
Chapter – 12

Consumer Protection


- If consumers are asked to make greater sacrifices than industry, the country is going to have the greatest shortage of all consumers. Betty Furness, an American Consumer Advocate.

CONSUMER PROTECTION

Protection of Consumer against the unfair trade practices 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




Protecting consumers from unfair trade practices, adopted by the producers and sellers of goods and services is termed as consumer protection. It not only includes educating consumers about their rights and responsibilities, but also helps in getting their grievances redressed.

- **Importance of Consumer Protection (from Consumer's point of view)**

- 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.
- 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.

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



Consumer is the King of Market

Traditional Approach

Caveat Emptor
(Let the buyer beware)

Modern Approach

Caveat Venditor
(Let the seller beware)

Market – Consumer = Zero

Market - Consumer = Zero

- 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.
-

-
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.
 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)**

Meaning of Consumer: Consumer Protection Act 1986 was introduced to make consumers aware about their rights and to give them legal protection. According to it consumer is defined as follows.

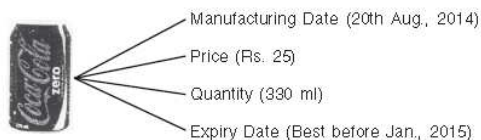
1. Any person who buys any goods for a consideration. It includes any user of such goods with the approval of the buyer. But it does not include a person who obtains goods for resale or any commercial purpose.
2. Any person who avails any services for a consideration. It includes any beneficiary of such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

- **Meaning of Consumer Protection CPA, 1986 defines consumer protection as:**

1. To protect and promote the interest of consumers by recognizing consumer rights such as right to safety, right to be informed, right to choose, right to be heard, right to seek redressal and right to consumer education.
2. To provide for a simple, speedy and inexpensive redressal of consumer grievances by setting a 3 tier enforcement machinery.

- **Rights of a Consumer:** Consumer Protection Act, 1986 has provided six rights to the consumers, which are as follows:

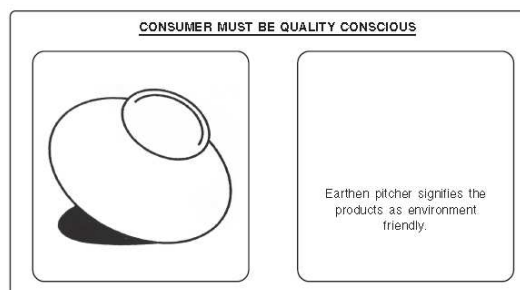
1. **Right to Safety:** Consumer has the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic device).
2. **Right to be Informed:** Consumer has right to have complete information about the product before buying it.



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)
 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.
 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:**
 1. **Consumer must exercise his rights:** Consumers must be aware of their rights with regard to the products or services they buy from the market.
 2. **Consumer must be a Cautious consumer:** While buying a product or services, a consumer should read labels carefully.
 3. Consumer must file a complaint in an appropriate forum in case of any shortcoming in product/service availed.
 4. Consumer must insist on cash memo i.e. a proof of purchase is required to file a complaint.
 5. Consumer must be quality conscious. He should ask/look for ISI mark on electric goods. FPO mark on food products, Hall mark on jewellery etc.



6. Consumer must bring the discrepancy in the advertisement to the notice of the sponsor.
7. Consumer must exercise his legal right. If any of these rights is violated by manufacturer or seller, the consumers must file a complaint with the legal machinery constituted under CPA, 1986.

- **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.
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.

- **Against whom a complaint can be filed?**

Consumer Protection Act, 1986 is applicable to all types of undertakings, whether big or small, private or public, or in co-operative sector, manufacturer or a trader, wholesaler or retailer, supplying goods or providing services. Thus, a complaint can be filed against:

1. The seller, manufacturer or dealer of defective goods. 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.

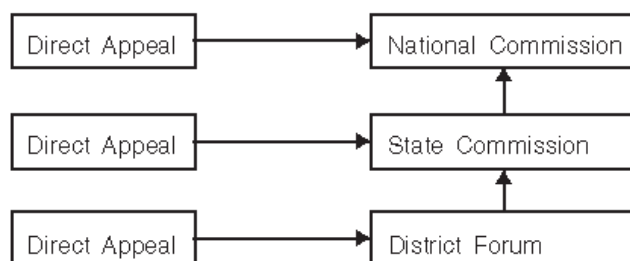
Consumer Protection Act,1986 defines as “any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service”.

The term service includes any service that is not rendered free of charge.

The term deficiency has been applied differently to different sectors. For example, in the banking sector acts such as delay in issuing a cheque book, non-encashment of a cheque and delay have been held to be deficiency and whereas in the medical sector, courts are not as liberal and count only gross negligence as deficiency. The courts have however been proactive in holding that even departments such as the housing boards are liable for any deficiency in services rendered.

- **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.
 - (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 at 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.
 - (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.
 - (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 or removal and to pay the compensation for loss.
 - **REMEDIES AVAILABLE TO CONSUMERS**
 1. To remove the defect in goods or services.
 2. To replace the defective product with new one free from defect.
 3. To refund the price paid for the product/service.
 4. To pay compensation for the loss or injury suffered by the consumer due to product/service.
 5. To discontinue the unfair trade practice and not to repeat them.
 6. To withdraw the hazardous goods from sale.
 7. To pay any amount (not less than 5% of value of defective goods) to any person, consumer organization.
 8. To issue corrective advertisement to neutralize the effect of a misleading advertisement.
-

-
- **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.
 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. **Government:** Protects the interest of consumers by enacting various legislations like CPA, 1986, Sale of Goods Act 1930, Bureau of Indian Standard 1986 etc. Consumer Protection Act provides for a three-tier machinery at the district, state & national level for speedy & inexpensive redressal of consumer grievances.
 2. **Consumer Organization:** Force business firms to avoid mal practices& exploitation of consumers.
 3. **Business Association:** The associations of trade, Commerce & businesslike federation of Indian Chambers of Commerce (FICCI), Confederation of Indian Industries (CII) have laid down their code of conduct for their members in their dealings with the customers.
-