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## RECENT REFORMS IN CONSUMER PROTECTION LEGISLATION IN INDIA

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**Abstract :**

*Consumer protection has always been of paramount importance not only from the perspective of the consumers but also for the businessmen who are either providing any sort of goods or services to the people. A robust regime of consumer protection laws is quintessential for harboring a healthy and conducive commercial environment in the nation.*

*With changing times and technology coming about, there was a requirement for tweaking and changing if not overhauling, the entire consumer protection regime. Since the time the first consumer protection laws were framed in India, the dynamics have changed immensely owing to development and overall changes brought about in the society and also due to the novel ways of communication and interaction that human beings have developed.*

*This paper delves deeper into those facets of development that were identified and hence brought about. It analyses the same and puts forward rational conclusions as to whether the changes which were brought about will impact the consumers and along with them the goods and service providers in a positive or negative manner.*

*In doing the same, the author has taken a three speared approach wherein three things are used for analysis. Firstly, the lacunae were identified in the past consumer protection laws which couldn't adequately serve the contemporary requirements of both the consumers and the goods and service providers. Secondly, case laws have been discussed extensively to understand the stance of the apex court of the nation and hence bolster the fact the lacunae were present in the old consumer protection regime. Finally, the changes that were brought about in the legal regime are discussed and a rational nexus is drawn to establish that the new legal regime has bridged the gaps that were present.*

**Keywords:** Corporate social responsibility (CSR), community, stakeholders, statutory obligation

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### Introduction to the Rights of Consumers in India :

Consumer rights in India have gained significant prominence in recent years, reflecting a growing awareness of consumer issues and the need for protection in an increasingly complex market. The foundation for these rights was laid with the Consumer Protection Act of 1986, but the landscape has evolved dramatically since then, especially with the introduction of the Consumer Protection Act, 2019. This updated legislation aims to address contemporary challenges faced by consumers in various sectors, including e-commerce and services. At its core, consumer rights encompass the right to safety, the right to be informed, the right to choose, the right to be heard, and the right to seek redress.[\[1\]](#) These rights are essential for



ensuring that consumers can make informed decisions, receive fair treatment, and seek justice when wronged. As India continues to develop economically, the protection of consumer rights has become increasingly critical, not only to empower individuals but also to foster fair business practices and enhance overall market integrity. This introduction sets the stage for exploring the current state of consumer rights in India, including key legislative frameworks, recent developments, and their implications for consumers and businesses alike.

### **History of Consumer Rights in India :**

The evolution of consumer rights in India can be traced back to the early post-independence era, reflecting the country's commitment to safeguarding the interests of its citizens. Here is a chronological overview of key milestones in the history of consumer rights in India:

#### **Pre-Independence Era :**

Before India gained independence in 1947, consumer protection was minimal, with limited legal recourse for consumers against unfair trade practices. The British colonial laws primarily favored traders and manufacturers, leaving consumers vulnerable.

#### **Post-Independence Developments :**

##### **Constitutional Provisions :**

The Constitution of India, adopted in 1950, laid the groundwork for consumer rights by guaranteeing fundamental rights, including the right to equality and protection against exploitation. This formed the basis for subsequent consumer protection legislation.

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[1]John F. Kennedy, "Consumer Bill of Rights" US Congress, March. 15, 1962.

#### **Consumer Protection Act, 1986:**

Recognizing the need for specific consumer rights legislation, the Indian government enacted the Consumer Protection Act in 1986. This landmark law established a framework for protecting consumer interests and provided mechanisms for redress of grievances.

##### **Key features included :**

Definition of consumers and their rights. Establishment of consumer forums at the district, state, and national levels. Provisions for filing complaints and seeking compensation for damages.

#### **Rise of Consumer Awareness :**

The 1990s saw a rise in consumer awareness, fueled by economic liberalization, increased market competition, and the proliferation of media. This period marked the emergence of various consumer advocacy groups and NGOs that worked to educate consumers about their rights.



## **The Need for Reforms :**

As the economy grew and e-commerce began to flourish in the 2000s, the limitations of the 1986 Act became apparent. Issues like online fraud, misleading advertisements, and inadequate product safety highlighted the need for a more robust legal framework.

## **Consumer Protection Act, 2019 :**

In response to these challenges, the Indian government introduced the Consumer Protection Act, 2019. This comprehensive legislation represents a significant overhaul of consumer protection laws and includes several key developments.

### **Central Consumer Protection Authority (CCPA):**

A regulatory body to promote and protect consumer rights, with powers to take action against unfair trade practices.

### **E-commerce Regulations:**

Specific provisions to protect consumers engaging in online transactions, ensuring transparency and accountability.

### **Simplified Dispute Resolution:**

A streamlined process for filing complaints and seeking resolution, including provisions for mediation.

## **Recent Developments :**

Since the enactment of the 2019 Act, there have been ongoing efforts to further enhance consumer protection. The rise of digital transactions, especially during the COVID-19 pandemic, has necessitated continuous updates to regulations. Landmark judgments by the Supreme Court and High Courts have also reinforced consumer rights, addressing issues of negligence, service quality, and consumer safety.

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## **The Consumer Protection Act, 2019 Bare Act :**

### **Consumer Protection Act, 2019 :**

The Consumer Protection Act, 2019, introduced several key provisions aimed at strengthening consumer rights:

#### **Section 2(1)(d), Definition of Consumer:**

This section defines a consumer as any person who buys goods or services for personal use and not for resale or commercial purposes. This broader definition ensures that more individuals are covered under consumer protection laws.

#### **Section 3, Establishment of Consumer Protection Councils:**

The Act mandates the formation of Central and State Consumer Protection Councils to promote consumer interests and advise on consumer-related matters.



### **Section 17, National Consumer Disputes Redressal Commission (NCDRC):**

This section establishes the NCDRC as the apex consumer redressal body, responsible for handling complaints of significant value and addressing issues of national importance.

### **Section 41, E-commerce Regulations:**

This provision introduces specific rules for e-commerce platforms, including requirements for transparent disclosure of product information, return policies, and a grievance redressal mechanism

### **Section 47, Penalties and Compensation:**

The Act stipulates higher penalties for unfair trade practices and provides for compensation to consumers for loss or damage caused by defective goods or deficient services.

### **Consumer Protection (E-Commerce) Rules, 2020 :**

The Consumer Protection (E-Commerce) Rules, 2020, complement the 2019 Act by addressing the unique aspects of online transactions:

#### **Rule 3, Disclosure Requirements:**

E-commerce platforms must provide detailed information about products, including pricing, warranty, and return policies, to ensure transparency for consumers.

#### **Rule 4, Grievance Redressal Mechanism:**

Platforms are required to establish a grievance redressal mechanism, appoint a grievance officer, and resolve complaints within a specified timeframe.

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**Rule 7, Liability of E-Commerce Platforms:** The rules outline the responsibilities of e-commerce platforms in ensuring product quality and addressing complaints related to products sold on their sites.

### **Consumer Protection (Direct Selling) Rules, 2021**

**Rule 4, Registration Requirements:** Direct selling companies must register with the relevant authorities and disclose their business practices and compensation plans.

**Rule 6, Consumer Rights:** The rules emphasize the need for transparency in direct selling, including clear information about products, prices, and return policies.

**Rule 11, Grievance Redressal:** Companies are required to set up grievance redressal mechanisms for addressing consumer complaints and disputes.

**Judgments Landmark Judgements In Indian Medical Association v. V.P. Shantha,**<sup>[2]</sup> The case examined whether medical services provided by doctors fall under the Consumer Protection Act (COPRA), and the court ruled that the definition of “services” in

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COPRA includes paid medical services, whether directly or through insurance, while free charitable services are excluded. This decision holds medical professionals accountable under COPRA, allowing patients to file lawsuits for medical negligence. Additionally, the court rejected the argument that medical professionals are governed by a separate Code of Medical Ethics, affirming that they are still subject to COPRA's provisions.

In **Laxmi Engineering Works v. PSG Industrial Institute**,<sup>[3]</sup> the Supreme Court clarified that the explanation added by the Consumer Protection (Amendment) Act of 1993 is clarificatory and applies retroactively to all pending cases. It emphasized that determining whether an individual's purchase is for commercial purposes or qualifies under the consumer definition in Section 2(d) is a factual question that must be assessed based on the specific circumstances of each case. Additionally, the Court ruled that individuals who buy goods for personal use in self-employment are considered consumers under the Act, thereby broadening the scope of consumer rights and ensuring that those supporting their livelihoods through self-employment can access consumer protections.

<sup>[2]</sup> Indian Medical Association v. V.P. Shantha A.I.R. [1995] SCC (6) 651

<sup>[3]</sup> Laxmi Engineering Works v. PSG Industrial Institute A.I.R. [1995] SCC (3) 583

### **Recent Judgment :**

In **M. Goutham v. Ritesh Agarwal**,<sup>[4]</sup> In the AILET 2022 case, a customer complained about poor service from Oyo Rooms and asked for compensation. The District Consumer Disputes Redressal Commission agreed with the customer, stating that Oyo did not meet proper service standards. The decision emphasized the importance of consumer rights and the need for businesses to deliver quality service.

### **Impact on Consumers :**

The recent legal changes and judicial rulings have had a profound impact on consumer protection in India:

#### **Increased Transparency in Online Transactions:**

Online transactions has had a profound impact on consumers, fundamentally enhancing their shopping experience and instilling greater confidence in e-commerce. With clear disclosures about product specifications, pricing, return policies, and shipping details, consumers are empowered to make informed decisions, reducing the risk of fraud and dissatisfaction. This transparency also facilitates comparison shopping, allowing consumers to evaluate options across different platforms effectively. As a result, consumers feel more secure when purchasing goods and services online, knowing they can access accurate information and have recourse in case of disputes. Additionally, transparent practices encourage ethical business behaviour, fostering a competitive market environment that ultimately benefits consumers through improved quality and service.

#### **Enhanced Dispute Resolution:**

These mechanisms have significantly improved the landscape of consumer rights in India, providing consumers with quicker and more accessible avenues to address grievances.



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With the introduction of the Consumer Protection Act, 2019, consumers can now file complaints electronically and seek redress through streamlined processes, including mediation and online dispute resolution platforms. This modernization reduces the complexities and delays often associated with traditional court proceedings, making it easier for consumers to assert their rights. Moreover, the establishment of dedicated consumer forums at various levels ensures that complaints are addressed in a timely manner, fostering a sense of empowerment among consumers.

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[4] M. Goutham v. Ritesh Agarwal, [2024] CC No. 39

As a result, the enhanced dispute resolution framework not only promotes accountability among businesses but also builds consumer trust in the system, encouraging more individuals to stand up for their rights.

### **Stronger Accountability:**

With the implementation of the Consumer Protection Act, 2019, businesses are now held to higher standards of responsibility regarding product quality, safety, and advertising practices. The establishment of the Central Consumer Protection Authority (CCPA) empowers regulators to take decisive action against unfair trade practices, misleading advertisements, and violations of consumer rights. This enhanced oversight not only encourages businesses to prioritize ethical practices but also instils a culture of transparency and responsibility in the marketplace. As a result, consumers can shop with greater confidence, knowing that there are mechanisms in place to hold businesses accountable for their actions, thereby fostering a fairer and more trustworthy economic environment.

### **Conclusion:**

The advancements in consumer protection in India, particularly through the Consumer Protection Act of 2019, have significantly strengthened the framework for safeguarding consumer rights in an evolving marketplace. These reforms have introduced critical mechanisms for transparency, accountability, and dispute resolution, empowering consumers and enhancing their confidence in both traditional and digital commerce. However, challenges remain, including the need for effective implementation, heightened consumer awareness, and adaptation to emerging issues such as data privacy and online fraud. Moving forward, a collaborative effort among regulators, businesses, and consumer advocacy groups is essential to ensure that the protections in place continue to evolve, address new challenges, and ultimately create a fair and equitable market environment for all consumers in India.

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