

**INTERNATIONAL JOURNAL OF LAW  
MANAGEMENT & HUMANITIES**  
**[ISSN 2581-5369]**

---

**Volume 3 | Issue 6**

**2020**

---

© 2020 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com>)

---

This Article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in International Journal of Law Management & Humanities after due review.

In case of **any suggestion or complaint**, please contact [Gyan@vidhiaagaz.com](mailto:Gyan@vidhiaagaz.com).

---

**To submit your Manuscript** for Publication at **International Journal of Law Management & Humanities**, kindly email your Manuscript at [editor.ijlmh@gmail.com](mailto:editor.ijlmh@gmail.com).

---

# Consumer Protection Act, 2019: Need of the Hour

---

UMA ELANGO<sup>1</sup> AND CATHRIENE M. ABRAHAM<sup>2</sup>

## ABSTRACT

*There have been numerous amendments and bills that have been legislated and made in the past few years. Some of the bills have not yet been implemented, some have not even been acknowledged, while some have been enacted. One bill that has become an act in recent times is the Consumer Protection Act, 2019. Over the period, there has been a humongous change evolved concerning the consumers. One of the common and standard definitions used is, a person who buys goods and services is called a consumer. As its definition has emerged across time, so has its function. Further, the roles of producers and other auxiliaries have too fairly developed. These changes can be attributed to the technological advancements and better lifestyles of the civilisation. These consumers have various rights, and if these rights are violated, they can file a petition in the Court. These cases have specialised courts for them. They are known as Consumer Courts. This paper thus analyses this Consumer Protection Act of 2019 in detail, and also would throw light into the various changes that have been introduced in the new enactment with comparison to that of the old one. It would further draw in multiple improvements this act would bring in significant domains of society.*

**Keywords:** Consumers, Producers, Rights, e-Commerce, Internet.

## I. INTRODUCTION

The statute before the existing enactment was the Consumer Protection Act of 1986. The Consumer Protection Act of 2019, the law that is in existence now, was enacted on 20th of July, 2020. The bill was presented in the Lok Sabha, on the 8th of July 2019, by Ram Vilas Paswan, the then Minister of Consumer Affairs, Food and Public Distribution, through the Department of Consumer Affairs, that was later, passed by the Lok Sabha on the 30th of July, 2019 and succeeding by the Rajya Sabha on the 6th of August. The President of India, Ram Nath Kovind, on the 9th of August 2020, assented to the bill and was consequently notified in The Gazette of India on the same date. A multitude of changes was made in the prevailing

---

<sup>1</sup> Author is a student at SASTRA Deemed to be University, India.

<sup>2</sup> Author is a student at SASTRA Deemed to be University, India.

enactment considering the developing civilization. The advancements in the society not just gave the consumers an extensive range of products from various regions made available at one place, but also increased competition between the producers internally way beyond the prescribed limit, thus making producers compromise on the quality of the goods. It indirectly affects consumers. Therefore, to control such malpractices and to enhance a healthy lifestyle and competition for the consumers and producers, respectively, the statute has made such amendments and introduced a completely new act with regards to these changes. Apart from these changes, the rights of the consumers upon their exploitation has not changed. The rights of the consumers essentially described in this act are mentioned, under §9 of the Consumer Protection Act, 2019 that are:

1. The right to protection against hazardous goods;
2. Right to be informed about the specifications of the product (quantity, quality, purity, standards, prices, etc.);
3. Right to be assured, and access to a variety of goods;
4. Right to be heard;
5. Right to seek redressal;
6. Right to consumer awareness.

These are the six rights available to all Indian consumers, which are available within the territory of India.

## **II. MAJOR CHANGES BROUGHT IN THE ACT OF 2019**

This part of the paper aims to deal regarding significant reforms done in the Act of 2019.

The first and principal change made is the jurisdiction of the court, and where the complainant can file for a complaint. The law of 1986 stated that a complaint must be filed, in the court of the area of the defendant's (producer) office is located. However, in the statute of 2019, the jurisdiction to file a complaint is in the place where the consumer works and makes their living.

The number of members and the amount in the Consumer Dispute Redressal Agency (Central, State and District Forum), ordinarily known for its Pecuniary Jurisdiction, has also been increased. The ceiling amount earlier for the district forum was up to Rs. Twenty Lakhs that has now been increased to Rs. One Crore. For the National Forum, the ceiling amount as in the Act of 1986 was more than Rs. One Crore that has been changed, at present to more

than Rs. Ten Crores. It would help the persons in authority, in solving the problems of the consumers sooner, and justice can be given, in an appropriate time and the right place. Hence, it would simplify the process, and while the course, it becomes convenient for the consumers to file cases, and also, making the dispute process less time-consuming.

The act also endeavours to set Central Consumer Protection Authority (CCPA), a new regulatory authority that existed in the earlier Act. The authority mentioned above was not prescribed in the Act of 1986. This authority aids in promoting and protecting the rights of the consumers. It also helps in the enforcement of the rights of the consumers. It further helps in preventing unfair trade practices by the producers. Besides, they achieve to prevent restrictive trade practices amongst the producers. Consumer Protection Councils will also be established. Both these functionalities were absent in the previous act.

Regarding mediation, the enactment of 1986 has been unvocal concerning mediation, but the act of 2019 has introduced a new cell, known as Consumer Mediation Cell. Mediation cell, under the Consumer Protection (Mediation) Rules, 2020 is defined under §2(c) and is established as mentioned under §74 of the Consumer Protection Act, 2019. It facilitates the Court to work towards the settlement by mediation cells.

The act of 2019 has vested power to the State Commission, under §50 to review its orders that were not under the act of 1986, as mentioned in the case Prachi Mathur v. M/S TDI Infrastructure Ltd.<sup>3</sup>

### **III. IMPORTANCE OF THE CONSUMER PROTECTION ACT, 2019 IN VARIOUS FIELDS**

1) Changes in the Information Technology Sector: The Act of 2019 determined to repeal various laws that were, deemed to be outdated due to advancement in the Information Technology (IT) and other vital sectors. Consequently, modifications were made, to the former enactment of 1986. The law included sub-clause (b) to clause (7) of §2, which newly, regarded shopping through both physical methods and virtual purchase that could be achieved through online purchase of goods. E-commerce, under the Consumer Protection Act, 2019 was defined as “buying or selling of goods or services including digital products over a digital or electronic network.”<sup>4</sup> Apart from this Act, its subsidiary, a new rule had been introduced, known as, the Consumer Protection (e-Commerce) Rules, 2020 that defined an ‘e-Commerce entity’. E-Commerce entity under this Rule is known as, “any person who owns, operates or manages digital or electronic facility or platform for electronic

---

<sup>3</sup> Review Application No.6/2020

<sup>4</sup> §2(16) of the Consumer Protection Act, 2019

commerce, but does not include a seller offering his goods or services for sale on a marketplace e-commerce entity.”<sup>5</sup> These terms, ‘e-Commerce’, ‘browsing’, ‘networking’, ‘digital’ and ‘online’ has been introduced in the new enactment and its subsidiary rule, to abridge the enormous gap between the consumers and online vendors. Since the world has seen a huge leap from mobile phones being a luxury good two decades back, to being a necessity, now, this act would facilitate this developmental phase of technology. As a result of this expansion, the online trading system has also seen a boom in the last four-to-five years. Fax and e-mail replaced postal cards and envelopes, registrations that had to be done at specific places can now be performed through online portals, and now, online shopping portals have hugely augmented. The development made in this enactment has been the main game-changer and has led to a positive factor. The enactment intends to assist and promote digital retailing in India. Everything has set out to be done online. The consumers presently prefer online shopping to physical shopping. This increasing demand urges the Centre to legislate rules and regulations to protect online consumers and producers against online frauds, scams and hackers.

When consumers perform online shopping, numerous risks are involved. Major challenges encountered by the online consumers are, first, the quality of the product may be jeopardized or may not be as mentioned in the specification in the website, that is, the product not being up to the mark. Secondly, the quantity delivered to the consumers may be less than what was mentioned on the webpage. Thirdly, the invoice that had been made towards the seller would not have reached the actual seller, thus making a false invoice and taking away the majority of funds. Furthermore, the consumer who would have ordered an expensive product would have been delivered with a cheap quality counterfeit product for the same price. Such exploitations must be terminated to enhance healthy competition among the producers and a reliable atmosphere for consumers against such threats. The former Act does not cover this particular aspect, and therefore this aspect is a huge positive factor. The punishment for such offences has also become severe. The imprisonment period and the amount of fine for each class of offence has been increased. A seller, when fails to comply with the central authority, will be punished with imprisonment for six months and a fine of Rs. twenty lakhs as well. Products with misleading advertisements are to be fined for Rs. fifty lakhs. All these punishments will help the consumers to believe in law and will help the society to be a better place to live.

---

<sup>5</sup> The Consumer Protection (e-Commerce) Rules, 2020, §3(1) (b).

2) Economical Changes: This statute seeks to assist the economic advancement of the consumers, thus developing the nation in whole. When consumers remain defended against such exploitation, they will start consuming more products, following to increase in the aggregate consumption. As a result, consumers will be economically benefited. As consumers feel free and safe to buy a commodity, the consumer would buy more of the commodity which would gradually increase the total demand in the market of an economy. On a subsequent note, there would be a gradual increase in the supply of the economy. Hence the equilibrium price of the product increases in total and therefore the country will become prosperous. When the market supply and the demand of the commodity increases, there would be an overall increase in the circular flow of the economy. And hence, as they consume more products, the Gross Domestic Product of the country would also increase. For the calculation of the net profit, there is a huge necessity of Aggregate supply and demand. The producers will also be benefitted as they will get more money by selling more products. The revenue of the government will also increase as well as the producer as taxes have to be paid for these products. The flow of money will be more and there would be sufficient money to produce more goods towards the welfare of the households sectors of an economy. Therefore there would an inclination in the overall economy of the country.

3) Social Changes: This enactment will improve the social status of the nation as well. Indian society has forever witnessed every sort of crimes in society. Thefts, murders and other such crimes to the human body have been deposed by us for a long time. In this Act, the consumers will be the most benefited and the next will be the government. When the offences decrease, the society will also start changing for the better. When the consumer-related offences lessen the consumers will become happy. The society consists of consumers and producers, and consequently, society will become satisfied, and it starts to change for the better.

4) Judicial Change: When offences reduce them the cases that appear before the court will also decrease. Therefore the courts will be able to focus on other important issues of the country. Many benchmark cases were present regarding consumer protection. Corporate companies can be sued example is Karnataka Power Transmission Corporation v. Ashok Iron Works (P.) Ltd.<sup>6</sup> case. Arvind Shah v. Kamlaben Kushwaha<sup>7</sup> case tells about the care that has to be taken in services done to consumers. Sympathy should not be involved in compensation in consumer cases was held in Nizam Institute of Medical Sciences v.

---

<sup>6</sup> (2009) 3 SCC 240

<sup>7</sup> 2009(3) C.P.C.24

Prasanth S. Dhanaka<sup>8</sup>. Both the parents and the child can claim under the act was seen in Spring Meadows Hospital & Anr. v. Harjol Ahluwalia through K.S. Ahluwalia<sup>9</sup>. There is an imposition of the penalty for frivolous consumer claims as well. Example of such is Sapient Corporation Employees Provident Fund trust v. HDFC & Ors<sup>10</sup>. In Delhi Development Authority v. D.C. Sharma<sup>11</sup> case, the court had dealt with compensation for complaints regarding frivolous appeals.

5) Policy aspect: As a policy, this can be very much implemented. It contains all the features that a policy should have. This is based upon the law and is authoritative. It has a course of action other than mere decisions. It is goal-oriented. These are the main features of public policy. These conditions are satisfied in the Act. We already have consumer protection courts established in most of the places of our country. So it is easy to implement this policy. This policy will help in speedy delivery of judgments and justice will be provided to the people in the earliest possible manner. Nizam Institute of Medical Sciences v. Prasanth S. Dhanaka<sup>12</sup>

6) Environmental Changes: When producers start to produce the products keeping the Consumers' Welfare in mind automatically they will start producing the product according to nature as well. As a result, nature will also be protected. The deforestation rates will reduce. Global warming will also decrease. The environment where people live will improve. Environmental development will help in economic development as well. This statute would help a lot in bringing up as environmental values and its point of approach has changed over decades, and now, the generation, especially youths have stronger views and would consider the environment as an essential part in their lives.

7) From 'Producer the King' to 'Consumer the King': From caveat emptor that is let the buyer beware to caveat venditor which means seller beware. This act has not only empowered consumers of this era but also strengthen the three-level redressal mechanisms which are the National Commission, State Commission, and District Forum. These maxims may bring about a huge difference in the lives of consumers, as it would bring right justice to a consumer that he or she is supposed to.

#### IV. CONCLUSION

From this paper, it would be concluded by mentioning that this Act will bring revolutionary

---

<sup>8</sup> (2009) 6 SCC 1

<sup>9</sup> (1998) 4 SCC 39

<sup>10</sup> LNINDORD 2012 NCDRC 6834

<sup>11</sup> Appeal number 705 of 2010

<sup>12</sup> Supra

changes in our country. It will help in the overall development of our country. The consumers will feel safe and the country will have consumers who are free from fear and will always remain happy, safe and protected. This enactment will become an asset of the country nevertheless it must be properly implemented, evaluated and observed by the Bureaucracy and the Legislative Body.

\*\*\*\*\*