, the period of prohibition may extend to 3 years.

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Renaming DCDRF as DC and enhance of pecuniary jurisdiction

- ❖ District Consumer Disputes Redressal Forum has been renamed as “District Commission”
- ❖ Pecuniary jurisdiction of DC has been increased from Rs. 20 lakhs to Rs. 1 cr
- ❖ Pecuniary jurisdiction of State Commission has been increased from Rs. 1 cr. to Rs. 10 crs.
- ❖ National Commission would hear the matters above Rs. 10 crs.
- ❖ Meaning thereby SC and NC would remand back matters of lower value to the DC and SC.
- ❖ DC can now review its own order. Earlier for any rectification SC had the power.

Specifically covers e-commerce transactions

- ❖ New Act has widened the definition of ‘Consumer’. The definition now includes any person who buys any goods, whether through offline or online transactions, electronic means, teleshopping, direct selling or multi-level marketing.
- ❖ The earlier Act did not specifically include e-commerce transactions, and this lacuna has been addressed by the New Act.
- ❖ Defines direct selling, e-commerce and electronic service provider.
- ❖ The central government may prescribe rules for preventing unfair trade practices in e-commerce and direct selling.

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Prohibiting unfair contract having such terms which cause significant change in the rights of consumers.

- ❖ Demanding excessive security deposit from Consumer
- ❖ Penalty on the consumer for the breach of contract by other party
- ❖ Refusing to accept early repayment of debts on payment of applicable penalty
- ❖ Terminate such contract unilaterally
- ❖ Assignment of the contract of the consumer, without his consent
- ❖ Imposing unreasonable charge, obligation or condition on consumer

Filing of complaints online hearing thru video conference

- ❖ Flexibility in filing of complaints with the DC located at the place of residence or work of the consumer.
- ❖ Hearing and/or examining parties through video-conferencing.

No filing fees upto Rs. 5 lakhs value

- ❖ There is no filing fees upto the value of Rs. 5 lakhs and thereafter Rs. 200/- to Rs. 7500/-

Promoting disputes thru mediation

- ❖ New Act provides for mediation as an Alternate Dispute Resolution mechanism, making the process of dispute adjudication simpler and quicker.
- ❖ This will help with the speedier resolution of disputes and reduce pressure on consumer courts, who already have numerous cases pending before them.

Compensation for the harm caused under Product Liability.

- ❖ Claim for product liability can be made against manufacturer, service provider, and seller. Compensation can be obtained by proving one of the several specified conditions in the Act.
- ❖ Manufacturers will be liable in product liability action even where he proves that he was not negligent or fraudulent in making the express warranty of a product.
- ❖ Manufacturer/ seller or a service provider has to compensate a consumer if their good/service cause injury or loss to the consumer due to manufacturing defect or poor service.

Heavy penalties for non-compliances of orders

- ❖ DC have the same powers as are vested in a Civil Court.
- ❖ Every order made by a DC, SC or the NC shall be enforced as a decree of Court.
- ❖ Whoever fails to comply with any orders made by the District Commission or the State Commission or the National Commission, as the case may be, shall be punishable with imprisonment upto one month to three years; and/ or
- ❖ Fine of twenty-five thousand rupees to one lakh rupees.
- ❖ Penalties for misleading advertisements have already been explained in previous slides.
- ❖ CCPA will have the right to:
 - (i) impose a penalties on the violators; and
 - (ii) passing orders to recall goods or withdraw services,
 - (iii) passing orders to discontinuation of the unfair trade practices
 - (iv) passing orders for reimbursement of the price paid by the consumers.