

CHAPTER -12

CONSUMER PROTECTION

Marketing begins with customer and ends with the customer. A consumer is to be a king in a free market economy. The earlier approach of “**caveat emptor**” which means ‘Let the buyer beware’ has now been changed to ‘**caveat vendor**’ which means ‘Let the seller beware’. Customer is the beginning and end of our marketing. But in reality consumers are often exploited due to their ignorance and lack of unity among them. Misleading advertisement, adulterated products, underweighting, overcharging, hoardings are some of the examples of exploitation of consumers. Thus there is a need for providing adequate protection to the consumers against such practices of the sellers or manufacturers.

Consumer’s protection is a movement to protect and promote the interest of consumers. Consumer protection means adoption of voluntary measures, legal measures and willingness on the part of business to safeguard the interest of consumers.

IMPORTANCE OF CONSUMER PROTECTION

Consumer protection has a wide agenda. It is not only includes educating consumers about their rights and responsibilities, but also helps in getting their grievances redressed. Protection of consumers is important:

(a) From the point of view of consumer’s

1. It is necessary to educate the customers about their rights and beliefs.
2. It helps to protect the consumers from unfair trade practices like defective and unsafe products, black marketing, adulteration etc.
3. Consumers need to be organized in the form of consumer organizations which would take care of their interests.

(b) From the point of view of business

1. Business firm should aim at long term profit maximization through customer satisfaction. The business who ignore the interest and satisfaction of customers lose their goodwill and customers
2. As the business makes use of society’s resources, it has the obligation to give reasonable return to the nation and its people.
3. As business has social responsibilities towards various interest groups like shareholders, employees, governments, creditors etc. therefore it should not be exploiter but must be a servant. 4. It is the moral duty of any business to take care of consumer’s interest and avoid any form of their exploitations.

5. A business engaging in any form of exploitative trade practices, would it invite government intervention or action. This will adversely affect the image of the company.

LEGAL PROTECTION TO CONSUMERS

The Indian legal framework consists of a number of regulations which provide protection to consumers. They include:

1. **The consumer protection Act-1986 (CPA):** The consumer Protection Act 1986 was passed to promote and protect the rights of customers. The Act came into force from 1st July 1987. This ACT is considered to be the 'Magna Carta' of Indian consumers. The act protects the following rights of consumers.
(a) Right to safety (b) Right to Information (c) Right to choose (d) Right to heard (e) Right to seek redressed (f) Right to education
2. **The Contract Act 1872 :** The Act prescribes the conditions by which promises made by parties to a contract would be binding on each other.
3. **The Sale of Goods Act 1930:** The Act provides some safeguards and reliefs to the buyers of the goods in case of the goods purchased do not match with express or implied conditions
4. **The Essential Commodities Act 1955 :** This Act provides for control of production, Supply, and distribution of essential commodities, check inflationary trends in prices and ensures their equitable distribution.
5. **The Agricultural Produce (Grading and Marking) Act 1937:** The Act prescribes grade standards for agricultural commodities and livestock products. The quality mark provided under the Act is known as AGMARK.
6. **The Prevention of Food Adulteration Act -1954:** The Act checks adulteration of food items and ensures their purity in the interest of public health.
7. **The standards of weights and Measurement Act -1976 :** This Act is applicable to those goods which are sold or distributed by weight, measure or number . It gives protection to consumers against the malpractice of underweight or under measure
8. **The Trade Marks Act -1999 :** This 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 replaced Monopolies and Restricted Trade practices Act 1969 (MRTP). The Act provides protection to the consumers in case of concentration of economic power in few hands.

- 10. The Bureau of Indian Standards Act -1969:** The bureau has two set of activities (a) Formation of quality standards (b) Certification through BIS Certification. Manufacturers will be allowed to use ISI mark on their products only if the products confirm to the prescribed quality standards. Of all the above, The Consumer protection Act is the most important one.

CONSUMER PROTECTION ACT -1986 (CPA)

Consumer protection Act 1986 is an important landmark in the history of consumer protection legislation in India. The consumer Protection Act 1986 was passed to promote and protect the rights of customers. The Act came into force from 1st July 1987. This ACT is considered to be the 'Magna Carta' of Indian consumers. The act protects the following rights of consumers.

(b) Right to safety (b) Right to Information (c) Right to choose (d) Right to heard (e) Right to seek redressed (f) right to education **Features of Consumer protection Act.**

1. It applies to all goods and services except the goods exempted by the governments
2. It safeguards the consumers against different types of exploitations
3. Act provides simple, speedy and inexpensive redressal of consumer grievances
4. The provisions of the Act are compensatory in nature
5. It covers important consumer rights.
6. Public, private and the cooperative sector are covered by the Act.

CONSUMER RIGHTS

There are six rights provided to consumers under the Act. The right includes the following

1. **Right to safety:** The consumer has the right to be protected against marketing of goods which are hazardous to life and health.
2. **Right to informed:** The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quality, direction to use, possible side effects etc.
3. **Right to choose:** The consumer has the freedom to choose from a variety of products at competitive prices. This implies that marketer should offer a wide variety of products in terms of quality, brand, prices, size etc
4. **Right to be heard:** The consumer has the right to file a complaint and to be heard in case of dissatisfaction with goods and services. Therefore, many reputed firm have, set up their own consumer service and grievance cells.
5. **Right to seek redressal:** The consumer has right to get relief in case of product or service falls short of his expectations. The CPA provides

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number of reliefs to consumers including replacement of product, removal of defects in the product, compensation for loss etc.

6. **Right to consumer education:** This is the right of consumer to know his rights as per law and the remedies available to him if there is any grievance. This is possible only through consumer education.

CONSUMER RESPONSIBILITIES

A consumer should accept certain responsibilities while purchasing, using and consuming goods and services.

1. Be aware about various goods and services available in the market so intelligent purchase can be made.
2. Buy only standardized goods as they provide quality assurance. ie. Look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.
3. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
4. Read labels carefully so as to have information about prices, net weight, and manufacturing and expiry date.
5. Ask for cash memo on purchase of goods or service
6. Be honest in your dealings. He must choose only from legal goods and services, discourages unethical practices like black marketing, hoardings etc.
7. File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed.
8. Consumer must protect the environment. They must avoid waste and pollution.
9. Form consumer societies which would play an active part in educating consumers and safeguarding their interests.

WAYS AND MEANS OF CONSUMER PROTECTION

Various ways and means of consumer protection are given below

1. **Self-regulation by business:** Socially responsible firms follow ethical standards in dealings with their customers. They have started customer grievances cell to attend the complaints of consumers.
2. **Business associations:** Business associations like Federation of Indian Chambers of Commerce (FICCI), Confederation of Indian Industries (CII) etc., lays down their code of conduct for their members and guidelines in their dealing with the consumers.
3. **Consumer awareness:** A consumer who is aware of his rights will be in a position to raise his voice against unfair trade practices.
4. **Consumer organisations:** These organisations educating the consumers about their rights by organizing training programs, seminars

and workshops. They can force business firms to avoid malpractices and exploitation of consumers.

5. **Governments:** Governments can protect the interests of consumers by passing special Act (Consumer Protection Act) and by enacting various legislations.

WHO IS A CONSUMER

Any person who buys any goods against consideration is a consumer. It also includes any user of such goods other than the person who buys such goods where, such user is made with the original buyer's approval. However, if the goods are purchased for resale or any commercial purpose then the buyer is not a consumer and cannot avail the protection under the Consumer protection Act 1986. Similarly any person who hires or avails of any services against consideration is also a consumer and it includes any beneficiary of such services, of course with the approval of the original consumer.

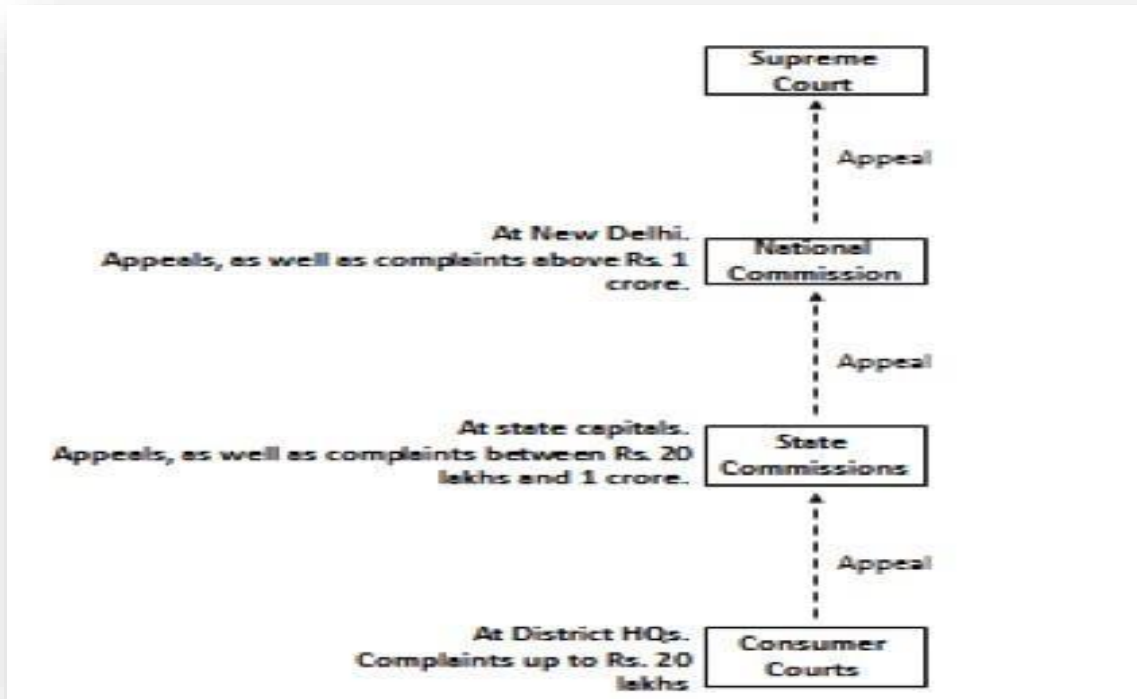
WHO CAN BE FILE A COMPLAINT ?

Under the Consumer Protection Act, 1986, a complaints before the appropriate consumer forum can be made by

1. Any consumer
2. Any registered consumer's association
3. The central government or any state government
4. One or more consumers having the same interest.
5. A legal heir or representative of a deceased consumer.

REDRESSAL AGENCIES UNDER THE CONSUMER PROTECTION ACT

The Consumer Protection Act has set up three-tier machinery at the district, state and national level known as the District Consumer Dispute Redressal Forum, State Consumer Disputes Redressal commission and National Disputes Redressal Commission. They are popularly known as District forum, State commission and national Commission



1. **District forum**: Established by the State Government in each district. This forum can entertain complaints where value of goods or services and compensation claimed up to Rs. 20 lakhs. It consists of one present and two other members (One of whom is to be a woman). The district forum shall pass an order after considering the test report and hearing to the party against whom the complaints is filed. An appeal against the order of district forum can be filed with state Commission within 30 days.
2. **State Commission**: It is established by the State Government. The commission will hear complaints where value of goods or services and compensation claimed is over 20 lakhs but less than Rs. 1 crore. It shall consist of president and not less than 2 members, one of whom should be a woman. The State commission shall pass an order after considering the test report and hearing to the party against whom the complaints is filed. An appeal against the order of state commission can be filed with national Commission within 30 days.
3. **National Commission**: It is constituted by the Central Government. The commission will hear original complaints only if the value is Rs 1 crore or more. It shall consist of 5 members, the president, 4 other members, one of whom is to be a woman. The president of the commission should be a person who is/has been a judge of the Supreme Court. The National commission shall pass an order after considering the test report and hearing to the party against whom the complaints is filed. An appeal can be filed against the decision of National commission with the Supreme Court within 30 days.

REMEDIES / RELIEFS AVAILABLE TO CONSUMER UNDER THE CONSUMER PROTECTION ACT , 1986

If the consumer court is satisfied about the genuineness of the complaints it can issue one or more the following directives to the opposite party

1. To remove the defect in goods or deficiency in service
2. To replace the defective products with a new one free from any defects.
3. To refund the price paid for the product
4. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer.
5. To discontinue the unfair/ restrictive trade practice
6. Not to offer hazardous goods for sale.
7. To withdraw the hazardous goods from sale.
8. To cease manufacture of hazardous goods.
9. To issue corrective advertisement to neutralize the effect of a misleading advertisement.
10. To pay adequate costs to the appropriate party.

Role of Consumer organisations and Non governmentorganisations(NGOs)

Consumer organizations are voluntary association of consumers. In India several consumer organization and Non governmental organization (NGO's) have been set up for the protection and promotion of consumer interest. Some of the important Consumer organizations and NGO's are □ Voluntary Organisation in Interest of Consumer Education, new Delhi

- (VOICE)
- Consumer Coordination Council, Delhi,
- Common Cause , Delhi
- Consumer Education and Research Centre (CERC), Ahmedabad
- Consumer Protection Council (CPC), Ahemedabad □ Consumer guidance Society of India(CGSI), Mumbai □ Consumers association, Kolkota.

Functions of Consumer organisations and NGOs are:

1. Educating the general public about consumer rights by organizing training programmes, seminars and workshops.
2. Publishing various literary materials such as brochures, journals, booklets containing consumer protection information
3. Giving training to consumers on better purchase
4. Collecting various samples of different goods and testing their quality

5. Providing legal assistance to consumers by the way of providing aid and legal assistance.
6. Encouraging consumers to purchase consumer friendly products
7. Encouraging consumers to boycott defective quality products.
8. Helping the consumers in getting quality service like banking, insurance, education, medical aid etc.
9. Conducting research and study on different consumer problems
10. Working for the development of a consumer friendly society.