

Standing Committee Report Summary

The Consumer Protection Bill, 2015

- The Standing Committee on Food, Consumer Affairs and Public Distribution (Chair: Mr J. C. Divakar) submitted its report on the Consumer Protection Bill, 2015 on April 26, 2016. The Bill was introduced in Lok Sabha on August 10, 2015. It seeks to replace the Consumer Protection Act, 1986, which provides for consumer rights, and establishes a redressal agencies to adjudicate consumer disputes.
- The Bill seeks to: (i) establish a regulatory body to enforce consumer rights, (ii) establish redressal agencies to adjudicate consumer disputes, (iii) enable consumers to file claims for product liability, and (iv) define unfair contracts and allow consumers to file complaints against them. Key recommendations of the Committee have been summarized below.
- **Inclusion of services in product liability:** The Bill defines ‘product liability’ as the manufacturer’s responsibility to provide compensation for an injury caused by a defective product or deficiency in services. The Committee noted that it is unclear if deficiency in services is covered under the Bill. It recommended that the Bill should also specify conditions for establishing deficiency in services.
- **Conditions to claim product liability:** The Bill specifies six conditions regarding a defective product which are to be proven by a consumer in order to claim product liability. The Committee observed that this puts an undue burden on the consumer, since he will not be able to claim liability if any one of the conditions are not met. It recommended that the provision be redrafted such that the consumer has to prove any one of the conditions instead of all six of them.
- **Unfair contracts:** The Bill defines unfair contracts as contracts between consumers and manufacturers, which contain any of six specified terms of contracts. The Committee recommended that the Bill should lay down principles which would determine whether contract term is unfair. This would allow terms of contracts other than the specified six to be classified as unfair.
- **Consumer rights:** The Bill specifies six rights of consumers, including the right to be informed about the quality and quantity of goods or services, right to seek redressal against unfair trade practices, etc. The Committee recommended that the Bill should expand the rights of consumers to include the right to terminate a contract based on the quality of goods and services.
- **Misleading advertisements:** The Bill includes the presentation of misleading advertisements under the definition of unfair trade practices. The Committee recommended that strict penalties to deal with misleading advertisements should be included in the Bill. It suggested a fine of Rs 10 lakh or an imprisonment of two years or both, to deter such advertisements. It also suggested that these penalties be applicable to the persons who endorse the products in the advertisements.
- **Central Consumer Protection Authority:** The Bill establishes the Central Consumer Protection Authority (CCPA) to inquire and investigate into consumer complaints, issue directions and impose penalties. The Bill also establishes consumer dispute redressal commissions to adjudicate consumer disputes. The Committee stated that this function of the CCPA overlaps with the functions of the commissions. It therefore recommended that the CCPA should not be vested with any judicial powers.
- **Pecuniary jurisdiction of district commissions:** The Bill establishes consumer dispute redressal commissions at the national, state and district levels. Under the Bill, consumer disputes regarding good or services with a value of up to Rs 50 lakh will go to the district commission, and those with a value of up to Rs 10 crore will go to state commissions. The Committee recommended that the jurisdiction of district commissions may be raised to Rs 1 crore.
- **Adulteration of products:** The Committee recommended that well-equipped laboratories should be established in the country to deal with the issue of adulteration of products such as food, drugs, fertilizers, seeds, etc. It also recommended a penalty of a fine of Rs 10 lakh, imprisonment of 2 years, and a suspension of license for two years, for the adulteration of these products.

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