

CONSUMER PROTECTION

- ❖ **As a result of this, consumers may be exposed to risks due to unsafe products- that is, he may be cheated, may have to pay a higher price etc.**
- ❖ **Thus; there is a need to provide adequate protection to consumers against such practices**

CONSUMER PROTECTION

CONSUMER PROTECTION

Protection of Consumer against the unfair trade practice of producers and sellers

Generally consumers are exploited by:

- ❖ **Adulteration of Consumer Goods**
- ❖ **Poor Quality of Goods and Services**
- ❖ **Short Measure and Underweight Goods**
- ❖ **Creation of Artificial Scarcity by Hoarding of Goods**



IMPORTANT CONSUMER PROTECTION

1. Consumers Ignorance:

Majority of consumers are not aware of their rights and reliefs available to them as a result of which they are exploited. In order to save consumers from exploitation, consumer protection is needed.

2. Unorganized Consumers: In India consumers are still unorganized and there is lack of consumer organizations also, thus consumer protection is required.

IMPORTANT CONSUMER PROTECTION

3. Widespread Exploitation of

Consumers: Consumers are exploited on large scale by means of various unfair trade practices and consumer protection is required to protect them from exploitation.



Market – Consumer = Zero

Important of Consumer Protection
(from the point of view of Business)

Traditional Approach
Caveat Emptor
(Let the buyer beware)

Modern Approach
Caveat Venditor
(Let the seller beware)

IMPORTANT CONSUMER PROTECTION

1. Long term Business

Interest: It is always in the interest of the business to keep its customer satisfied. Global competition could be won only after satisfying customers. Satisfied customers lead to repeat sales and help in increasing customer base of business.

IMPORTANT CONSUMER PROTECTION

2. Moral Justification: It is the moral duty of any business to take care of consumer interest & avoid any form of their exploitation & unfair trade practices like defective & unsafe products, adulteration, false and misleading advertising, hoardings, black marketing etc.

3. Business uses Resources of Society: Every business uses the resources of the society and thus it is their responsibility to work in the interest of the society.

IMPORTANT CONSUMER PROTECTION

4. Social Responsibility: A business has social responsibilities towards various groups like owners, workers, government, customers etc. Thus, customers should be provided qualitative goods at reasonable prices.

5. Government Intervention: If a business engages in any form of unfair trade practices then government takes action against it, which adversely affects its goodwill.

CONSUMER PROTECTION ACT, 1986 (CPA, 1986)

- 1. Set up to protect and promote consumer interests thro a speedy and inexpensive redressal of grievances.**
- 2. Recognizes consumer rights **Redressal agencies**– set up a three-tier agency to address consumer grievances.**

Scope of the act- It is applicable to all types of undertaking:

- Large and small scale**
- Private, public and co-operative sector**
- Manufacturer or trader**
- Firms supplying goods as well as services**

Meaning of Consumer

1. Any person who buys any goods for a consideration. It includes any user of such goods with the approval of the buyer. But it does not include a person who obtains goods for resale or any commercial purpose.

2. Any person who avails any services for a consideration. It includes any beneficiary of such services but it does not include a person who avails such service for any commercial purpose.

Rights of a Consumer

Consumer Protection Act, 1986 has provided six rights to the consumers, which are as follows:

1. Right to Safety: Consumer has the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic device).

2. Right to be Informed: Consumer has right to have complete information about the product before buying it.

Rights of a Consumer

Consumer Protection Act, 1986 has provided six rights to the consumers, which are as follows:

1. Right to Safety: Consumer has the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic device).

Rights of a Consumer

2. Right to be Informed: Consumer has right to have complete information about the product before buying it.



Manufacturing Date (20th Aug, 2014)

Price (Rs. 25)

Quantity (330 ml)

Expiry Date (Best before Jan, 2015)

Rights of a Consumer

3. Right to choose: Consumer has a right to choose any product out of the available products as per his own decision making.

4. Right to be heard: Consumer has the right to file a complaint to be heard in case of dissatisfaction with goods or services (use of grievance cell)

Rights of a Consumer

5. Right to Seek Redressal:

Consumer has the right to get relief in case the product or service falls short of his expectations or is dangerous. He may be provided with replacement/removal of defect or compensation for any loss. Various redressal forums are set up by the Govt. at National and State level.

Rights of a Consumer

6. Right to consumer education: Consumer has the right to acquire knowledge and to be well informed throughout life. He should be made aware of his rights and reliefs available to him in case of the product or service falls short of his expectations. The Govt. of India has included consumer education in the school curriculum & is making use of media to make consumers aware of their rights.

Responsibilities/Duties of a Consumer

Consumer Responsibilities:

1. Ask for a cash memo

- **On purchase of goods or services. This would serve as a proof of the purchase made.**

2. Be aware

- **About various goods and services available in the market so that an intelligent and wise choice can be made.**

Responsibilities/Duties of a Consumer

3. Buy only standardized goods

- **As they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.**

4. Follow manufacturer's instructions

- **Learn about the risks associated with products and services, and use the products safely.**

Responsibilities/Duties of a Consumer

5. Read labels carefully

- **So as to have information about prices, net weight, manufacturing and expiry dates, etc.**

6. Assert yourself

- **To ensure that you get a fair deal.**

7. Be honest in your dealings.

- **Choose only from legal goods and services and discourage unscrupulous practices like blackmarketing, hoarding etc.**

Responsibilities/Duties of a Consumer

8. File a complaint in an appropriate consumer forum

- **In case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.**

9. Form consumer societies

- **Which would play an active part in educating consumers and safeguarding their interests.**

10. Respect the environment.

- **Avoid waste, littering and contributing to pollution.**

Responsibilities/Duties of a Consumer

8. File a complaint in an appropriate consumer forum

- **In case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.**

9. Form consumer societies

- **Which would play an active part in educating consumers and safeguarding their interests.**

10. Respect the environment.

- **Avoid waste, littering and contributing to pollution.**

Responsibilities/Duties of a Consumer

CONSUMER MUST BE QUALITY CONSCIOUS



Hallmark is standard for accurate determination of the precious metal



Agmark is standard for prescribed agricultural commodities and live block.

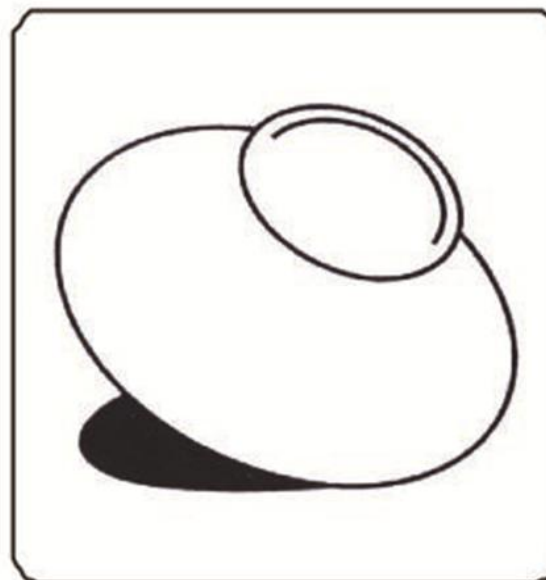


FPO aims at standard for manufacture of fruit & vegetable products.



ISI is a standard for electrical goods.

CONSUMER MUST BE QUALITY CONSCIOUS



Earthen pitcher signifies the products are environment friendly.

Responsibilities/Duties of a Consumer

THE SALIENT FEATURES AND PROVISIONS OF CONSUMER PROTECTION ACT, 1986

Who Can File A Complaint Under CPA, 1986

A complaint before the appropriate consumer forum can be made by:

- 1. Any consumer.**
- 2. Any registered consumer association.**

Responsibilities/Duties of a Consumer

3. The central or state government.

4. One or more consumers on behalf of numerous consumers having same interest.

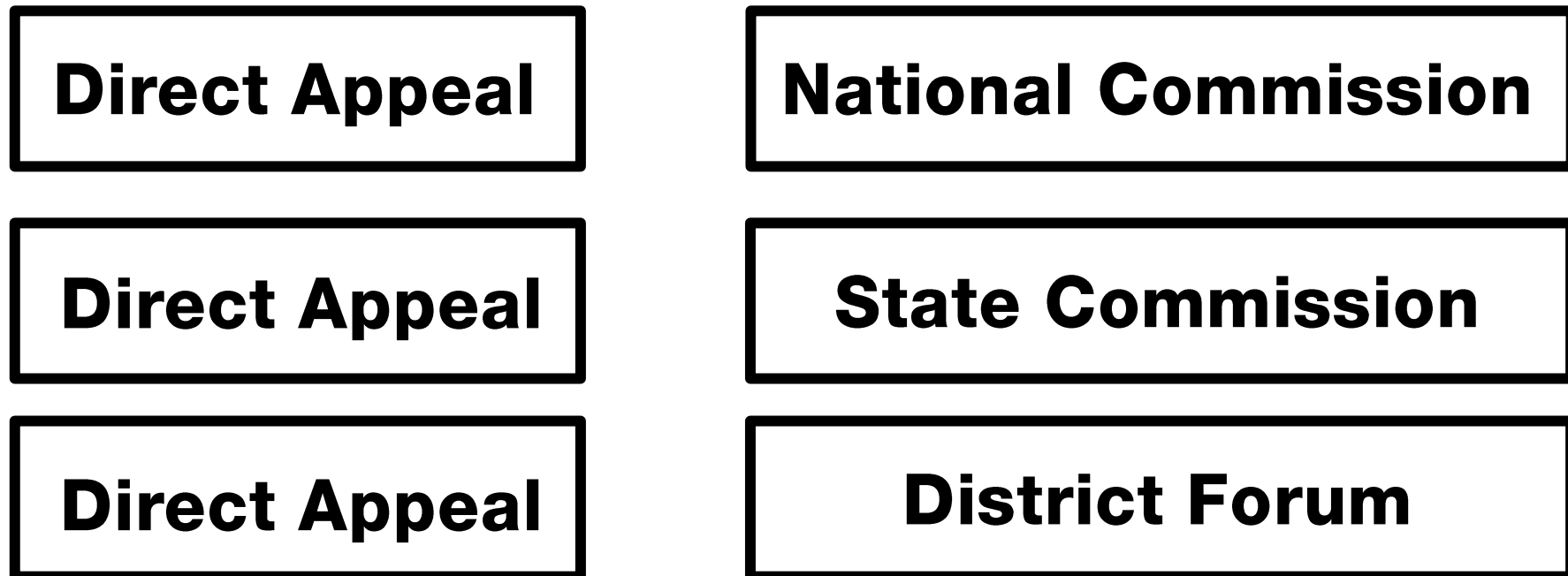
5. A legal heir or representative of a deceased consumer.

Complaints can be filed and compensation claimed w.r.t:

- **Fraudulent practices by traders and manufacturers**
- **Defective goods**
- **Deficiency in services in connection with 9 services such as banking, transportation, insurance, supply of electricity and gas, house construction, medical service**

REDRESSAL AGENCIES UNDER CONSUMER PROTECT ACT, 1986

For the redressal of consumer grievances the act provides a three-tier machinery as:



Redressal Agencies

DISTRICT FORUM

District forum are set up in each district by the state concerned. The important features are:

(a) It consists of a President and two members, one of whom should be a woman, duly appointed by State Govt.

(b) It can receive consumer complaints of not more than Rs. 20 lakhs value.

DISTRICT FORUM

(c) On receiving the complaint, the district forum shall refer the complaint to the opposite party concerned and send the sample of goods for testing in a laboratory.

(d) The district forum after being satisfied that goods are defective or there is some unfair trade practice can issue an order to opposite party directing him to either replace or return the price or pay compensation. In case the aggrieved party is not satisfied with the order of district forum. He can appeal before state forum within 30 days of passing an order.

STATE COMMISSION

It is set up in each state by the govt. concerned. The salient features are:

(a) Each commission consists of a president and it least 2 members appointed by state Govt.

(b) Complaints of at least Rs. 20 lakhs but not more than 1 crore can be filed with state commission.

STATE COMMISSION

(c) On receiving the complaint, the state commission can also refer the complaint to opposite party and send the goods for testing in laboratory.

(d) The state commission after being satisfied can order to opposite party to either replace or repay or pay compensation. In case the aggrieved party is not satisfied, they can appeal before national commission within 30 days of passing an order.

NATIONAL COMMISSION

It is setup by Central Govt. The provisions of act are:

(a) It consists of a President and at least 4 members appointed by Central Govt.

(b) All complaints are pertaining to goods and services of value more than Rs. 1 crore can be filed with national commission.

NATIONAL COMMISSION

(c) On receiving the complaint, the national commission can also refer it to opposite party and send goods for testing.

(d) The National Commission has the power to issue orders for replace mentor removal and to pay the compensation for loss.

REMEDIES AVAILABLE TO CONSUMERS

- ❖ **Remove defect in goods and deficiency in services.**
- ❖ **Replace defective goods with one with no defects**
- ❖ **Refund price paid**
- ❖ **Pay a reasonable amount of compensation for any loss or injury suffered.**
- ❖ **Pay punitive damages in appropriate circumstances.**
- ❖ **Discontinue unfair/restrictive trade practice**

REMEDIES AVAILABLE TO CONSUMERS

- ❖ **Not to offer hazardous goods and services for sale**
- ❖ **Withdraw hazardous goods from sale**
- ❖ **Cease manufacturing hazardous goods**
- ❖ **Pay an amount to consumer welfare fund/ person (not less than 5%) to be utilized in the prescribed manner**
- ❖ **Issue corrective advertisement to neutralize the effect of misleading ads.**
- ❖ **Pay adequate costs to parties.**

CONSUMER AWARENESS

Some important consumer organization and NGO's engaged in protecting consumer interests are:

- 1. Consumer coordination council, Delhi.**
- 2. Voluntary organization in Interest of Consumer Education, Delhi.**
- 3. Mumbai Grahak Panchayat, Mumbai.**
- 4. Consumer Association, Kolkata.**
- 5. Consumer Unity and Trust Society Jaipur.**

Role of Consumer organizations and NGO's

- 1. Educating the general public about consumer rights by organizing training programmes, seminars and workshops.**
- 2. Publishing periodical & other publications to educate consumers.**
- 3. Providing legal assistance to consumers by providing legal advice etc.**
- 4. Producing films or cassettes on food adulteration, misuse of drugs etc.**

Role of Consumer organizations and NGO's

5. Filing complaints in appropriate consumer courts on behalf of consumers.

6. Encouraging consumers to take on action against unfair trade practices.

7. Taking an initiative in filing cases in consumer courts on behalf of consumers.

Ways and Means of Consumer Protection

1. Self Regulation by Business:

- **It is in the long-term interest of businesses to serve the customers well.**
- **Socially responsible firms follow ethical standards and practices in dealing with their customers.**
- **Many firms have set up their customer service and grievance cells to redress the problems and grievances of their consumers.**

Ways and Means of Consumer Protection

2. Business Associations:

- **Examples of associations of trade, commerce and business – Federation of Indian Chambers of Commerce of India (FICCI) and Confederation of Indian Industries (CII)**
- **They have laid down their code of conduct which lay down for their members the guidelines in their dealings with the customers.**

Ways and Means of Consumer Protection

3. Consumer Awareness:

- **A consumer, who is well informed about his rights and the reliefs available to him, would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitation.**
- **This enables them to understand their responsibilities and to safeguard their interests.**

Ways and Means of Consumer Protection

4. Consumer Organizations':

- **Force business firms to avoid malpractices and exploitation of consumers.**

5. Government:

- **The most important of these regulations is the Consumer Protection Act, 1986. The Act provides for three-tier machinery at the district, state and national levels for redressal of consumer grievances.**

Short Answer Type Questions

Short Answer Type Questions

1. Explain the importance of consumer protection from the point of view of business.

Ans: A business can not survive without paying attention on protecting the consumers interest and adequately satisfying them. This is important because of the following reasons

(i) Long Term Interest of Business
Business firms should aim at long term profit maximisation through customer satisfaction.

Short Answer Type Questions

Satisfied customers not only lead to repeat sales but also provide good feedback to prospective customers and thus help in increasing the customer base of business.

(ii) Business uses Society's Resources

Business organisation uses resources which belong to the society, thus they have a responsibility to supply such products and render such services which are in public interest.

Short Answer Type Questions

(iii) Social Responsibility

A business has social responsibility towards various interest groups. Business organisations make money by selling goods and providing services to consumers. Thus, consumers form an important group among the many stakeholders of business and like other stakeholders, their interest has to be well taken care of.

Short Answer Type Questions

(iv) Moral Justification

The moral duty of any business is to take care of consumer's interest and securing them from exploitation. Thus, a business must avoid insecure loss, exploitation and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising hoarding, black marketing etc.

Short Answer Type Questions

(v) Government Intervention

A business engaging in any form of exploitation time trade practices would invite government intervention or action. Thus, it is advisable that business organisation voluntarily resort to such practices, where the customers need and interests will be taken care of.

Short Answer Type Questions

2. Enumerate the various Acts passed by the Government of India which help in protecting the consumer's interest?

Ans: The Indian legal framework consists of a number of regulations which provide protection to consumers. Some of these regulations are as under
(i) The Consumer Protection Act, 1986

The Act provides safeguards to consumers against defective goods, deficient services, unfair trade practices etc.

Short Answer Type Questions

(ii) The Contract Act, 1982

The Act lays down the conditions in which the promises made by parties to a contract will be binding on each other.

(iii) The Sale of Goods Act, 1930

The Act provides some safeguards and reliefs to the buyers of the goods in case, the goods purchased do not comply with express or implied conditions or warranties.

Short Answer Type Questions

(iv) The Essential Commodities Act, 1955

The Act aims at controlling, I (reduction, supply, distribution and price of essential commodities.

(v) The Agricultural Produce Act, 1937

The Act prescribes grade ctandards for agricultural commodities and livestock products.

Short Answer Type Questions

(vi) The Prevention of Food Adulteration Act, 1954

The Act aims to check adulteration of foods articles and ensure their purity, so as to maintain public health.

(vii) The Standards of Weights and Measures Act, 1976

It provides protection to consumers against the malpractice of under-weight or under-measure.

Short Answer Type Questions

(viii) The Trade Marks Act, 1999

The Act prevents the use of fraudulent marks on products and thus provides protection to the consumers against such products.

(ix) The Competition Act, 2002

The Act provides protection to the consumers in case of practices adopted by business firms which hamper competition in the market.

Short Answer Type Questions

(x) The Bureau of Indian Standard Act, 1986

The bureau has two major activities : formulation of quality standards for goods and their certification through the BIS certification scheme. The bureau has also set up a grievance cell, where consumers can make a complaint about quality of products carrying the ISI mark.

Short Answer Type Questions

3. What are the responsibilities of a consumer?

Ans: A consumer should keep in mind the following responsibilities while purchasing, using and consuming goods and services

(i) Be aware about various goods and services available in the market, so that an intelligent and wise choice can be made.

Short Answer Type Questions

(ii) Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products and Hallmark on jewellery etc.

(iii) Learn about the risks associated with products and services.

(iv) Read labels carefully, so as to have information about prices, weight, manufacturing and expiry dates etc.

Short Answer Type Questions

(v) Assert yourself to get a fair deal.

(vi) Be honest in your dealings. Choose only from legal goods and services.

(vii) Ask for a cash-memo on purchase of goods and services. This would serve as a proof of the purchase made.

(viii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed.

Short Answer Type Questions

(ix) Form consumer societies which would play an active part in educating consumers and safeguarding their interests

(x) Respect the environment, avoid waste, littering and contributing to pollution.

Short Answer Type Questions

4. Who can file a complaint in a consumer court?

Ans: A complaint can be made by

(i) Any consumer.

(ii) Any registered consumer's association.

(iii) The Central Government or any State Government.

(iv) One or more consumers, on behalf of numerous consumers having the same interest.

(v) A legal heir or representative of a deceased consumer.

Short Answer Type Questions

5. What kind of cases can be filed in a state commission?

Ans: A complaint can be made to the appropriate state commission when the value of the goods and services, along with compensation claim exceeds Rs.20 lakhs but does not exceed Rs 1 crore. The appeals against the orders of a District Forum can also be filed before the state commission.

Short Answer Type Questions

6. Explain the role of consumer organisations and NGOs in protecting and promoting consumers' interest.

Ans: Consumer organisation and NGOs perform several functions for the protection and promotion of interest of consumers. In India, these associations are performing lots of functions some of them are

(i) Educating the general public about consumer rights by organising training programmes, seminars and workshops.

Short Answer Type Questions

(ii) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other – matters of interest.

(iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.

Short Answer Type Questions

(iv) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitation and unfair trade practices of sellers.

(v) Providing legal assistance to consumers by providing aid, legal advice etc in seeking legal remedy.

Short Answer Type Questions

(vi) Filing complaints in appropriate consumer courts on behalf of the consumers.

(vii) Taking an initiative in filing cases in consumer court in the interest of the general public, not for any individual.

Long Answer Type Questions

Long Answer Type Questions

1. Explain the rights and responsibilities of a consumer.

Ans: The Consumer Protection Act provides six rights to consumers. They are as follows

(i) Right to Safety

The consumer has a right to be protected against goods and services which are hazardous to life, e.g., sometimes we purchased the food items of low quality which causes severe problems. Thus, in this case, we should purchased good quality and FPO labelled products.

Long Answer Type Questions

(ii) Right to be Informed

The consumer has a right to have complete information about the product, which he intends to buy including its ingredients, date of manufacture, price , quantity, directions for use etc. Under the legal framework of India manufactures have to provide such information on the package and label of the product.

Long Answer Type Questions

(iii) Right to Choose

The consumer has the freedom to choose from a variety of products. The marketers should offer a wide variety of products and allow the consumer to make a choice and choose the product which is most suitable.

(iv) Right to be Heard

The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells.

Long Answer Type Questions

(v) Right to Seek Redressal

The Consumer Protection Act provides a number of reliefs to the consumer including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer etc.

(vi) Right to Consumer Education

The consumer has a right to acquire knowledge about products. He should be aware about his rights and the reliefs available to him in case of a product/service falling short of his expectations.

Long Answer Type Questions

Many consumer organisations and some enlightened businesses are taking an active part in educating consumers in this respect.

Consumer Responsibilities

A consumer must be aware about these responsibilities while purchasing, using and consuming goods and services

- (i) Consumer must be aware of all their rights.**
- (ii) Consumer must be careful while purchasing a product.**
- (iii) He should file complaint for the redressal of genuine grievances.**
- (iv) Consumer must buy a standardised good.**
- (v) He should ask for a cash-memo on purchase of goods and services**

Long Answer Type Questions

2. What are various ways in which the objective of consumer protection can be achieved? Explain the role of consumer organisations and NGOs in this regard?

Ans: There are various ways in which the objective of consumer protection can be achieved

(i) Self Regulation by Business Socially responsible firms follow ethical standards and practices in dealing with their customers. Many firms have set up their customer service and grievance cells to redress the problems and grievances of their consumers.

Long Answer Type Questions

(ii) Business Associations

The associations of trade, commerce and business like Federation of Indian Chambers of Commerce of India (FICCI) and Conference of Indian Industries (CII) have laid down their code of conduct which lays down for their members the guidelines in their dealings with the customers.

Long Answer Type Questions

(iii) Consumer Awareness

A consumer, who is well informed about his rights and the reliefs, would be in a position to raise his voice against any unfair trade practices or exploitation.

(iv) Consumer Organisations

Consumer organisations plays an important role in educating consumers about their rights and protecting them. These organisations can force business firms to avoid malpractices and exploitation of consumers.

Long Answer Type Questions

(v) Government

The Government can protect the interests of the consumers by enacting various legislations. The legal framework in India encompasses various legislations which provide protection to consumer, the most important of these regulations is the Consumer Protection Act, 1986. The Act provides for a three-tier machinery at the District, State and National levels for redressal of consumer grievance.

Long Answer Type Questions

Role of Consumer Orgs and NGOs

Consumer organisation and NGOs perform several functions for the protection and promotion of interest of consumers. In India, these associations are performing lots of functions some of them are (i) Educating the general public about consumer rights by organising training programmes, seminars and workshops.

Long Answer Type Questions

(ii) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other – matters of interest.

(iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.

Long Answer Type Questions

(iv) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitation and unfair trade practices of sellers.

(v) Providing legal assistance to consumers by providing aid, legal advice etc in seeking legal remedy.

(vi) Filing complaints in appropriate consumer courts on behalf of the consumers.

(vii) Taking an initiative in filing cases in consumer court in the interest of the general public, not for any individual.

Long Answer Type Questions

3. Explain the redressal mechanism available to consumers under the Consumer Protection Act, 1986?

Ans: For the redressal of consumer grievances, the Consumer Protection Act provides for setting up of a three-tier enforcement machinery at the District, State and the National levels.

Long Answer Type Questions

(i) District Forum A complaint can be made to the appropriate District Forum when the value of goods or services, along with the compensation claimed, does not exceed ? 20 lakhs. In case the aggrieved party is not satisfied with the order of the District Forum, he can appeal before the State Commission within 30 days.

Long Answer Type Questions

(ii) State Commission A complaint can be made to the appropriate State Commission when the value of the goods or services, along with the compensation claimed, exceeds ? 20 lakhs but does not exceed Rs 1 crore. The appeals against the orders of District Forum can also be filed before the State Commission. In case the party is not satisfied with the order of the State Commission, he can appeal before the National Commission within 30 days of the passing of the order by State Commission.

Long Answer Type Questions

(iii) National Commission A complaint can be made to the National Commission when the value of the goods or services, along with the compensation claimed exceeds Rs 1 crore. The appeals against the orders of a State Commission can also be filed before the National Commission. An order passed by the National Commission in a matter of its original jurisdiction is appealable before the supreme court.

Long Answer Type Questions

This means that only those appeals, where the value of goods + services in question, along with the compensation claimed, exceeded Rs. 1 crore and where the aggrieved party was not satisfied with the order of the National Commission, can be taken to the Supreme Court of India.