



Business Studies Notes PDF

On

Consumer Protection

(Class - 12 / Chapter- 12)

Consumer: A consumer is generally understood as a person who uses consumer goods or avails any service.

Consumer Protection It means protecting consumers from the clutches of fraud producers or sellers.

Importance of Consumer Protection:

A. From Consumer's point of view:

- **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.
- **Unorganized Consumers:** In India consumers are still unorganized and there is a lack of consumer organizations also, thus consumer protection is required.
- **Widespread Exploitation of Consumers:** Consumers are exploited on a large scale by means of various unfair trade practices and consumer protection is required to protect them from exploitation.

B. From Business Point of View:

- **Business utilizes societal resources:** Every business utilizes societal resources, and it is their job to operate in the society's best interests.
- **Long-term business interests:** It is in the business's best interests to keep its customers happy. Customers must be satisfied in order to win the global competition. Satisfied consumers lead to repeat purchases, which helps to expand the company's customer base.
- **Government Intervention:** If a firm engages in any type of unfair commercial practices, the government will take action against it, harming the company's reputation.
- **Social Responsibility:** A business has social duties to a variety of stakeholders, including owners, employees, the government, and customers. As a result, shoppers should be able to purchase high-quality goods at affordable pricing.
- **Moral Justification:** Any firm has a moral obligation to behave in the best interests of its customers and prevent exploitation and unfair trade practices such as faulty and unsafe products, adulteration, false a

CONSUMER PROTECTION ACT, 1986 (CPA, 1986)

1. Set up to protect and promote consumer interests thro a speedy and inexpensive redressal of grievances.
2. Recognizes consumer rights

Redressal agencies— set up a three-tier agency to address consumer grievances.

Scope of the act:

It is applicable to all types of undertaking:

- Large and small scale
- Private, public and co-operative sector
- Manufacturer or trader
- Firms supplying goods as well as services

Legal Protection to Consumers:

The legal framework that offers protection to consumers includes:

- **The Indian Contract Act, 1872:** The Indian Contract Act of 1872 stipulates the requirements for the applicability of a contract signed by the parties to the contract, as well as the remedies available in the event of a breach of contract.

- **The Sale of Goods Act, 1930:** The Act gives buyers various protections and benefits in respect to the agreement made for the sale of goods.
- **The Essential Commodities Act, 1955:** This Act prohibits profiteers, hoarders, and black marketers from engaging in anti-social behaviour. Its goal is to maintain control over the production, supply, and distribution of critical commodities.
- **The Agricultural Produce (Grading and Marketing) Act, 1937:** The Act establishes grade requirements for agricultural and livestock commodities.
- **Adulteration Act, 1954:** The Adulteration Act of 1954 was enacted to prevent the adulteration of food products and to preserve their purity in order to protect public health.
- **The Standards of Weights and Measures Act, 1976:** It protects customers from the practice of under-weighting or under-measurement.
- **The Trade Marks Act, 1999:** This Act prohibits the use of deceptive marks on products.
- **The Competition Act, 2002:** Consumers are protected by the Act in the event that businesses engage in unethical actions.
- **The Bureau of Indian Standards Act, 1986:** The Bureau's main tasks are to develop quality standards for goods and to certify them using the BIS certification method.

Meaning of Consumer:

- 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.
- 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.

RIGHTS OF A CONSUMER

Consumer Protection Act, 1986 has provided six rights to the consumers, which are as follows:

- **Right to Safety:** Consumers have the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic devices).
- **Right to be Informed:** Consumers have the right to have complete information about the product before buying it.
- **Right to choose:** Consumer has a right to choose any product out of the available products as per his own decision making.
- **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).
- **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 the National and State level.
- **Right to be Heard:** The consumer has the right to provide his opinion regarding the product and services, as well as he has the right to be heard in such cases. Hence the consumer has a right to file a complaint if he thinks that his rights have been violated. Also various consumer cells have been opened up in India so as to provide them the right to be heard.

Consumer Responsibilities:

Consumers have the following responsibilities:

- **Be knowledgeable:** Be knowledgeable about the numerous items on the market so that you can make an informed and educated decision.
- **Standardized products:** Purchase just standardized products to ensure quality. Look for the ISI mark on electrical goods, the FPO label on food products, and the Hallmark on jewellery, among other things.

- **Follow Instructions:** Follow the product's instructions and learn about the hazards linked with it, then use it safely.
- **Cautious Purchasing:** Carefully read labels for information on prices, net weight, manufacturing, expiration dates, and so on.
- **Assert Yourself:** Assert yourself to guarantee that you obtain a fair bargain, and fair price of the product.
- **Honesty:** Be truthful in interactions and buy only legal goods and services, thus discouraging buying from sellers who follow unethical methods such as black marketing and hoarding.
- **Cash Memo:** When purchasing products or services, request a cash memo. This will serve as proof of the transaction.
- **Consumer Societies:** Establish consumer societies that will actively participate in consumer education and protection.
- **Take action whenever needed:** In the event of a defect in the quality of items purchased or services received, file a complaint with an appropriate consumer forum. Even if the sum involved is modest, don't hesitate to take action.
- **Avoid Littering:** Respect and value the environment, and avoid any activity that would adversely affect it.

Ways and Means of Consumer Protection:

1. Self Regulation by Business:

- It is in the long-term interest of businesses 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.

2. Business Associations:

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

3. 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.
- This enables them to understand their responsibilities and to safeguard their interests.

4. Consumer Organizations: Force business firms to avoid malpractices and exploitation of consumers.

5. Government: The most important of these regulations is the Consumer Protection Act, 1986. The Act provides for three-tier machinery at the district, state and national levels for redressal of consumer grievances.

REDRESSAL UNDER THE CONSUMER PROTECTION ACT

a. Who can file a complaint under CPA, 2019:

- a consumer; or
- any voluntary consumer association registered under any law for the time being in force; or
- the Central Government or any State Government; or
- the Central Authority; or
- one or more consumers, where there are numerous consumers having the same interest; or

- in case of death of a consumer, his legal heir or legal representative; or
- in case of a consumer being a minor, his parent or legal guardian.

b. Redressal Agencies:

As per Consumer Protection Act, 2019, The statute establishes a three-tier system for resolving consumer complaints, as follows:

District Commission	Complaints Upto 1 crore
State Commission	Complaints exceeding 1 crore, but Upto 10 crores
National Commission	Complaints exceeding 10 crores

c. District Forum:

District forums are set up in each district by the state concerned. The important features are:

- It consists of a President and two members, one of whom should be a woman, duly appointed by State Govt.
- It can receive consumer complaints of not more than Rs. 20 lakhs value.
- 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.
- The district forum, after being satisfied that goods are defective or there is some unfair trade practice, can issue an order to the 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 a state forum within 30 days of passing an order.

d. State Commission:

It is set up in each state by the government concerned. The salient features are:

- Each commission consists of a president and at least 2 members appointed by state Govt.
- Complaints of at least Rs. 20 lakhs but not more than 1 crore can be filed with state commission.
- On receiving the complaint, the state commission can also refer the complaint to the opposite party and send the goods for testing in the laboratory.
- The state commission after being satisfied can order the opposite party to either replace or repay or pay compensation. In case the aggrieved party is not satisfied, they can appeal before the national commission within 30 days of passing an order.

e. National Commission:

Central government sets the National commission. The provisions are:

- It is made up of a President and at least four members chosen by the central government, one of whom should be a woman.
- All complaints relating to products and services with a compensation value above Rs. 1 crore can be filed with the national commission.
- When the national commission receives a complaint, it can also refer it to the opposing party and send items for testing.
- The National Commission has the authority to issue orders for product replacement and loss compensation, among other things.
- If any of the parties is not pleased with the decision taken, they can file a complaint with the Supreme Court of India within 30 days of the order being issued.

f. Reliefs Available To The Consumer:

- Removal of flaws in the goods.
- Removal of the deficiencies in the service.
- Replacement of damaged goods with new ones that are free of flaws.
- Refunding the complainant for the price paid by him.
- Payment of an appropriate amount of compensation for any loss or injury that has occurred.
- In suitable circumstances, payment of punitive damages.
- Discontinuance or abandonment unfair/restrictive trade practices.
- Discontinuance of the sale of hazardous goods and services.
- Payment to the consumer welfare fund (not less than 5%) which is to be used in the prescribed manner.
- Run corrective advertisements to counteract the effect of misleading advertisements.
- Reimburse all parties for their expenses.

Role of Consumer organizations and NGO's:

- Educating the general public about consumer rights by organizing training programmes, seminars and workshops.
- Publishing periodical & other publications to educate consumers.
- Providing legal assistance to consumers by providing legal advice etc.
- Producing films or cassettes on food adulteration, misuse of drugs etc.
- Filing complaints in appropriate consumer courts on behalf of consumers.
- Encouraging consumers to take action against unfair trade practices.
- Taking an initiative in filing cases in consumer courts on behalf of consumers.

List of Consumer Organisations and Non-Governmental organisations (NGOs) working to defend and promote consumers' interests:

- Consumer Coordination Council, Delhi
- Common Cause, Delhi
- Voluntary Organisation 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

[Follow on Facebook](#)[Follow on Instagram](#)[Join us on Telegram](#)