

Consumer Protection in India: Challenges and Way Forward

Aastha Dongre

Student

Dr. Ambedkar Institute of Management Studies and Research, Nagpur

Abstract: *With the advent of the Consumer Protection Act, 2019, a new consumer protection regime is in place in India. The New Act is undoubtedly more robust and much broader in scope but not without its archetypal challenges. The objective of this article is to highlight these archetypal challenges and provide suggestions to help mitigate them. In doing so, this article aims to elicit varied perspectives on consumer protection in India and provides a critique of the New Act.*

Keywords: Consumer protection, Central Consumer Protection Authority

I. INTRODUCTION

The goal of consumer protection is to shield customers from unfair commercial practises that could harm or exploit them. Legislation specifies how consumers are to be protected. The relevant law or act in India is made to stop enterprises from engaging in dishonest business practises or fraud to gain an advantage over competitors or fool customers. Companies are required by government requirements to give thorough product information, especially in areas involving the health and safety of the general public, like in the case of medical supplies, food, autos, etc. Consumer protection laws give customers the ability to shop with knowledge and to file complaints against negligent businesses.

The need for the new law

New trends in branding, commerce, and customer expectations have all been brought in by the digital age. Easy access, a wide range of options, practical payment methods, better services, and simple purchasing have all been made possible by digitization. However, there are additional difficulties pertaining to consumer protection.

The Indian Parliament enacted the historic Consumer Protection Bill, 2019, which intends to enable prompt and efficient administration and settlement of consumer complaints, in order to help meet the new set of difficulties faced by consumers in the digital age.

The following are the consumer rights enshrined in the 'upgraded' Consumer Protection regime currently in-force in India, i.e., the Consumer Protection Act, 2019[1]:

- The right to be protected against the marketing of goods, products or services which are hazardous to life and property;
- The right to be informed about the quality, quantity, potency, purity, standard and price of goods, products or services, as the case may be, so as to protect the consumer against unfair trade practices;
- The right to be assured, wherever possible, access to a variety of goods, products or services at competitive prices;
- The right to be heard and to be assured that consumer's interests will receive due consideration at appropriate fora;
- The right to seek redressal against unfair trade practice or restrictive trade practices or unscrupulous exploitation of consumers; and
- The right to consumer awareness.

The Ministry of Consumer Affairs will create a code of conduct for advertisers and agencies as part of the Consumer Protection Act, 2019, in an effort to stop unfair practises and false advertising. If deceptive advertising and fraudulent

claims are discovered, the proposed code will specify the fines that must be paid by advertisers, their agencies, and publishers.

It has been feared that using this strategy will herald a transition from self-regulation to a more federated oversight.

II. SIGNIFICANCE OF THE ACT

Empowering consumers:

The new Act will empower consumers and help them in protecting their rights through its various rules and provisions. The new Act will help in safeguarding consumer interests and rights. Consumer-driven businesses such as retail, e-commerce would need to have robust policies dealing with consumer redressal in place.

The new Act will also push the consumer-driven businesses to take extra precautions against unfair trade practices and unethical business practices.

Inclusion of the e-commerce sector:

The earlier Act did not specifically include e-commerce transactions, and this lacuna has been addressed by the new Act.

E-commerce has been witnessing tremendous growth in recent times. The Indian e-commerce market is expected to grow to US\$ 200 billion by 2026.

The Act also enables regulations to be notified on e-commerce and direct selling with a focus on the protection of interest of consumers. This would involve rules for the prevention of unfair trade practices by e-commerce platforms.

As per the notified rules, every e-commerce entity is required to provide information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism, payment methods, the security of payment methods, charge-back options, etc. including country of origin which are necessary for enabling the consumer to make an informed decision at the pre-purchase stage on its platform.

The e-commerce platforms will have to acknowledge the receipt of any consumer complaint within forty-eight hours and redress the complaint within one month from the date of receipt under this Act. This will bring e-commerce companies under the ambit of a structured consumer redressal mechanism.

E-commerce entities that do not comply will face penal action.

III. CONCERNS

State regulation:

As part of the Consumer Protection Act, 2019, the Ministry of Consumer Affairs will compile a code of conduct for advertisers and agencies, a move designed to curb unfair practices and misleading claims. The planned code will detail penalties for advertisers and their agencies and publishers if misleading advertising and false claims are found.

There have been concerns that this approach would mark a move from self-regulation to a more federated oversight.

Implementational challenges:

The existing vacancies at the district commission level would undermine the effective implementation of the new Act.

Lack of differentiated approach:

As per the proposed rules for the e-commerce businesses, companies are not allowed to “manipulate the price” of goods and services offered on their platforms to gain unreasonable profit or discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights under the Act.

The clause on the manipulation of price by e-commerce companies appears irrelevant as sometimes, the e-commerce companies would want to reduce the price to enhance sales volume. For a country with market size of around \$25 billion, the guidelines should have taken a deeper view of the e-commerce ecosystem, covering all prevailing business models between consumers, marketplaces and sellers.

IV. CONCLUSION

The present article discusses the consumer protection regime currently in-force in India. It highlights the key features of the New Act along with the major differences between the New Act and the Old one. By exploring the archetypal

challenges of the New Act and by providing suggestions to mitigate those challenges, this article presents a constructive critique of consumer protection in India. Specifically, this article highlights the issues pertaining to the functioning of the Central Consumer Protection Authority, the doubts regarding the inclusion/exclusion of 'legal services' from the Act.

REFERENCES

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