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# **"THE EVOLUTION AND KEY AMENDMENTS OF THE CONSUMER PROTECTION ACT 2019 IN INDIA"**

AUTHORED BY: - ADV. RAJSEE M. KHEDKAR.

## **ABSTRACT:-**

India's legal system is anchored by the Consumer Protection Act of 2019, which offers strong protections for customers in a dynamic marketplace. With its replacement, the 1986 Act, this law ushers in a new age of consumer protection, specifically designed to meet the demands of modern trade.

The 2019 Act essentially offers a complete framework for addressing consumer complaints in a whole. It upholds consumer rights while also promoting awareness and providing people with the information and resources they need to make wise decisions. To further ensure that online transactions follow strict norms of fairness and openness, the legislation also provides unique rules to control the rapidly expanding field of e-commerce.

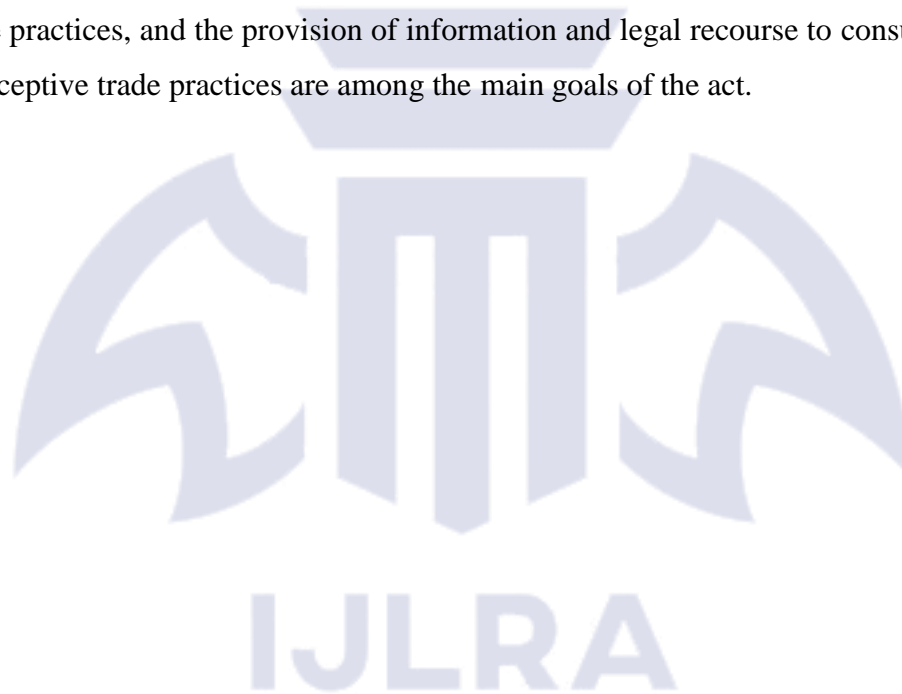
The principle of product liability, a novel idea that makes companies responsible for the caliber and security of their products, is essential to the Act's goals. The law aims to reduce the dangers associated with subpar products and increase consumer confidence by placing legal duties on suppliers and producers.

In addition, the Act transforms the process of settling consumer complaints, improving accessibility, and expediting procedures. By creating specialized forums and implementing alternative dispute resolution procedures, it aims to resolve complaints quickly and provide customers who have been wronged with prompt justice.

The Consumer Protection Act of 2019 essentially heralds a paradigm change in India's approach to consumer welfare by promoting an atmosphere in which responsibility, justice, and consumer empowerment are given top priority. Through the promotion of moral business conduct and the defense of consumer rights, the legislation establishes the groundwork for a more just and robust marketplace in which customers' needs come first.

## **INTRODUCTION :-**

India's Consumer Protection Act of 2019 is a major legislative reform designed to protect consumers' rights and interests in a market that is changing quickly. The Consumer Protection Act of 1986 is replaced by this legislation, which also includes a number of important new clauses aimed at addressing new issues and ensuring increased accountability from firms. Enhancing consumer welfare through the establishment of strong grievance redressal systems, the promotion of fair-trade practices, and the provision of information and legal recourse to consumers against unfair or deceptive trade practices are among the main goals of the act.



The Consumer Protection Act of 2019 is noteworthy for its enlarged scope, which now includes a wider range of transactions such as multi-level marketing, teleshopping, e-commerce, and direct selling. This reflects the evolving nature of consumer behavior and commerce in the digital age. Given the rapid rise of online platforms and consumers' growing reliance on digital channels for product and service purchases, this expansion is especially pertinent. The act aims to guarantee that consumers are sufficiently protected regardless of the medium through which transactions occur by including these new forms of transaction.

In addition, the legislation recognizes the value of honesty and openness in business dealings by introducing strict measures to combat deceptive advertising and unfair trading practices. It gives customers the right to file complaints about deceptive or fraudulent advertising, and it penalizes companies that use deceptive tactics. This clause dissuades businesses from using dishonest tactics to entice customers and encourages the use of ethical advertising.

Furthermore, the Consumer Protection Act of 2019 highlights the significance of quality standards and product responsibility, making sellers, producers, and service providers liable for any flaws or shortcomings in the given goods or services. This move toward a stricter regime of product responsibility emphasizes how important it is for companies to put quality control first and follow guidelines in order to reduce risks to customers. The act encourages companies to prioritize customer safety and implement strong quality assurance procedures by placing liability on all supply chain stages.

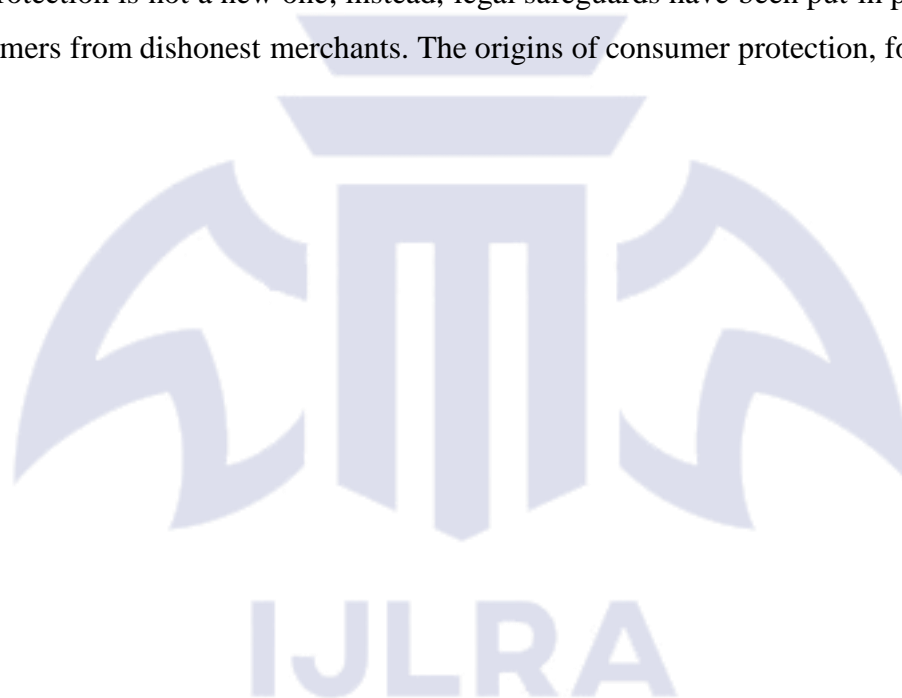
By creating the Central Consumer Protection Authority (CCPA) as a regulatory authority with broad jurisdiction to look into, prosecute, and decide complaints, the act aims to improve consumer protection while also streamlining the process of resolving disputes involving consumers. The establishment of this specific body is intended to facilitate the prompt resolution of consumer complaints and guarantee the efficient implementation of consumer rights in various industries. Additionally, in order to speed up and lower the expense of resolving disputes, the legislation adds provisions for mediation and other alternative conflict resolution methods, which will lessen the load on conventional legal forums.

All things considered, the Consumer Protection Act 2019 is a thorough legislative framework created to meet the changing demands and difficulties associated with consumer protection in India. Through the implementation of strict measures to combat unfair trade practices, the act

seeks to improve product liability standards, streamline dispute resolution procedures, and encourage consumer education in order to create a more transparent and equal marketplace where consumers' interests are protected and given priority. Its implementation is anticipated to mark a good transition towards a more consumer-centric economy and usher in a new era of consumer empowerment and accountability.

### **HISTORICAL BACKGROUND OF CONSUMER PROTECTION ACT :-**

For India, the issue of consumer protection is not new. But historically speaking, the issue of consumer protection is not a new one; instead, legal safeguards have been put in place to shield naive consumers from dishonest merchants. The origins of consumer protection, for example,



can be found in the legal jurisprudence of the Talmud in the West. Two particular biblical allusions cautioned against the improper use of weights and measures, according to Arthur Silverstein<sup>1</sup>. The Talmud stated rather forcefully the seriousness of such misbehaviour.

“The punishment (i.e. divine) for (false) measures is more rigorous than that for (marrying) forbidden relatives.” Furthermore, the sages were particularly concerned about weights and measures because they were necessary for the majority of transactions, particularly those involving needs like wine, grain, and oil. Talmudic law dictated what kinds of weights were to be used, how they were to be weighed, what general commercial regulations were to be followed, and how they were to be enforced. Furthermore, the sages were particularly concerned about weights and measures because they were necessary for the majority of transactions, particularly those involving needs like wine, grain, and oil. Talmudic law dictated what kinds of weights were to be used, how they were to be weighed, what general commercial regulations were to be followed, and how they were to be enforced.<sup>2</sup>

Likewise, with respect to the Talmudic law’s prohibitions against fraud and merchantability, Silverstein has additionally written In Talmudic law, the doctrine of caveat emptor was virtually ignored; the vendor was required to disclose all flaws to the buyer. It was specifically prohibited to intentionally mislead others in order to create a misleading impression.

The rich soil of 3200 B.C. Indian civilization is where consumer protection first emerged. Human values were highly valued and ethical behaviour was seen as crucial in ancient India. Nonetheless, the monarchs believed that the wellbeing of their subjects should come first. They shown a strong desire to control people’s economic and social circumstances, enacting numerous trade prohibitions to safeguard consumers’ interests. This article explores India’s consumer protection history from the Vedic age<sup>3</sup>, or ancient times, to the present. It also provides a quick analysis of how Indian consumer law has evolved. Lastly, a discussion of the Indian Consumer Protection Act of 1986’s legislative framework which sparked the development of a new legal culture in India is attempted.

#### Consumer Protection in Ancient India:

All facets of ancient Indian society were governed by the Dharma-shastras<sup>4</sup> (often known as “Dharma”), which established social conventions and laws as well as the fundamental principles controlling interpersonal relationships. The Vedas provided the foundation for Dharma<sup>3</sup>. The legal code was believed to have divine origins and was conveyed to society by sages. The Vedas were revered as the teachings of God. Six Consequently, India’s main legal sources were the

Vedas.

The Manu Smriti, the Yajnavalkya Smriti, the Narada Smriti, the Bruhaspati Smriti, and the Katyayana Smriti are considered the most authoritative texts among the Dharmas. Manu Smriti was the most significant of these.

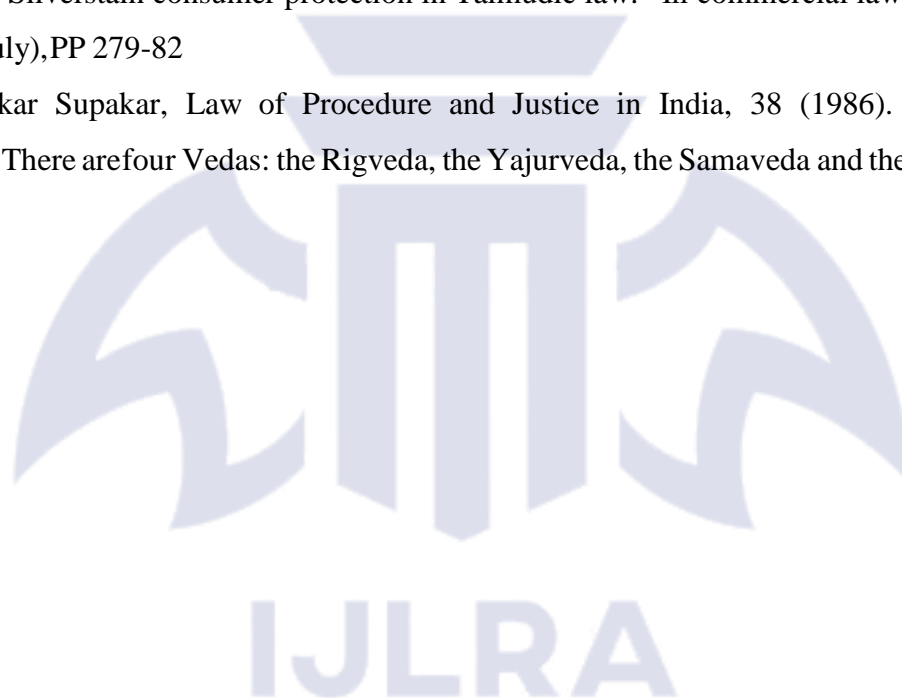
Manu Smriti:-

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<sup>1</sup> “Commercial Law According to the Talmud.” In commercial law Journal, vol. 38, No. 1 (May) pp 239-49

<sup>2</sup> Arthur Jay Silverstain consumer protection in Talmudic law. “In commercial law Journal, Vol. 79, no. 7 (July), PP 279-82

<sup>3</sup> Shraddhakar Supakar, Law of Procedure and Justice in India, 38 (1986). Veda means knowledge. There are four Vedas: the Rigveda, the Yajurveda, the Samaveda and the Atharvaveda



The social, political, and economic circumstances of ancient society are described in the Manu Smriti.

The ancient lawgiver Manu also wrote about moral business conduct. He gave traders a code of conduct to follow and outlined the penalties for violating certain laws against purchasers. He mentioned the issue of adulteration, for instance, stating that "neither a bad commodity nor a mixed commodity may be sold as pure, nor less than the property quantity or weight, nor anything that is readily available or that is hidden." The least severe punishment was given for "adulterating unadulterated commodities and for breaking gems or for improperly boring (them)." Fraud in the sale of seed corn was punishable by severe mutilation: "He who sells (false seed-corn that which is) not seed-corn, he who takes up seed (already sown), and he who destroys a boundary (mark)." It's interesting to note that Manu also outlined the requirements for competence for parties to sign a contract. "A contract made by an infant or very aged man, or by an unauthorized (party) is invalid," the speaker declared. "A contract made by a person intoxicated or insane or grievously disordered (by disease and so forth) or wholly dependent."

In the past, the monarch might seize all of a trader's belongings in two situations: (1) when the king held a monopoly on the exported products, and (2) when the export of the items was prohibited. Additionally, there was a system in place to penalize offenders and regulate prices. All marketable items were subject to fixed prices set by the king for both purchase and sale.<sup>4</sup> "Anyone who acts dishonestly toward honest customers or inflates their prices will be fined in the first or middle amercement," Manu declared. Every six months, all weights and measures were inspected according to a protocol, and the findings were appropriately recorded.

All of these actions demonstrate how successful ancient society was in controlling the various evils of the marketplace. These metrics also demonstrate the system's level of development in recognizing traders' market strategies. Manu Smriti therefore addressed a wide range of consumer issues in an effective manner, many of which are still very important in contemporary legal frameworks.

### The Arthashastra of Kautilya

The adulteration malpractice is also mentioned in the Arthashastra and Yajnavalkyasmriti, which suggest punishment for the offence. For example, the Arthashastra suggested fining a trader

twelve panas for adulterating grains, fat, medications, fragrances, salt, sugar, and by combining comparable items.

Regarded as a treatise and a notable source, Manu Smriti, Kautilya's Arthashastra describes several conceptions of statecraft and the rights and duties of subjects in ancient civilization.<sup>5</sup> Consumer protection is a major topic in Arthashastra, even if its main focus is on practical administrative issues.<sup>6</sup> It explains the State's role in trade regulation and its obligation to stop crimes against consumers.

There was a director of trade between 400 and 300 B.C., and his main duty was to keep an eye on the state of the markets. In addition, fair trade policies came under the purview of the

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<sup>4</sup> Rajendra Nath Sharma, *Ancient India According to Manu* 142 (1980)

<sup>5</sup> R.P.Kangle, *The Kautiliya Arthashastra-part II* (2ed. 1972) [hereinafter Kangle Part II]

<sup>6</sup> R.P. Kangle, *The Kautiliya Arthashastra. Part III A Study* 116 (2000) [hereinafter Kangle Part III]

director of trade. In addition to knowing about appropriate times for dispersal or concentration, purchase or sale, the director of trade was expected to be "conversant with the differences in the prices of commodities of high value and of low value and the popularity or unpopularity of goods of various kinds, whether produced on land or in water [and] whether they arrived alongland-routes or water-routes."<sup>7</sup> "Avoid even a big profit that would be injurious to the subjects," the director of commerce recommended. When it comes to goods that are always in demand, he shouldn't impose time limits or worry about the negative effects of a glut on the market.

A number of actions were done during this time to uphold official weight and measure standards. "Factories should be established for the manufacture of standard weights and measures," noted Kautilya, the superintendent of standardization.

He continued, saying, "[The superintendent] ought to order the weights and measurements to be stamped once every four months. Twenty-seven panas and a quarter is the punishment for unstamping [weights]. [Traders] are required to give the superintendent of standardization a stamping charge equal to one kakani each day.

It was forbidden for the trade guilds to use unfair commercial practices and black marketing, according to Kautilya. Different kinds of cheating were imposed harsh penalties. For instance, "one hand may be severed or a fine may be imposed for cheating with fake cowrie shells, dice, leather straps, ivory cubes, or by sleight of hand."<sup>8</sup> Additionally, the traders' rights were adequately safeguarded. "There was a fixed rule of time, after which an article could not be returned," Kautilya stated in reference to the return of a purchased item or the payment of its price.

Kautilya lived in the time of Chandragupta, when ethical trade practices were common. As an illustration, "Goods could not be sold at the location of their manufacture, field, or factory. The dealers were required to report information about the amount, quality, and prices of their goods, which were then inspected and recorded in the books, at the designated markets. To sell, each trader must obtain a license. A foreign trader needed to get authorization. As products reached the Customs House, the superintendent of trade set the whole-sale pricing. He let retail pricing to be set by a profit margin. It was forbidden to corner the market or speculate in order to affect pricing. Therefore, safeguarding the public from deceptive practices and inflated pricing fell mostly on the shoulders of the State. Goods adulteration and smuggling carried harsh penalties. For instance, the punishment of adulteration of food products of all types, such as grains, oils, alkali, salts,

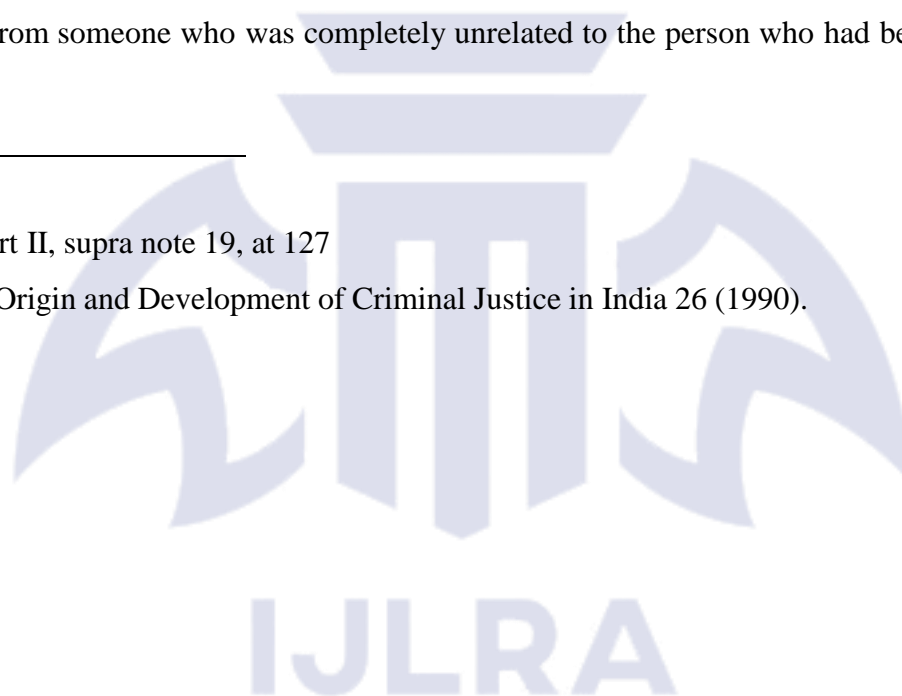
fragrances, and medications, protected public health.

Easy access to justice for everyone, including customers, was valued highly throughout the Chandragupta era as well. The primary authority for administering justice was the king. In the second part of the day, the king ought to attend to the grievances of the people residing in the town and village, as stated by Kautilya. When necessary, the circuit and mobile courts operated at night. They have to have worked on important cases on holidays as well. The monarch was principally in charge of enforcing justice and was expected to give close regard to the truth. For justice, anyone could go to the king's court. But standing was adhered to scrupulously. The king would only take cases where the person who had been wronged could prove their case. In addition, the king was informed that no complaint should be taken note of when it originated from someone who was completely unrelated to the person who had been

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<sup>7</sup> Kangle Part II, supra note 19, at 127

<sup>8</sup> N. Dutta, Origin and Development of Criminal Justice in India 26 (1990).



wronged. The king was instructed not to "foster litigation by starting an action without a complainant." In addition, there were other courts in use in ancient India.

During Kautilya's reign, the legal system was well-run. Judges and magistrates made up two separate benches to try criminal and civil cases. In civil proceedings, the judges themselves had the authority to consider the cases of marginalized parties who were unable to access the court system, such as situations involving ascetics, women, juveniles, the elderly, the sick, and the defenseless. As a result, it was considered that one of the rulers' primary responsibilities was to administer justice, and great care was taken to guarantee that everyone could access it. Indeed, the foundation of India's legal system continues to be the emphasis on justice for all.

#### Consumer Protection in Medieval Period :-

Consumer protection was the monarchs' top priority during the Middle Ages. India utilized a lot of different weight units while it was ruled by Muslims. Local factors dictated the pricing utilized during the Sultanate period. Strict market regulations were put in place under Alauddin Khalji's reign. Grain was always in plentiful supply in the city back then, and grain transporters were sold at prices set by the Sultan. The market had a system in place to enforce prices. Likewise, retailers faced penalties for inadequately measuring their merchandise.

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The ancient Indian traditional legal system was superseded by the British system in the modern era. However, "the formation of a unified nationwide modern legal system" was one of the most notable outcomes of British administration in India.<sup>17</sup> In order to administer justice, the English legal system was introduced during the British era, completely revolutionizing the Indian legal system. It's crucial to remember, nevertheless, that the traditions and practices of the Indian judicial system were taken into consideration.

The statute itself was significantly modified. In accordance with indigenous knowledge,

structural elements (such as a system of distinct personal laws) and norms (such as Dharma and local custom) were merged with British institutions and regulations. After more than 150 years of trimming, British localisms and anomalies were removed from the borrowed elements, and new laws were developed to address different types of people, property, and transactions. "They were confronted [with] the problem of the value appropriate to attach in practice to the [Indian traditions and customs]" to administer justice. Consumer protection is not an exception to "the fabric of modern Indian Law's unmistakably Indian in its outlook and operation," notwithstanding the difficulties in fusing the British and Indian legal systems.



### Consumer Protection in Pre-Independence Period:

The traditional practices and culture, or dharma, were combined by the British rulers with a unified legal framework that included modern elements of British regionalism. (Rajanikanth, 2017) In the seventeenth, eighteenth, and early nineteenth centuries, the common law system of Justice-administration was also established on Indian territory. A plethora of laws, including the following, were introduced to control and defend the rights and interests of consumers:

1. The Indian Penal Code, 1860
2. Carriers Act, 1865 Law of Tort
3. The Indian Contract Act, 1872
4. The Agricultural Produce (Grading & Marking) Act, 1937
5. The Drugs and Cosmetics Act, 1940 (Rajanikanth, 2017)

The economic and social status of Indian consumers remained unchanged in spite of these rules, and they persisted in suffering as a result of unfair trade practices and other market malpractices employed by foreigners.

The traditional legal standards found in contracts and tort law compelled legislators to create specialized legislation in order to safeguard consumers. Consequently, the Consumer Protection Act of 1986 was passed with the intention of giving Indian customers "cheap, simple, and quick" justice.

### Development of Consumer Protection Law in India:

After independence, the consumer movement became a powerful social force, fighting unfair and immoral business practices and defending the interests of consumers. The Drug Control Act of 1950 was the first consumer protection law passed after the country gained its independence. Other legislation followed, including the Indian Standards Institution (Certificate Marks) Act of 1952, the Industries (Development and Regulation) Act of 1951, and the Drugs and Magic Remedies (Objectionable Advertisements) Act of 1954. These legislation did not have the expected effect, even though their stated goal was to protect consumers. Due to chronic food shortages, stockpiling, black marketing, and adulteration of food and edible oil, the organized consumer movement had its start in the 1960s. At the period, the main activities of consumer

organizations were article writing, exhibitions, and group investigations of malpractices. This pattern persisted into the 1970s.

Consumers were dissatisfied knowing there was no legal protection against being taken advantage of in the marketplace, which led to the birth of the consumer movement. Customers were encouraged to use prudence when making purchases of goods or services for a long amount of time. It took a long time for groups in India and around the world to raise people's awareness. Through these initiatives, the movement was able to effectively put pressure on governments and corporations to stop unfair business practices that did not serve the interests of customers. The Indian government passed the Consumer Protection Act in 1986, marking a critical turning point in the protection of consumers' rights.



Following list provides us inputs on the acts that were passed in independent India till the enactment of Consumer Protection Act:

1. The Drug (Control) Act, 1950
2. The Industries (Development and Regulation) Act, 1951
3. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
4. The Prevention of Food Adulteration Act, 1954
5. The Essential Commodities Act, 1955
6. The Trade and Merchandise Marks Act, 1958
7. The Monopolies and Restrictive Trade Practices Act, 1969
8. The Cigarettes (Regulation of Production, Distribution, and Supply) Act, 1975
9. The Standards of Weights and Measures Act, 1976
10. The Prevention of Black Marketing and Maintenance of Supplies of Essential
11. Commodities Act, 1980
12. The Standards of Weights and Measures (Enforcement) Act, 1985
13. The Bureau of Indian Standards Act, 1986.

#### Consumer Protection Act of 1986:-

One of the main effects of industrialization was the unfair advantage that traders had over consumers due to the quick growth of trade and commerce. Customers were disadvantaged because they were unaware of their rights. Legislators in India didn't see the necessity for welfare legislation until 1986, when they resolved to coordinate and combine their efforts to safeguard consumers' interests and enacted the Consumer Protection Act (COPRA) of 1986. The purpose of COPRA's introduction was to protect the rights and interests of consumers by offering a multifaceted strategy that included the creation of consumer councils and awareness programs. This made it possible for customers to settle disagreements quickly and effectively through a redressal procedure.

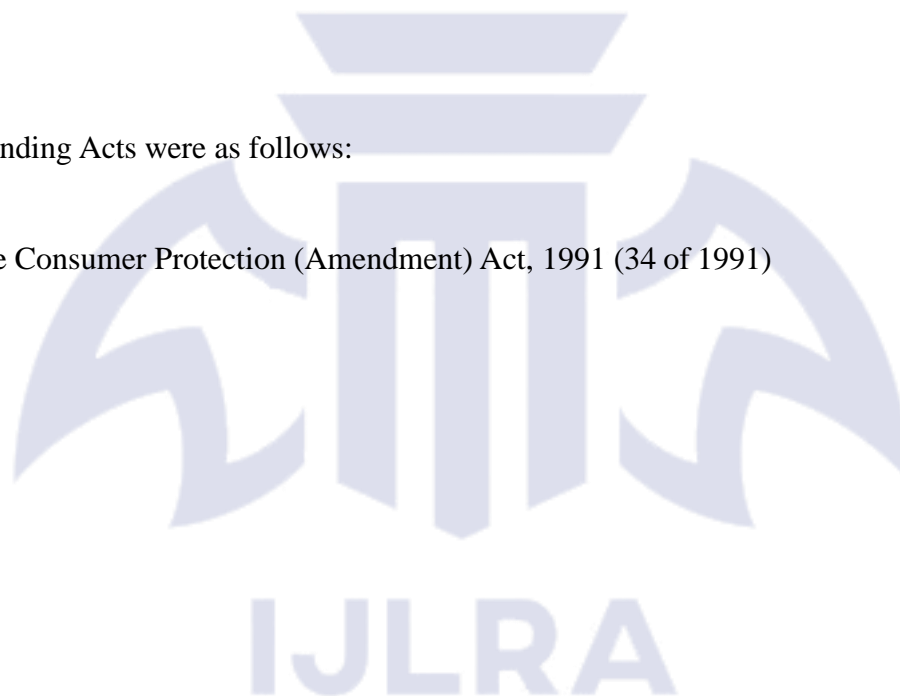
In 1986, the Consumer Protection Bill was enacted by the Indian parliament and subsequently signed into law on December 24th by the President. The Consumer Protection Act of 1986, officially registered as legislation number 68 of 1986, is the current name for this law.

The Act aimed to promote and protect the rights of consumers such as-

- The entitlement to safeguard oneself from the marketing of goods that pose risks to life and property
- The entitlement to receive information regarding the quality, quantity, potency, purity, standard, and price of goods, aiming to shield consumers from unjust trade practices
- The entitlement to access goods from competitive markets whenever feasible
- The entitlement to express opinions and ensure that consumer concerns are duly acknowledged in relevant forums
- The entitlement to pursue remedies against unfair trade practices or unethical exploitation of consumers
- The entitlement to access consumer education and awareness programs.

List of Amending Acts were as follows:

- The Consumer Protection (Amendment) Act, 1991 (34 of 1991)



- The Consumer Protection (Amendment) Act, 1993 (50 of 1993)
- The Consumer Protection (Amendment) Act, 2002 (62 of 2002)

Regarding consumer protection, there were several unanswered questions. Therefore, it was determined that a thorough examination of the consumer protection legislative framework was necessary, as was the introduction of a comprehensive law that would streamline the dispute settlement process. To expedite the filing of consumer complaints and ensure prompt resolution, the CPA 2019 was enacted and went into effect on July 20, 2020.

#### Consumer Protection Act 2019:-

The Consumer Protection Act, 2019, abbreviated as 'The Act,' stands as a compassionate social statute delineating consumer rights and advocating for their promotion and safeguarding. Pioneering as the sole legislation of its kind in India, it has empowered ordinary consumers to access more affordable and expedited resolution of their complaints. By articulating consumer rights and remedies within a marketplace traditionally dominated by organized manufacturers, traders, and service providers, the Act renders the adage "buyer beware" obsolete.

The Act necessitates the formation of Consumer Protection Councils at national, state, and district levels to enhance consumer awareness. The Central Council, helmed by the Minister overseeing the Department of Consumer Affairs in the Central Government, and the State Councils, led by respective State Government Consumer Affairs Ministers, spearhead this initiative. Moreover, it establishes a 3-tier framework comprising National, State, and District Commissions to expeditiously adjudicate consumer disputes.

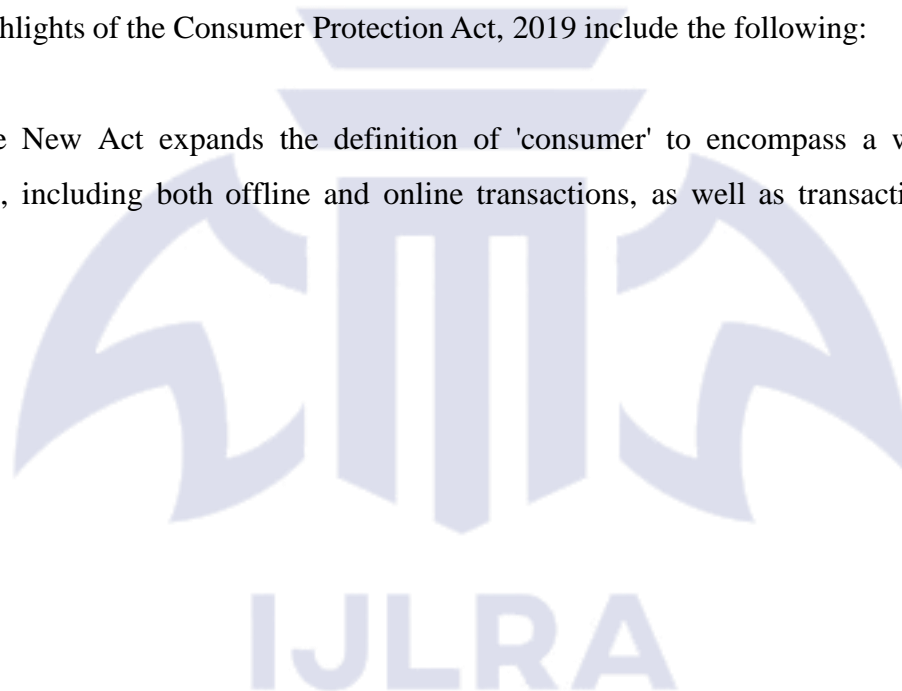
To facilitate swift, economical, and summary resolution of consumer grievances, quasi-judicial bodies have been instituted at district, state, and national levels, namely the District Commissions, State Consumer Disputes Redressal Commissions, and the National Consumer Disputes Redressal Commission (NCDRC), respectively. Presently, the country boasts 678 District Commissions, 35 State Commissions, with the apex being the NCDRC.

Key features of the Consumer Protection Act, 2019:

The advent of the digital era has heralded a fresh epoch of commerce and online marketing. Digitalization has afforded consumers rapid access, a plethora of choices, adaptable payment systems, improved amenities, and convenience-oriented shopping experiences. However, it has also brought forth challenges concerning consumer safety. In recognition of these challenges and aiming to address the evolving landscape of consumer concerns in the digital age, the Indian Parliament enacted the landmark Consumer Protection Bill, 2019, on 6 August 2019. This bill was crafted to facilitate timely and efficient management and resolution of consumer disputes. Subsequently, the Consumer Protection Act, 2019 (New Act), garnered the assent of the President of India and was officially published in the gazette on 9 August 2019. The New Act came into effect on 20 July 2020, superseding the erstwhile Consumer Protection Act, 1986.

The key highlights of the Consumer Protection Act, 2019 include the following:

1. The New Act expands the definition of 'consumer' to encompass a wide array of transactions, including both offline and online transactions, as well as transactions



conducted through any electronic means, teleshopping, direct sales, or multi-level marketing. This broader definition now encompasses any individual who purchases any product or service.

2. The New Act introduces amended pecuniary limits, delineating jurisdictional boundaries for resolving grievances. Under these provisions, district platforms will adjudicate disputes where the value of products or services does not exceed INR Ten million. Cases exceeding this value but not surpassing INR One Hundred million fall within the purview of State Commissions, while disputes exceeding INR One Hundred million are under the jurisdiction of the National Commission.

3. The New Act facilitates the filing of complaints by consumers, offering flexibility to approach a competent consumer forum situated at their place of residence or work. This departure from previous practices eliminates the requirement to file complaints at the place of purchase or the seller's registered office address. Additionally, provisions for electronic filing and video conferencing for grievance redressal enhance procedural simplicity and mitigate consumer inconvenience and abuse.

4. The New Act proposes the establishment of a Central Consumer Protection Authority (CCPA), endowed with robust enforcement powers. This regulatory body, supported by an investigative wing led by a Director-General, is empowered to investigate breaches of consumer law and take proactive measures to protect consumer interests.

5. The CCPA is granted broad powers to initiate actions, including product recalls, ordering refunds, revoking licenses, and initiating class action suits in cases where multiple individuals are affected by a complaint.

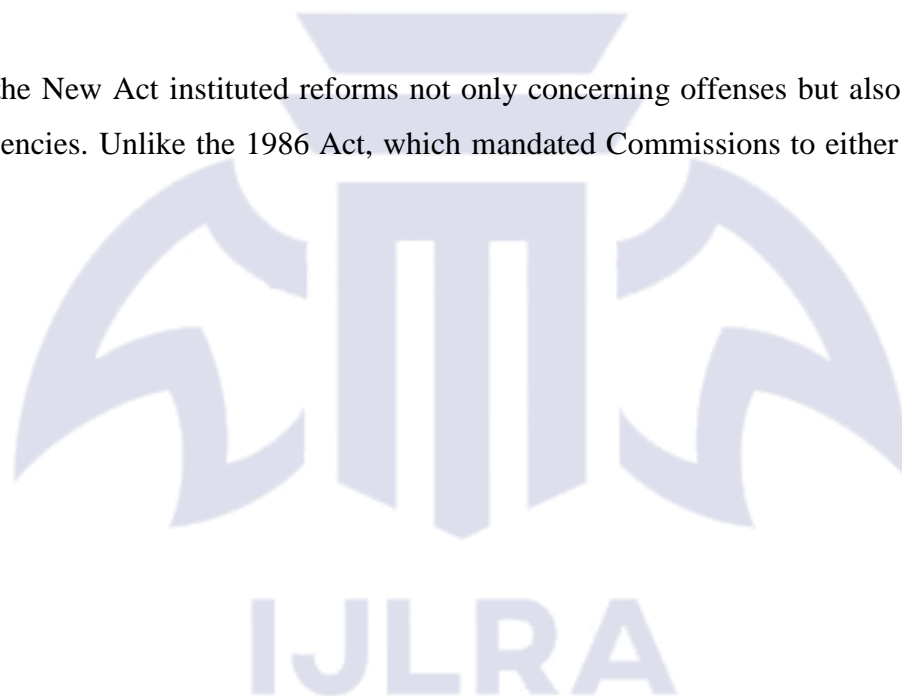
6. The New Act introduces penalties for false or misleading advertisements, empowering the CCPA to impose fines of up to INR One million on manufacturers or endorsers. Violators may also face imprisonment for up to two years, with subsequent offenses attracting higher fines of up to INR Five million and imprisonment for up to five years. Additionally, the CCPA may prohibit endorsers of misleading advertisements from endorsing specific products or services for a period ranging from one to three years.

7. The New Act addresses unfair trade practices by enforcing stringent regulations and mandating the exchange of sensitive personal information provided by consumers, unless such disclosure complies with other regulations.

8. As a means of alternative dispute resolution, the New Act incorporates provisions for mediation, facilitating faster and more efficient resolution of disputes. This mechanism alleviates the burden on Consumer Courts, which often contend with numerous pending cases.

The enactment of the Consumer Protection Act, 2019 marked a significant transition, replacing the longstanding Consumer Protection Act of 1986 after over three decades. During this period, advancements in technology, shifts in culture, and transformations in society at large necessitated a reevaluation of consumer protection measures in India. While the previous legislation attempted to adapt through minor amendments, there emerged a pressing need for a comprehensive overhaul to address evolving challenges. The introduction of the new act notably prioritized the protection of online consumers and held endorsers accountable for deceptive advertising practices, a departure from the sole liability previously imposed on producers and service providers. Section 21(2) of the New Act empowers the Commission to levy fines of up to INR Five million on endorsers continuing to endorse false advertisements following notice from consumers regarding the misrepresented goods or services.

Moreover, the New Act instituted reforms not only concerning offenses but also pertaining to redressal agencies. Unlike the 1986 Act, which mandated Commissions to either approve or



deny complaints within 21 days, the 2019 Act stipulated that failure to act within this period would imply approval of the complaint. Additionally, to alleviate the burden on State and National Commissions, the pecuniary jurisdiction of District Commissions was elevated. Now, consumers seeking damages up to INR Ten million may directly approach the District Commission, without the need to file complaints at the jurisdiction of the opposing party's residence.

Furthermore, Commissions were granted the authority to revisit cases, and with the consent of all involved parties, refer them for mediation. The establishment of an independent regulator, the Central Consumer Protection Authority (CCPA), marked another significant development. While the CCPA is not empowered to address customer complaints or resolve disputes directly, it possesses the authority to take administrative actions, compelling companies or businesses to rectify unfair trade practices.

#### LANDMARK CASES RELATED TO CONSUMER PROTECTION ACT:-

##### I. Case Summary: Air India v. Geetika Sachdeva<sup>9</sup>

Facts: Ms. Geetika Sachdeva, the complainant/respondent, purchased an open air ticket from Air India through its agent, International Students Travel Pvt. Ltd., for a trip from Delhi to London to Toronto and back. She intended to return to Delhi on December 6, 2001. On November 2, 2001, she informed Air India of her intention to return on December 7, 2001, and was informed that her ticket was confirmed for that date. However, upon reaching London from Toronto on December 6, 2001, she was informed that her ticket had expired and was denied boarding. She was stranded at the airport without sufficient funds and had to borrow money from another passenger to purchase a ticket from Virgin Atlantic Airways to return to Delhi. Additionally, she faced delays and had to pay extra charges for her baggage, which was eventually delivered to her after a prolonged delay.

Legal Issue: Whether Air India was negligent in its handling of Ms. Sachdeva's ticket and subsequent denial of boarding.

Decision: The complainant endured lengthy litigation spanning over a decade and a half. The

court dismissed Air India's petition and imposed costs of Rs. 25,000 to be paid directly to the complainant within 90 days. Failure to comply would result in interest at a rate of 12% per annum until payment.

II. Case Summary: Rithvik K.R. v. Union of India<sup>10</sup>

Facts: In this case, four students applied for admission to KIMS under the management quota for the I year MBBS course for the academic year 2014-2015, along with fees and donations totaling approximately eighty lakhs. One student's father was required to sign an undertaking acknowledging that his son's admission was provisional and subject to approval by RGUHS/MCI, and that the admission exceeded the stipulated management seats. If not approved, the college and management would not be held responsible. Subsequently, three students were expelled from the college because their

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<sup>9</sup> 2015 SCC OnLine NCDRC 9

<sup>10</sup> 2015 SCC OnLine Kar 2305.

admissions exceeded the fixed admission capacity, but this action was taken after the last date for admission to colleges for that academic year had passed.

Legal Issue: Whether there was a deficiency in service by the college authorities during the admission process.

Decision: The Court found the college's practice of obtaining such undertakings from parents, along with substantial donations, concerning. It ordered the MCI and Central Government to take serious measures to ensure transparency in the admission process, especially for management quota seats, potentially through technological advancements. Additionally, the High Court deemed the college's failure to discharge students with illegal admissions and refund the fees before the admission deadline as grossly irresponsible. This resulted in students losing an academic year and enduring unnecessary litigation, causing significant mental distress. Consequently, the High Court ordered the college to pay each of the three affected students one crore rupees as compensation, in addition to refunding the admission fees.

III. Case Summary: *Tukaram v. The Executive Engineer, Maharashtra State Electricity Distribution Company Limited and Ors*<sup>11</sup>

Facts: The appellant applied for an electricity connection on his land to the respondent and deposited the required charges. However, despite the payment, the respondent raised a bill for consumption charges, implying that an electricity connection had been installed. The appellant disputed this claim, asserting that no connection had been provided. Subsequently, the appellant filed a consumer complaint before the Consumer Forum, which ruled in his favor and awarded compensation. However, the State Commission overturned this decision on appeal. The appellant then appealed to the National Commission, initially resulting in dismissal. After filing a review petition, the National Commission allowed it and awarded compensation to the appellant. Dissatisfied with the amount awarded, the appellant filed the present appeal seeking enhancement of compensation.

Issue: Whether the appellant is entitled to an enhancement of compensation.

Decision: The Supreme Court, upon allowing the appeal, concluded that the compensation

granted by the National Commission was insufficient to address the appellant's losses adequately. Considering the appellant's hardship and inconvenience resulting from the respondent's unexplained decade-long delay in granting an electricity connection, the Court enhanced the compensation to Rs. 5,00,000/-. This amount was to be paid within four weeks, failing which it would accrue interest at a rate of 9% per annum. The Court emphasized the need for just and fair compensation for consumers who suffer due to the defaults of service providers.

IV. Case Summary: Mavji Kanjji Jungi and Ors. v. Oriental Insurance Company Ltd.<sup>12</sup>

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<sup>11</sup> MANU/SC/0601/2019.

<sup>12</sup> MANU/CF/0534/2020.



Facts: The complainants owned the vessel "Dhananjay," which was insured with the Oriental Insurance Company Ltd. (OP) since its inception. The vessel encountered an accident where it was hit by an unidentified object from the bottom, resulting in water ingress and eventual sinking. No lives were lost, and immediate intimation was provided to the authorities and the OP. The surveyor's report attributed the sinking to contact with an unidentified underwater object. Despite this, the OP appointed another surveyor, whose report attributed the sinking to improper maintenance and continuous engine use, leading to hull joint failure. Based on this second report, the OP repudiated the claim. The complainants approached the National Consumer Disputes Redressal Commission (NCDRC) after their insurance claim was rejected.

Issues: Whether there was a deficiency in service by the insurance company in repudiating the insurance claim.

Decision: The NCDRC ruled in favor of the complainants, stating that in cases of uncertainty regarding the admissibility of an insurance claim, the benefit of the doubt should be given to the insured. The Commission observed that no one involved in operating the vessel knew precisely what caused the accident, and they were honest about their lack of knowledge. Therefore, the Commission held that this uncertainty should not be held against the complainants, and the insurance claim should be honoured.

V. Case Summary: Krishna Food and Baking Industry P. Ltd. v. New India Assurance Co. Ltd.<sup>13</sup>

Facts: The complainants suffered substantial damage due to terror attacks, but their insurance claim was rejected by the defendant on the grounds that the damage was not substantial enough to warrant coverage for the building, plant, machinery, and electricity fittings.

Issue: Whether the complainants were entitled to claim substantial damage.

Decision: The Supreme Court ruled in favor of the complainants, holding that they had successfully established their claims. The Court noted that it was not a situation where the complainants failed to fulfill their obligations, but rather they were unable to operate their units and conduct business due to the damage incurred.

**CONCLUSION: -**

In conclusion, the Consumer Protection Act of 2019 ushers in a new era of consumer rights and remedies and represents a fundamental shift in India's consumer protection landscape. The Act is a proactive response to new difficulties in the digital era, which have emerged due to technological improvements and changes in consumer behavior. Its extensive rules cover a broad range of consumer complaints and are intended to guarantee equitable treatment,

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<sup>13</sup> AIR 2009 SC 1000.



accountability, and openness in a number of areas. In light of the evolving nature of digital commerce, the Act expands the definition of consumers to encompass teleshopping, multi-level marketing, and online purchases. In addition, the expansion of financial jurisdiction and the availability of electronic complaint filing options show a dedication to quick and easily accessible dispute resolution processes.

The creation of the Central Consumer Protection Authority (CCPA), which has strong enforcement authority to stop unfair trade practices and successfully defend consumer rights, is one of the Act's most prominent elements. The Act places a strong focus on proactive regulation and the prevention of malpractices. This is demonstrated by the CCPA's authority to conduct suo moto actions, recall items, and issue penalties for deceptive ads. Furthermore, the availability of alternative conflict resolution procedures like mediation attempts to expedite the adjudication process, reducing the workload for consumer courts and promoting speedier dispute resolution.

The Act's modifications also show a stronger emphasis on consumer education and empowerment, acknowledging the value of making educated decisions in defending the rights of consumers. The Act aims to provide consumers with the information and tools they need to make wise decisions and successfully defend their rights by requiring consumer awareness programs and educational activities.

All things considered, the Consumer Protection Act of 2019 is a historic legislative intervention ready to fortify consumer protection mechanisms, encourage service providers to adopt an accountable culture, and provide consumers the confidence they need to successfully negotiate the complexity of the contemporary economy