

# Consumer Protection Bill, 2019

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Source: *Monthly Policy Review of PRS*

The Consumer Protection Bill, 2019 was passed by Lok Sabha in July. The proposed Bill replaces the Consumer Protection Act, 1986.

## Key features of the Bill

- **Definition of consumer: under the bill** a consumer is defined as a **person who buys any good or avails a service for a consideration**. It does not include a person who obtains a good for resale or a good or service for commercial purpose. **It covers transactions through all modes including offline, and online through electronic means, teleshopping, multi-level marketing or direct selling.**
- **Rights of consumers:** The consumer rights defined under the bill are:
  1. Right to be protected against the marketing of goods and services which are hazardous to life and property
  2. Right to be informed of the quality, quantity, potency, purity, standard and price of goods or services
  3. Right to be assured of access to a variety of goods or services at competitive prices; and
  4. Right to seek redressal against unfair or restrictive trade practices.

**Central Consumer Protection Authority:** It mentions that the **central government will set up a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers**. It will regulate matters related to violation of consumer rights, unfair trade practices, and misleading

advertisements. The CCPA will have an **investigation wing, headed by a Director-General**, which may conduct an inquiry or investigation into such violations.

### **The functions of Central Consumer Protection Authority:**

1. Inquiring into violations of consumer rights, investigating and launching prosecution at the appropriate forum
2. Passing orders to recall goods or withdraw services that are hazardous, reimbursement of the price paid, and discontinuation of the unfair trade practices, as defined in the Bill
3. Issuing directions to the concerned trader/ manufacturer/ endorser/ advertiser/ publisher to either discontinue a false or misleading advertisement, or modify it; (iv) imposing penalties, and
4. Issuing safety notices to consumers against unsafe goods and services

**Consumer Disputes Redressal Commission:** the bill mentions that Consumer Disputes Redressal Commissions (CDRCs) **will be set up at the district, state, and national levels.** A consumer can file a complaint with CDRCs in relation to:

1. Unfair or restrictive trade practices
2. Defective goods or services
3. Overcharging or deceptive charging; and
4. The offering of goods or services for sale which may be hazardous to life and safety. Complaints against an unfair contract can be filed with only the State and National Appeals from a District CDRC will be heard by the State CDRC. Appeals from the State CDRC will be heard by the National CDRC. **Final appeal will lie before the Supreme Court.**

#### ▪ **Jurisdiction of CDRCs:**

1. **The District CDRC:** It will entertain complaints where the value of goods and services does **not exceed Rs one crore.**
2. **The State CDRC:** It will entertain complaints when the value is **more than Rs one crore but does not exceed Rs 10 crore.**
3. **National CDRC:** It will entertain complaints with value of goods and services **over Rs 10 crore.**
  - **Product liability:** Product liability means the **liability of a product manufacturer, service provider or seller to compensate a consumer for any harm or injury caused by a defective good** or deficient service. To claim compensation, a consumer has to prove any one of the conditions for defect or deficiency, as given in the Bill.
  - **Penalties for misleading advertisement:** The CCPA may impose a penalty **on a manufacturer or an endorser of up to Rs 10 lakh** and imprisonment for up to two years for a false or misleading advertisement. In case of a subsequent offence, the fine may extend to Rs 50 lakh and imprisonment of up to five years
  - **Prohibition of misleading advertisement:** CCPA can also prohibit the endorser of a misleading advertisement from endorsing that particular product or service for a period of **up to one year.** For every subsequent offence, the period of prohibition may extend to three years. However, there are certain exceptions when an endorser will not be held liable for such a penalty.