

Chapter 12.

Consumer Protection (Concept)

- ⊙ It aims at Providing Protection to Consumers against Exploitative & Unfair Trade Practices of Traders , Manufacturers & Service Providers
- ⊙ Educating Consumers about their Rights & Responsibilities
- ⊙ Providing Speedy & Inexpensive Redressal of their Grievances
- ⊙ Creating Awareness among the Consumers so that they Organise themselves in the form of Consumer Organisations which would Protect & Promote their Interests

Importance of Consumer Protection

- ⊙ From Consumer's Point of View :-
 - Consumer ignorance
 - Unorganized Consumers
 - Widespread Exploitation of Consumers



Importance Of Consumer Protection

From the point of view of business :-

- ❖ Long term Interest of Business
- ❖ Government Intervention
- ❖ Social Responsibility

- ❖ Moral Justification
- ❖ Business uses Society's Resources

Consumer Protection Act , 1986

- ❖ The Parliament Enacted The Consumer Protection Act (CPA) in 1986. "Consumer Protection" means Protecting & Promoting the Consumer's Interests Through Speedy & Inexpensive Redressal of Their Grievances
- ❖ The CPA provides Safeguards to Consumers against Defective Goods , Deficient Services & Unscrupulous , Exploitative & Unfair Trade Practices of Sellers .
- ❖ The Act Provides Certain Rights To Consumers with a View to Empowering Them To Fight Against Such Malpractices .
- ❖ The Act Also Provides For The Formation of Consumer Protection Councils in every District & State & at the apex level to promote & protect the Consumer Rights .

Consumer

- ❑ A "Consumer" is generally a person who uses or Consumes Goods or Avails of Any Service . Under The Consumer Protection Act , 1986 , A Consumer Is Defined as :

(A) Any Person Who buys any goods for a consideration , which has been paid or promised , or partly paid & Partly promised , or under any scheme of deferred payment .

- It includes any user of such goods , when such use is made with the approval of the buyer , but does not include a person who obtains goods for re-sale or for any commercial purpose.

(B) Any Person who hires or avails of any service for a consideration which has been paid or promised , or partly paid promised , or under any system of deferred payment .

- It includes any beneficiary of services when such services are availed of with the approval of the person concerned , but does not include a person who avails of such services for any commercial purpose .

Consumer Protection Act , 1986....

- ⊙ A Complaint can be filed by any Consumer , any Registered Consumer's Association , the Central Government or any State Government , A Legal Heir or representative of a deceased consumer
- ⊙ A Complaint can be filed against :
 - (i) The Seller , Manufacturer or Dealers of Goods which are Defective
 - (ii) The Provider of Services , If There is any Deficiency

Three-Tier Redressal Machinery

- ❖ The Consumer Protection Act , 1986 provides for setting up of a three – tier enforcement machinery at the District , State & the National Levels for Speedy & inexpensive redressal of consumer Grievances . The three Redressal Agencies Are :
 - (i) District Consumer Dispute Redressal Forums
 - (ii) (ii) State Consumer Disputes Redressal Commissions (State commissions)
 - (iii) The National Consumer Disputes Redressal Commission (National commission)

Hierarchical Structure of Three– tier Redressal Machinery

National
Commission

State
Commission

District
Commission



❖ Remedies Available to a Consumer :

(i) To Remove the Defect in Goods or Deficiency in Service

- (ii) To Replace the Defective Product with a new one , free from any defect
- (iii) To Refund the Price paid for the Product or the charges paid for the Service
- (iv) To pay a Reasonable amount of Compensation for any loss or injure suffered
- (v) To Discontinue the Exploitative practice & not to repeat in the Future.
 - (vi) Not to offer Hazardous Goods For Sale
 - (vii) To Cease Manufacture of Hazardous goods & to desist from offering Hazardous Services
 - (viii) To Pay the amount (not less than 5% of the value of the defective goods or deficient services provided) , to be credited to the consumer welfare fund or any other organization , to be utilized in the prescribed manner
- (ix) To issue corrective advertisement to neutralize the effect of a misleading advertisement
- (x) To pay adequate costs to the appropriate party
- (xi) To withdraw hazardous goods from sale.

Rights & Responsibilities of Consumers

⊙ Consumer Rights :

1. Right to Safety
2. Right to be Informed
3. Right to Choose
4. Right to be Heard
5. Right to seek Redressal



6. Right to Consumer Education.

Rights & Responsibilities of Consumers..

⊙ Consumer Responsibilities : :

- (i) A Consumer must buy only Standardised goods , e.g. , ISI marked Electrical goods
- (ii) The Consumer must see the price , Manufacturing & expiry dates
- (iii) He/She must follow the Instructions & use the product safely
- (iv) Consumer must ask for cash memo , i.e. , proof of purchase
- (v) He/She must file a Complaint in a Consumer Court even if the amount of loss is small.
- (vi)



- (vi) A consumer Must be Honest In his/her dealings . He/she must choose only from legal goods & services & discourage unethical practices like black-marketing , hoarding etc.
- (vii) Consumers should organise themselves in the form of consumer associations which would play an active part in educating consumers & safeguarding their interests
- (viii) A consumer must be aware about various goods & services available in the market so that an intelligent & wise choice can be made.

Role of Consumer Organisations & NGO'S

1. Educating the General Public about Consumer Rights
2. Publishing periodicals & other publications
3. Providing legal assistance to consumers

4. Filing complaints in appropriate consumer courts on behalf of the consumers
 5. Producing films/cassettes on food adulteration , misuse of drugs etc
 6. Organising exhibitions concerning spurious , adulterated products etc.
- (vii) Producing films/cassettes on food adulteration , misuse of drugs & cosmetics etc
- (viii) organising exhibitions concerning spurious , adulterated products etc to create awareness.

VERY SHORT QUESTION ANSWERS

Q.1. Ahmed wants to buy an iron. As an aware customer, how can he be sure about the quality of iron.?

Ans. By ISI mark label.

Q.2. 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?

Ans. By FPO mark label.

Q.3. Yogesh wants to buy a gold ring. As an aware customer, how can he be sure about the quality of gold ring he is going to buy?

Ans. By Hallmark label.

Q.4. which consumer right suggests that consumers must use ISI marked electrical goods?

Ans. Right to safety.

Q.5. which consumer right suggests that a consumer be made aware of his rights and the remedies.

Ans. Right to information.

Short answers.**Q1 Who is consumer?**

Ans In general terms , a consumer is a person who uses the goods or avails of any services. However, according to consumer protection act, 1986, a consumer is:

- (i) Any person, who buys goods or hires services for consideration.
- (ii) Any user of goods or beneficiary of services with the approval of the buyer.

Q2 Explain the concept of 'consumer protection' and any three points of its importance from the point of view of the consumers.

Ans – consumer protection refers to protection of consumers from unscrupulous exploitative and unfair trade practices.

- It also refers to educating consumers about their rights and responsibilities , getting their grievances redressed and protecting their interests.
- For example protecting the consumers from blackmarketing, adulteration, hoarding, misleading advertisements etc.
- Importance of consumer protection for consumers is due to:
 - (1)Consumer ignorance.
 - (2)Unorganized consumers.
 - (3)Widespread exploitation of consumers.

Q3 Explain any four point of importance of consumer protection from the point of view of business.

Ans Importance of consumer protection from the point of view of business:

- (1)Long term interest of business.
- (2)Business uses society's resources.
- (3)Social responsibility.
- (4)Moral justification.
- (5)Government intervention.

Q4 Explain any four functions of consumer organizations and non-government organisation(NGO'S) for protecting and promoting the interest of consumers.

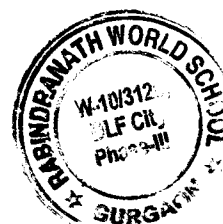
Ans-Functions of consumers organisations (NGO'S) For protecting and promoting the interest of consumers are:(any four)

- (1) Educating the general public about consumer rights.
- (2) Publishing periodicals and other publication.
- (3) Carrying out comparative testing of consumer products.
- (4) Encouraging consumers to strongly protest and take action against unscrupulous, exploitative and unfair trade practices of sellers.
- (5) providing legal assistance to consumers.

Q5 Explain any four ways and means of consumer protection available in India.

Ans- Ways and means of consumer protection are (any four)

- (1) Self regulation by business.
- (2) Business association.
- (3) Consumer awareness.
- (4) Consumer organization.
- (5) Government.
- (6) Legal resource.



LONG QUESTIONS.

Q1 Discuss the responsibility of consumers?

Ans:- (i) **Be aware about their rights**

- *Consumers must be aware of their rights. These rights to basic need, right to consumer education, right to be informed, right to choose, right to safety.*

(ii) **Quality conscious**

- *While making purchase, consumers should look for quality certifications marks like ISI mark on electrical appliances and Agmark on food products.*

(iii) **Be assertive**

- *The consumer must be assertive in his dealings.*

(iv) **Be honest**

- *Consumers must Act honestly and choose /services which are legitimate. They should also discourage unscrupulous practices like misleading advertisement and black-marketing etc.*

(v) **Respect Environment**

- *Consumers must avoid polluting the environment.*

Q2 What are the Relief's available to consumers on their complaints?

- (i) **Removal of defects** from the goods.
- (ii) **Removal of deficiencies** in services.
- (iii) **Replacement** of the defective goods with new ones.
- (iv) **Refund of the price** paid for the goods or charges paid for the services.
- (v) **Discontinuance** of unfair trade practices.
- (vi) **Withdrawal of hazardous goods** from being offered for sale.
- (vii) Issuance of **corrective advertisement** to neutralize the effect of misleading advertisement.
- (viii) Payment of **adequate cost** to parties.
- (ix) **Compensation** for loss or injury suffered.
- (x) **Payment of amount** (not less than 5% of the value of the defective goods or services) to be credited to the consumer welfare fund.

Q.3 Explain the various rights available to the consumers.

HOTS.

1. Non-Government Organizations (NGOs) perform several functions for the protection and promotion of consumers. State any six functions performed by them.

OR

Explain the role of Consumer Organizations and Non- Government Organizations (NGOs) in consumer protection.

1. Under the consumer protection Act, every consumer has a right to be protected against goods and services which are hazardous to life health. Electro Ltd. Manufactures and sells substandard electrical appliances. As these appliances did not conform to safety norms and a mark assuring quality specification was missing. Cases were noticed where these substandard appliances had caused serious injury to many consumers.

- (a) Which consumer right has been highlighted in the above case?
- (b) Name the mark which the consumer should see before buying any electrical appliances to ensure safety.
- (c) Name and explain the consumer right where a consumer has a right to have complete information about that product he intends to buy.
- (d) Which values do you find disturbing in the above Para?

Ans. (a) Right to safety,

(b) ISI mark

(c) 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 etc.

(d) Responsibility: Goods and services which are hazardous to life and health should not be provided to consumers.

2. A consumer has the freedom to choose from a variety of products at competitive prices. The marketers should offer a wide variety of products at competitive prices. The marketers should offer a wide variety of products in terms of quality, brand price, size, etc and allow a consumer to make a choice from amongst these. Janya, a class XII student was in need of a ball-pen. She went to the nearest stationery shop. The shopkeeper showed her a wide variety of ball-pens having of different prices. She selected a pen and paid rs.250, the maximum retail price of pen, and took cash memo for the same.

- (i) which consumer right is available to Jaya.
- (ii) Identify the right that power a consumer to file a complaint and to be heard in case of dissatisfaction with a good or a service.
- (iii) Name the value which is emphasized by providing a consumer right mentioned in part (i) above.

Ans. (i) Right to choose.

(ii) Right to be heard.

(a) Respect towards the consumers.

(b) Honesty

(c) Loyalty.