**Chapter 12**

**Consumer Protection**

**Concept** - The earlier approach of caveat emptor (let the buyer beware) has now changed to let the seller beware (caveat venditor) and has crowned the consumer as king in a free market economy.

caveat emptor (let the buyer beware) to let the seller beware (caveat venditor)

However due to growing competition, manufacturers & service provider may be tempted to engage in unlawful trade practices hereby exposing the consumer to many risks. Thus there is a need to protect the consumer.

Importance of Consumer Protection

***From customer's point of view CUW***

1. **Consumer Ignorance**

* Necessary to educate them to achieve consumer awareness.

1. **Unorganized consumers** 
   * They need to be organised in the form of consumer organisations to take care of their interests.
2. **Widespread exploitation of consumers**

* Consumers can be exploited by unfair and exploitative trade practices like defective and unsafe products.

***From the point of view of business******MG SBL***

1. **Long-term interest of business -**

* + Satisfied customers would lead to repeat sales.
  + Also, they provide good feedback to prospective customers.
  + Thus, business firms should aim at **profit maximization through customer satisfaction.**

**2. Business uses society's resources**

* + Firms use resources from the society.
  + Thus, they should provide those products and services which are in public interest and would not impair public confidence.

3. **Social Responsibility**

* + Business firms have social responsibilities towards various interest groups.
  + These firms make money by selling products and providing services to " customers.
* Thus, consumers form an important group among stakeholders of business.

4. **Moral justification**

* It is the moral duty of business firms to take care of different interests

of consumers.

* They should avoid exploitation of consumers by unfair trade practices like black marketing, misleading advertisements, etc.

5. **Government intervention**

* Use of unfair trade practices by firms would invite government intervention.
* This can tarnish the image of the company due to which it is advised to resort to practices that ensure customer satisfaction.

**The Consumer Protection Act, 1986**

* **Protect, promote and provide safeguard to customers against unfair practices.**
* It consists of a three-tier machinery, consisting of District Forums, State Commission and the National Commission.
* provides for the formation of consumer protection councils in every District and State, and at the apex level.
* It seeks to protect and promote the consumer's' interest through speedy and inexpensive redressed of their grievances.
* Scope of this act is very wide.
* Applicable to all types of undertakings, big and small, whether in the private or public sector, or in the cooperative sector, whether a manufacturer or a trader, and whether supplying goods or providing services.

**Consumer Rights HICCSS**

1. **Right to safety**

* + - Consumer has the right to be protected w.r.t. self and property against hazardous good and services.
    - For example, appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury.
    - Thus, consumers are educated to use appliances with the ISI mark as they ensure that the product is safe to be used.

1. **Right to be Informed**

* A Consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, quantity, etc.
* Due to this reason, manufacturers have to provide such information on the package and label of the product.

1. **Right to choose**

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

1. **Right to be heard**

* Consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.
* Thus, many enlightened business firms have to set up their own consumer service and grievance cell.

1. **Right to seek redressal**

* 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 customers including replacement, compensation for any loss or injury suffered by the consumer, etc.

1. **Right to consumer education**

* Consumer has a right to acquire knowledge and to be a well informed consumer throughout life.
* He should be aware of his rights and the reliefs available to him in case of a product or service falling short of his expectations.

**Consumer Responsibilities**

1. **Be aware** about various goods and services available in the market.
2. **Buy only standardized goods** as they provide quality assurance. Thus, one should always look for lSI marks on electrical goods, FPO mark on food products, Hallmark on jewellery, etc.
3. **Follow manufacturer's instructions** and use the products safely.
4. **Read labels carefully** to have information about prices, net weight. Manufacturing and expiry date etc.
5. **Assert yourself** to ensure that you get a fair deal.
6. **Be honest** in your dealings. One should choose from legal goods and services and discourage malpractices like black-marketing, hoarding, etc.
7. **Ask for a cash memo** on purchase of goods and services. Acts as proof of purchase.
8. **File a complaint** in an appropriate consumer forum in case of a shortcoming in the quality of goods.
9. **Form consumer societies.**
10. **Respect the environment**.

**Ways and means of Consumer Protection (BS CCG)**

1. **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.

2. **Business Associations**

* The associations of trade, commerce and business like Federation of Indian Chambers of Commerce and Industry(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.

1. **Consumer awareness**

* A well informed consumer would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitation. Also, an understanding of his responsibilities would enable a consumer to safeguard his interests.

4. **Consumer organizations**

* These play an important role in educating customers about their rights and providing protection to them.
* They can also force business firms to avoid malpractices and exploitation of consumers.

5. **Government**

* The government can protect the interests of consumers by enacting various legislations.
* The legal framework in India encompasses various legislations that protect the consumers.

The most important of these regulations is the Consumer Protection Act, 1986.

***Redressal agencies under the Consumer Protection Act***

* 1. National Commission (Claim exceeds 1 crore)
  2. State Commission (Claim exceeds 20 lakhs but does not exceed 1 crore)
  3. District Forum (Claim does not exceed 20 lakh)

***Who can file* a *complaint?***

1. Any consumer
2. Any registered Consumer's Association
3. The central government or any state government
4. One or more consumers, on behalf of numerous consumers having some interest.
5. A legal heir or representative of a deceased consumer.

**AGAINST WHOM A COMPLAINT CAN BE FILED**

1. The seller, manufacturer or dealer of goods which are defective. 'Defect' means any fault, imperfection or shortcoming in the quality, quantity or purity of goods.
2. The provider of services if they are deficient in any manner. 'Deficiency' means any imperfection, shortcoming or Inadequacy in the quality, nature and manner of performance of Services.

***Relief available* to *dissatisfied consumers***

1. To remove the defect in goods or-deficiency in service. (Repair)
2. To replace the defective product with a new one. (Replace)
3. To refund the price paid for the product. (Refund)
4. To pay a reasonable amount of compensation for any loss or injury. (Compensation)
5. To pay punitive damages in appropriate circumstances. (Damages)
6. To discontinue the unfair trade practices.
7. Not to offer hazardous goods for sale.
8. To cease manufacture of hazardous goods.
9. To pay any amount (not less than 5% of the value of the defective goods) into Consumer Welfare Fund.
10. To issue corrective advertisement to neutralize the effect of a misleading advertisement.
11. To pay adequate costs to the appropriate party.

*Role* of *Consumer Organizations and NGO's*

* + 1. **Education** to general public about consumer rights.
    2. **Publishing** periodicals and other publications to impart knowledge about consumer problems.
    3. Carrying our comparative testing of consumer products.
    4. Encouraging consumers to strongly protest against unfair trade practices.
    5. Providing legal assistance to consumers.
    6. Filing complaints in appropriate consumer courts.
    7. Taking an initiative in filing cases in consumer courts in the interest of general public.

***Some of the important cl***

***‘onsumer organizations and NGO's engaged in protecting and promoting consumers' interests include the following:***

1. Consumer Coordination Council, Delhi
2. Common Cause, Delhi
3. Voluntary Organization in Interest of Consumer Education (VOICE), Delhi
4. Consumer Education And Research Centre (CERC), Ahemdabad
5. Consumer Protection Council (CPC), Ahemdabad

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| Q76 | Which act provides safeguards of consumers against deficient services and provides for the formation of consumer protection council? CBSE 2010 1 mark |
| Ans, | Consumer Protection Act 1986 |
| Q 77 | Who can file a complaint on behalf of a deceased consumer ?  CBSE 2010 1 mark |
| Ans. | A legal heir or representative of a deceased consumer can file the complaint. |
| Q 78. | Give the constitution/composition of State Commission. ( CBSE 2012) 1 mark |
| Ans. | State Commission consists of a President and a least two other members, one of whom should be woman. |
| Q 79. | Which kind of cases can be filed in the State Commission under the Consumer Protection Act. 1986. ( CBSE 2010) 1 mark |
| Ans. | Where claims exceed Rs 20 lakhs but do not exceed Rs 1 crore. |
| Q 80 | Under three tier machinery where can a legal heir or representative of a deceased consumer file a complaint when the compensation claimed is Rs 25 lakhs ? ( CBSE 2012) 1 mark |
| Ans. | State Commission. |
| Q 81. | Give any one relief available to a consumer who suffers due to consumption of an expired date medicine. ( CBSE 2012) 1 mark |
| Ans. | To receive a reasonable amount of compensation for any loss or injury suffered by the consumer. |
| Q82 | Name any two parties who can file a complaint under the Consumer Protection Act. 1986 on behalf of consumer. ( CBSE 2012) 1 mark |
| Ans. | Any registered consumers association, a legal heir or representative of a deceased consumer. |
| Q 83. | When can a consumer get more than one relief?(CBSE 2011) 1 mark |
| Ans. | If the consumer court is satisfied about the genuineness of the complaint, the consumer can get more than one relief, *e.g.,* removal of defects from the product, refund of the price paid. payment of reasonable amount of compensation, etc. |
| Q 84. | Mention when as a consumer you are not in a position to resolve your grievances under the Consumer Protection Act. |
| Ans. | If we don’t have cash memo ( the proof of purchase) or fail to file a complaint within two years we are not in position to resolve our grievances. |
| Q 85 | Give any one responsibility of a consumer in addition to obtaining a cash memo while purchasing an edible oil. |
| Ans. | To look for the AGMARK label. |
| Q 86 | Himesh after completing his graduation started working with a multinational company in Delhi. But due to ill health of his parents he had to go back to his village. There he noticed that the villagers were literate but ignorant about their rights. Many vegetable vendors were using stones as weights to sell their vegetables. Some shopkeepers were selling food items without having 'FPO mark'. Villagers did not find anything wrong with these practices. So to create awareness among villagers Himesh decided to publish a weekly Journal 'Jan Jagriti'. State the 'Right' which Himesh has exercised by doing so. (CBSE Sample paper 2015) 1 mark |
| Ans. | Right to Consumer education. |
| Q87. | Mukul purchased a house for Rs 30 lakhs from a housing company and found it being defective. Despite many complaints, the defect was not rectified. He filed a complaint in state commission but was not satisfied with its order. Where can he appeal and within how many days? (CBSE 2008) 1 mark |
| Ans. | National Commission, within 30 days of the passing of the order of the State Commission. |
| Q89 | Shubhangi purchased a car for Rs 1.1 crore and found its engine defective. Despite many complaints, the defect was not rectified. She filed a complaint in National Commission but was not satisfied with its order. Suggest her the appropriate authority where she can appeal. (CBSE 2008) 1 mark |
| Ans | Supreme Court. |
| Q90. | Rita wants to buy a packet of juice. As an aware customer, how can she be sure about the quality of juice she plans to buy? (CBSE 2008) 1 mark |
| Ans. | By FPO Mark Label. |
| Q91. | Anjana wants to buy a gold ring. As an aware consumer, how can she be sure about the quality of gold ring she is going to buy? (CBSE 2008) 1 mark |
| Ans. | By Hallmark label. |
| Q92 | Pragya bought an iron of a reputed brand for Rs. 1500 but it caused an electric shock while it was being used. Pragya wants to exercise her 'Right'. Identify the 'Right under which she can be protected. (CBSE 2013) 1 mark |
| Ans. | Right to safety. |
| Q93. | Siddharth went to a shopkeeper to buy soap. The shopkeeper forced him to buy a-particular brand of soap out of various available brands, irrespective of the willingness of Siddharth. Which right of Siddharth, as a consumer, has been exploited?  (CBSE 2013) 1 mark |
| Ans. | Right to choose. |
| Q 94 | Ahmed wants to buy an iron. As an customer, how can he be sure about the quality of iron? (CBSE 2008) 1 mark |
| Ans. | By ISI mark label. |
| Q 95. | Your mother purchased a washing machine for Rs 10000 from an authorised dealer of the manufacturer with an oral guarantee that the machine will be replaced with a new one if any of its parts becomes defective within 3 months from the date of purchase. The motor of the machine was burnt within 15 days of its purchase. On complaining, the seller refused to replace the machine. Name the redressal agency under the Consumer Protection Act where your mother can file the complaint.  (CBSE 2012) 1 mark |
| Ans. | No, my mother cannot file a complaint against the dealer or the manufacturer in the consumer court since she does not have cash-memo, She had purchased the washing machine with an oral guarantee only. |
| Q96 | Harsh asked for a bottle of mineral water from a shopkeeper. The maximum retail price printed on the bottle was Rs 20 only whereas the shopkeeper was charging Rs 35. In spite of many arguments the shopkeeper was not ready to sell the bottle for less than Rs 35. Harsh was in need of it and had no option except to buy. Identify the 'Right' which Harsh can exercise. (CBSE 2013) 1 mark |
| Ans. | Right to be Heard |

1. The Consumer Protection Act, 1986: The Consumer Protection Act, 1986 seeks to protect and promote the interests of consumers. The Act provides safeguards to **consumers against defective goods, deficient services, unfair trade practices, and other forms of their exploitation.** The Act provides for the setting up of a three-tier machinery, consisting of District Forums, State Commissions and the National Commission. It also provides for the formation of consumer protection councils in every District and State, and at the apex level.
2. 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. 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 safeguards 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 under-weight 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**.
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: formulation of quality standards for goods and their **certification through the BIS certification scheme. Manufacturers are permitted to use the ISI mark on their products only after ensuring that the goods conform to the prescribed quality standards.** The Bureau has also setup a grievance cell where consumers can make a complaint about the quality of products carrying the ISI mark.