

CHAPTER 12

CONSUMER PROTECTION





Syllabus



Concept	the student/learner would be able to:
Concept and importance of consumer protection	• Understand the concept of consumer protection. • Describe the importance of consumer protection. • Discuss the scope of Consumer Protection Act, 1986
Consumer Protection Act 1986: Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available	• Understand the concept of a consumer according to the Consumer protection Act 1986. • Explain the consumer rights Understand the responsibilities of consumers • Understand who can file a complaint and against whom? • Discuss the legal redressal machinery under Consumer protection Act 1986. • Examine the remedies available to the consumer under Consumer protection Act 1986.
Consumer awareness - Role of consumer organizations and Non-Governmental Organizations (NGOs)	• Describe the role of consumer organizations and NGOs in protecting consumers' interests.

Introduction



- Consumer is said to be the king in a free market economy. The earlier approach of “Caveat emptor” (let the buyer beware) has been changed to “Caveat venditor” (let the seller beware).
- With the growing competition and to push up the sales, businessmen indulge in exploitative and unfair trade practices which include supply of defective and unsafe products, adulteration, false and misleading advertising, hoarding, black marketing etc., so there arises the need for providing protection to consumers.

Consumer - Definition

Consumer - A 'consumer' is generally understood as a person who uses or consumes goods or avails of any service.

Under the Consumer Protection Act, a consumer is defined as:

- Any person who buys any goods for a consideration,
- Any person who hires or avails of any service, for a consideration.



Importance of Consumer Protection

- Consumer Protection has a wide agenda. It not only includes educating consumers about their rights and responsibilities, but also helps in getting their grievances redressed.
- It not only requires judicial machinery for protecting the interests of consumers but also requires the consumers to get together and form themselves into consumer associations for protection and promotion of their interests.
- At the same time, consumer protection has a special significance for businesses too.



From Consumers' point of view

- A. **Consumer Ignorance:** consumers are ignorant about their rights and reliefs available to them; it becomes necessary to educate them to achieve consumer awareness.
- B. **Unorganized Consumers:** Consumers need to be organized in the form of consumer organizations which would take care of their interests.
- C. **Widespread Exploitation of Consumers:** Consumers need protection against Unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding, black marketing etc.



From the point of view of Business

1. **Long-term Interest of Business:** Enlightened businesses realize that satisfied customers lead to repeat sales and provide good feedback to prospective customers. Thus, business firms
2. **Business uses Society's Resources:** They, thus, have a responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.
3. **Social Responsibility:** Business organizations 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.



From the point of view of Business

4. **Moral Justification:** It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation. Thus, a business must avoid unscrupulous, exploitative and unfair trade practices.
5. **Government Intervention:** A business engaging in any form of exploitative trade practices would invite government intervention or action. This can impair and tarnish the image of the company.

Legal Protection to Consumers

- The Indian legal framework consists of a number of regulations which provide protection to consumers.
- As per the Right to Information Act 2005, Section 4, all relevant information is required to be made available to all citizens of the country.
- Other regulations are as under.



1. The Consumer Protection Act, 1986

- The Consumer Protection Act, 1986 seeks to protect and promote the interests of consumers Against all forms of exploitation.
- The Act provides for the setting up of three-tier machinery, it also provides for the formation of consumer protection councils in every District and State, and at the apex level.



2. The Indian Contract Act, 1872

- The Act lays down the conditions in which the promises made by parties to a contract will be binding on each other.
- The Act also specifies the remedies available to parties in case of breach of contract.



3. The Sale of Goods Act, 1930

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



4. The Essential Commodities Act, 1955

- The Act aims at controlling production, supply and distribution of essential commodities, checking inflationary trend in their prices and ensuring equal distribution of essential commodities.
- The Act also provides for action against anti-social activities of profiteers, hoarders and black-marketers.



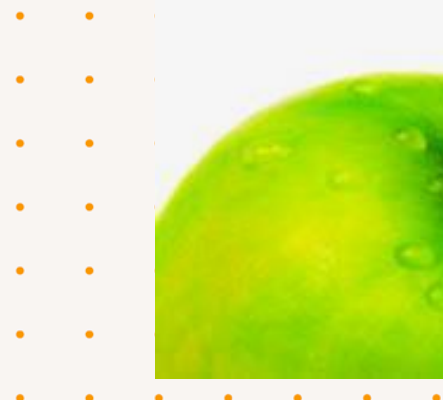
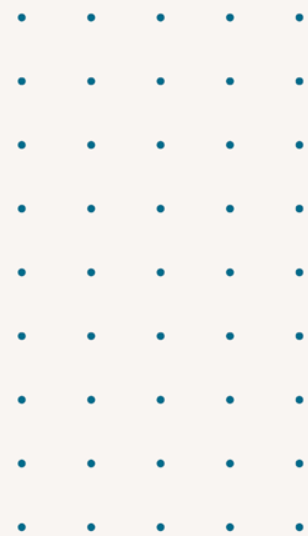
5. The Agricultural Produce (Grading and Marking) Act, 1937

- The Act prescribes grade standards for agricultural commodities and livestock products.
- The Act stipulates the conditions which govern the use of standards and lays down the procedure for grading, marking and packing of agricultural produce.
- The quality mark provided under the Act is known as AGMARK, an acronym for Agricultural Marketing.



6. The Prevention of Food Adulteration Act, 1954

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



7. The Standards of Weights and Measures Act, 1976

- The provisions of this Act are applicable in case of those goods which are sold or distributed by weight, measure or number.
- It provides protection to consumers against the malpractice of underweight or under-measure.



8. The Trade Marks Act, 1999

- This Act has repealed and replaced the Trade and Merchandise Marks Act, 1958.
- The Act prevents the use of fraudulent marks on products and thus, provides protection to the consumers against such products.



9. The Competition Act, 2002

- This Act has repealed and replaced the Monopolies and Restrictive Trade Practices Act, 1969.
- The Act provides protection to the consumers in case of practices adopted by business firms which hamper competition in the market.

When companies compete with each other, there are many benefits such as these:



Because the products become more accessible, it gives us easy to shop and use them.

Which one should I choose?
We have so many choices!



10. The Bureau of Indian Standards Act, 1986

- The Bureau of Indian Standards has been set up under the Act. The Bureau has two major activities:
 - A. formulation of quality standards for goods
 - B. Their certification through the BIS certification scheme.



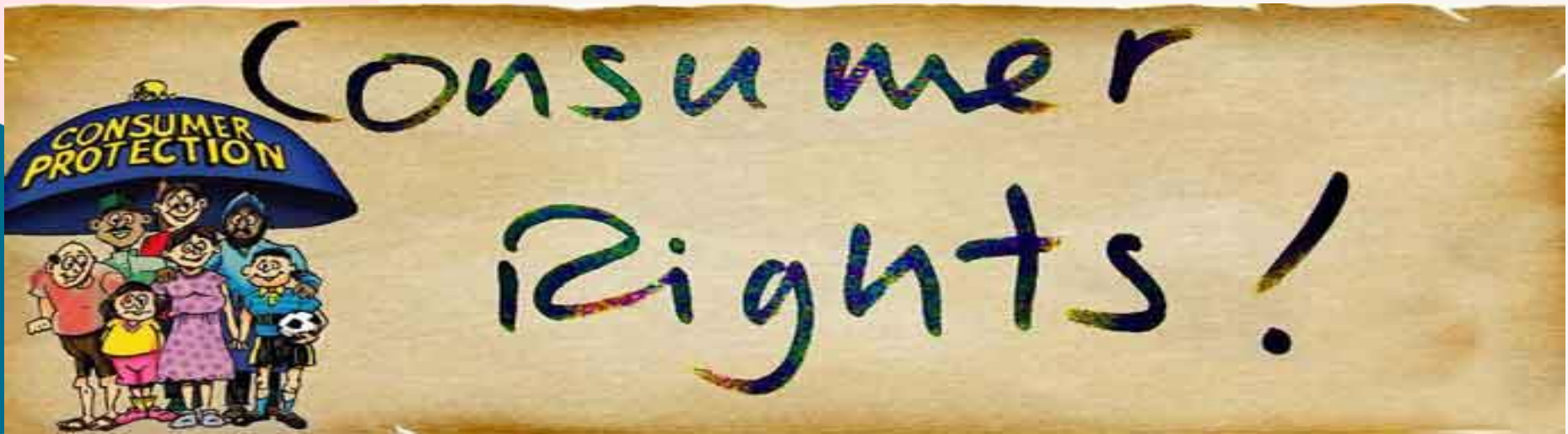


CONSUMER PROTECTION

The Consumer Protection Act, 1986

- The Consumer Protection Act (CPA) seeks to protect and promote the consumers' interest through speedy and inexpensive redressal of their grievances.
- The scope of the Act is very wide. It is applicable to all types of undertakings;
- The Act confers certain rights to consumers with a view to empowering them and to protect their interests.





The Consumer Protection Act provides for six rights of consumers. The consumer protection councils set up under the Act are intended to promote and protect the various rights of consumers.

1. Right to Safety:

- The consumer has a right to be protected against goods and services which are hazardous to life and health.
- For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury.
- Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.

2. Right to be informed

- The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.
- It is because of this reason that the legal framework in India requires the manufactures to provide such information on the package and label of the product.



3. Right to Choose:

- The consumer has the freedom to choose from a variety of products at competitive prices.
- This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.



4. 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.
- Many consumer organizations are also working towards this direction and helping consumers in redressal of their grievances.



5. Right to seek Redressal:

- The consumer has a right to get relief in case the product or service falls short of his expectations.
- The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.



6. Right to Consumer Education

- The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life.
- He should be aware about his rights and the reliefs available to him in case of a product or service falling short of his expectations.
- Many consumer organizations and some enlightened businesses are taking an active part in educating consumers in this respect.



Consumer Responsibilities

- Consumer rights, by themselves, cannot be effective in achieving the objective of consumer protection.
- Consumer protection can, in effect, be achieved only when the consumers also understand their responsibilities.
- A consumer should keep in mind the following responsibilities while purchasing, using and consuming goods and services.





Awareness

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

The consumer must be quality conscious

Buy only standardized goods as they provide quality assurance.
Thus, look for ISI mark on electrical goods





Understand the risks

Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.

Cautious consumer

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

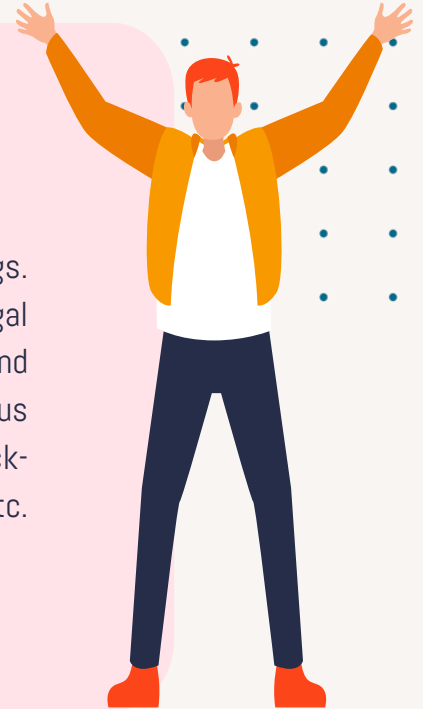


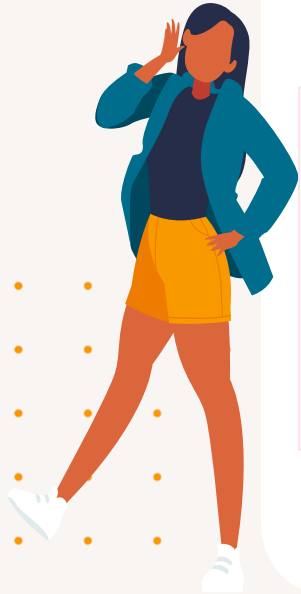


Assert yourself to ensure that you get a fair deal

Be honest

Be honest in your dealings.
Choose only from legal
goods and services and
discourage unscrupulous
practices like black-
marketing, hoarding etc.





Insist on cash memo

Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made

File complaints

file a complaint in an appropriate consumer forum in case of a short coming in the quality of goods purchased or services availed.





Educate consumers

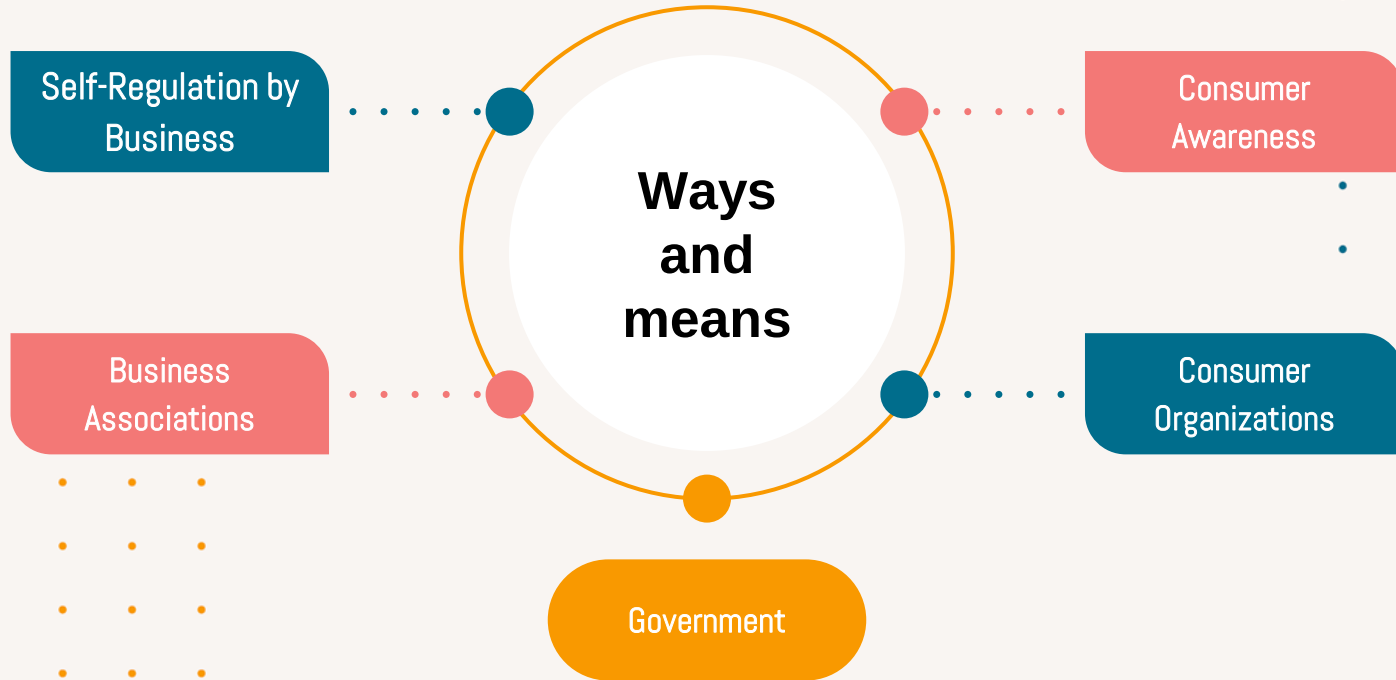
Form consumer societies which would play an active part in educating consumers and safeguarding their interests.

Filing complaints for redressal of genuine grievances

Sometimes, consumers ignore the deception (dishonesty) of traders believing that the loss is small. This attitude encourages corrupt business practices to continue.



Ways and means of Consumer Protection



Self-Regulation by Business

- Enlightened business firms realize that it is in their long-term interest 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.



Self-Regulation

Business Associations

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



Confederation of Indian Industry
125 Years: 1895-2020



**Federation of Indian Chambers
of Commerce and Industry**

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.



Consumer Organizations

- Consumer organizations play an important role in educating consumers about their rights and providing protection to them.
- They can force business firms to avoid malpractices and exploitation of consumers.



Government

- The government can protect the interests of the consumers by enacting various measures.
- The legal framework in India encompasses various legislations which provide protection to consumers.



सत्यमेव जयते

DEPARTMENT OF CONSUMER AFFAIRS

(Ministry of Consumer Affairs, Food & Public Distribution,
Krishi Bhavan, New Delhi, Government of India)

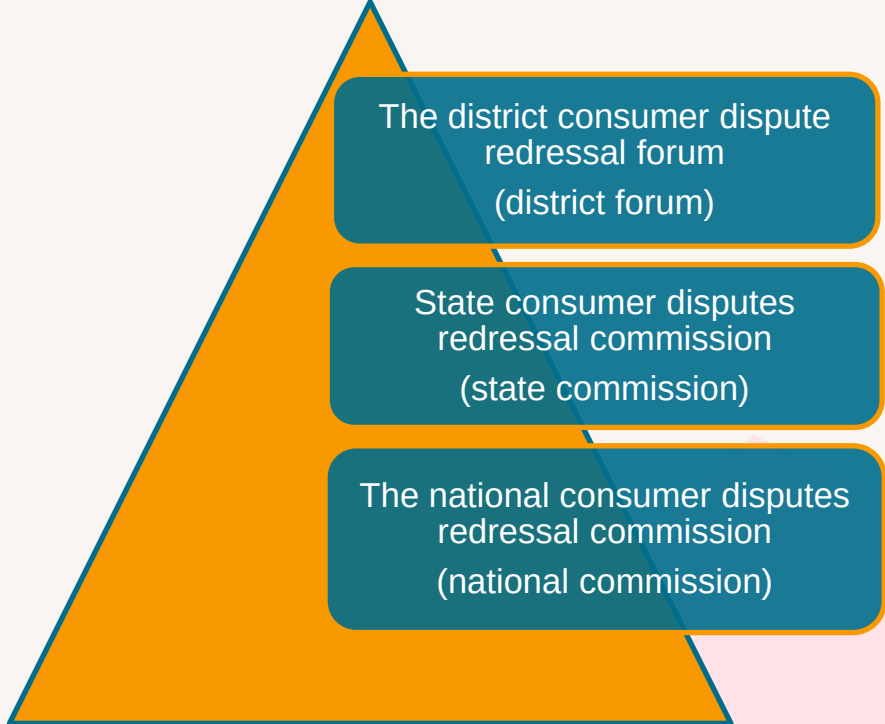
Who can file a complaint?

- ☐ Any consumer can file a complaint and does not need the services of advocate/professionals
- ☐ Any registered consumer association
- ☐ The Central Government
- ☐ The State Government;
- ☐ One or more consumers, on behalf of numerous consumers having the same interest
- ☐ A legal heir or representative of a deceased consumer



Redressal Agencies under the Consumer Protection Act

There is a three-tier grievance redressal system for enforcement of the rights of the Consumers :-



The district consumer dispute
redressal forum
(district forum)

State consumer disputes
redressal commission
(state commission)

The national consumer disputes
redressal commission
(national commission)

District Forum

- There are 644 district commissions in India.
- The District Forum consists of a President and two other members, one of whom should be a woman. They all are appointed by the State Government concerned.
- A complaint can to be made when the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 20 lakhs.

District Forum

- On receiving the complaint, the District Forum shall refer the complaint to the party against whom the complaint is filed.

- If required, the goods or a sample there of, shall be sent for testing in a laboratory. The
 - District Forum shall pass an order after considering the test report from the laboratory and
 - hearing to the party against whom the complaint is filed.

- ➤ 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 of the passing of the order.

State Commission

- ❑ There are 365 State Commission of India.

- ❑ Each State Commission consists of a President and not less than two other members, one of whom should be a woman. They are appointed by the State Government concerned.

- • •
- ❑ A complaint can to be made when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 20 lakhs but does not exceed Rs. 1 crore.

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- ❑ The appeals against the orders of a District Forum can also be filed before the State Commission.

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State Commission

- ❑ On receiving the complaint, the State Commission shall refer the complaint to the party against whom the complaint is filed.

- ❑ If required, the goods or a sample there of, shall be sent for testing in a laboratory. The
 - State Commission shall pass an order after considering the test report from the laboratory
 - and hearing to the party against whom the complaint is filed.
 - • •

- ❑ In case the aggrieved 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.
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National Commission

- ❑ The National Commission has territorial jurisdiction over the whole country, except the state of Jammu and Kashmir.
- ❑ The National Commission consists of a President and at least four other members, one of whom should be a woman. They are appointed by the Central Government.
- ❑ A complaint can to be made to the National Commission when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 1 crore.

National Commission

☐ The appeals against the orders of a State Commission can also be filed before the National Commission.

☐ On receiving the complaint, the National Commission shall refer the complaint to the party against whom the complaint is filed.

☐ If required, the goods or a sample there of, shall be sent for testing in a laboratory. The National Commission shall pass an order after considering the test report from the laboratory and hearing to the party against whom the complaint is filed.

☐ An order passed by the National Commission in a matter of its original jurisdiction is appealable before the Supreme Court.

Relief Available

If the consumer court is satisfied about the genuineness of the complaint, it can issue one or more of the following directions to the opposite party.

- ❖ To remove the defect in goods or deficiency in service.
- ❖ To replace the defective product with a new one, free from any defect.
- ❖ To refund the price paid for the product, or the charges paid for the service.
- ❖ To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.
- ❖ To pay punitive damages in appropriate circumstances.
- ❖ To discontinue the unfair/restrictive trade practice and not to repeat it in the future.

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- ❖ Not to offer hazardous goods for sale.
 - ❖ To withdraw the hazardous goods from sale.
 - ❖ To cease manufacture of hazardous goods and to desist from offering hazardous services.
 - ❖ To pay any amount
 - ❖ To issue corrective advertisement to neutralize the effect of a misleading advertisement.
 - ❖ To pay adequate costs to the appropriate party.

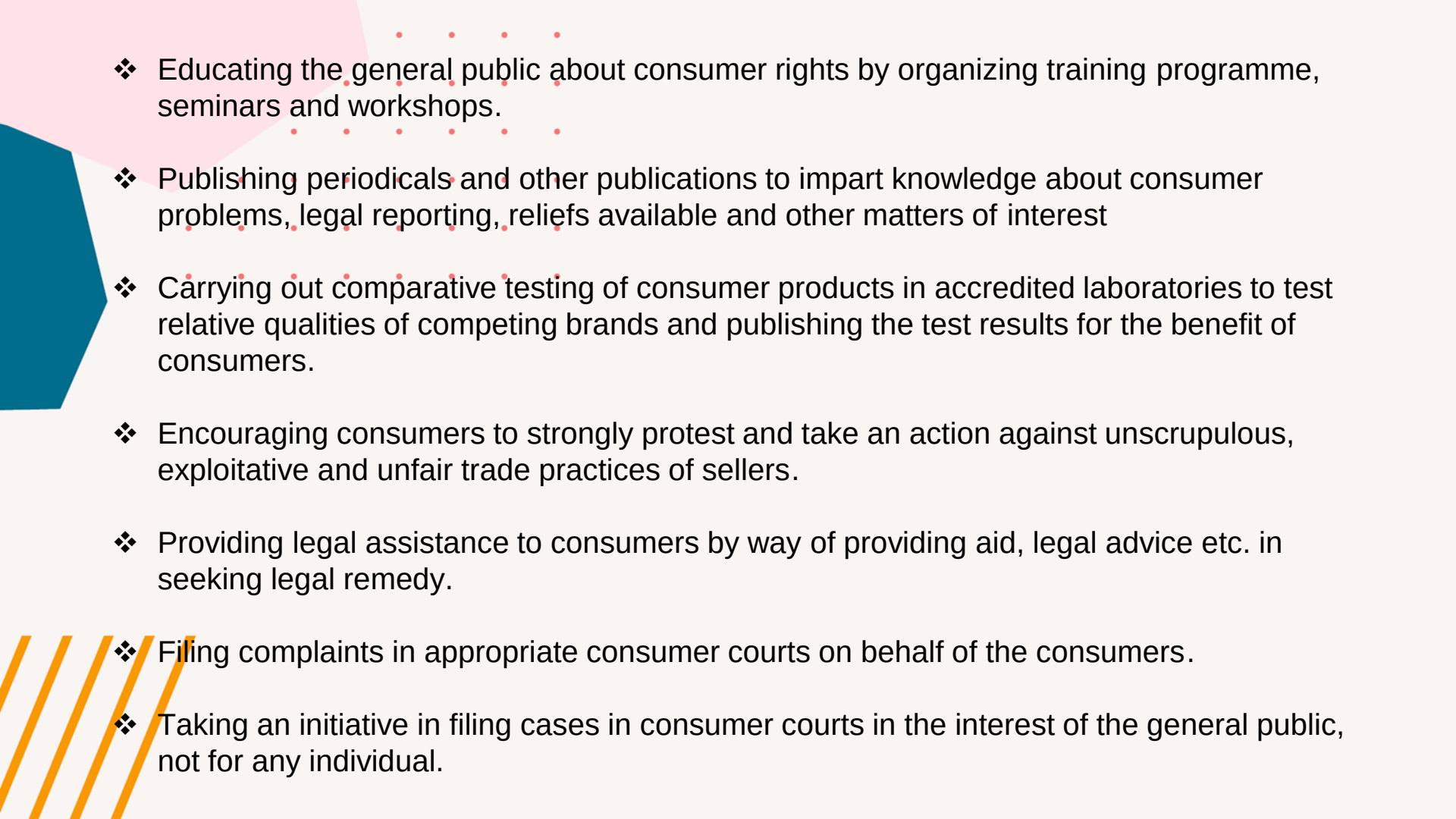
Role of Consumer Organizations and NGOs



In India, several consumer organizations and non-governmental organizations (NGOs) have been setup for the protection and promotion of consumers' interests. Non-governmental organizations are non-profit organizations which aim at promoting the welfare of people.

They have a constitution of their own and are free from government interference. Consumer organizations and NGOs perform several functions for the protection and promotion of interest of consumers. These include:



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- ❖ Educating the general public about consumer rights by organizing training programme, seminars and workshops.
 - ❖ Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest
 - ❖ 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.
 - ❖ Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
 - ❖ Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
 - ❖ Filing complaints in appropriate consumer courts on behalf of the consumers.
 - ❖ Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual.

Some of the important consumer organizations and NGOs are:-

- Consumer Coordination Council, Delhi
- Common Cause, Delhi
- Voluntary Organization in Interest of Consumer Education (VOICE), Delhi
- Consumer education and research Centre (CERC) ,Ahmedabad
- Consumer Protection Council(CPC), Ahmedabad
- Consumer Guidance Society of India (CGSI), Mumbai
- Mumbai Grahak Panchayat, Mumbai
- Karnataka Consumer Service Society, Bangalore
- Consumers' Association, Kolkata
- Consumer Unity and Trust Society (CUTS), Jaipur





THANKS !



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