

# BUSINESS STUDIES

## Chapter 12: Consumer Protection



## Consumer Protection

### Consumer:



Any individual who purchases products or services for his personal use and not for manufacturing or resale is called a consumer. A consumer is one who is the decision-maker whether or not to buy an item at the store or someone who is influenced by advertisement and marketing.

### Consumer protection:

Modern marketing begins with the customer & ends with the customer. A consumer is said to be king in a free-market economy so customer needs protection from any malpractices.

### Importance of Consumer Protection:

#### A. From Consumer's Point of View:

1. **Consumer Ignorance:** The majority of consumers are unaware of their rights and remedies, and as a result, they are constantly exploited. Consumer protection is required to protect consumers from such exploitative practices.
2. **Widespread Exploitation of Consumers:** Consumers are abused on a huge scale through a variety of unfair trade practices, and consumer protection is necessary to safeguard them.
3. **Unorganized Consumers:** Consumers in India are still unorganised, and there are few consumer organisations that would advocate for them.

#### B. From Business Point of View:

1. **Business utilises societal resources:** Every business utilises societal resources, and it is their job to operate in the society's best interests.
2. **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.
3. **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.
4. **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.
5. **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 and misleading advertising, hoardings, black marketing, and so on.

### The Consumer Protection ACT, 2019:



Consumer Protection Act, 2019 is a law to protect the interests of the consumers. This act was inevitable to resolve a large number of pending consumer complaints in consumer courts across the country. It has ways and means to solve the consumer grievances speedily.

### Scope of the Act:

The scope of this act is broad and covers a wide range of activities. This act covers all the undertakings.

- Both large- and small-scale undertakings.
- All three sectors are covered, namely private, public, and cooperative.

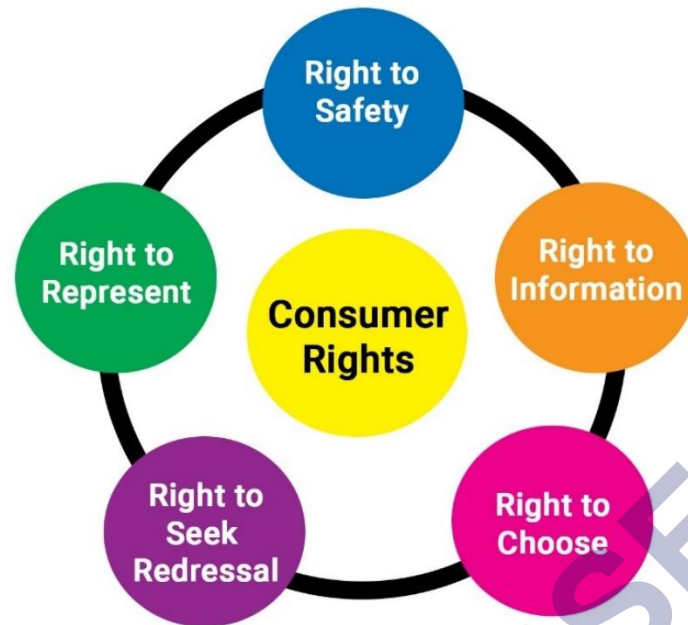
- It is applicable to e-commerce companies as well.
- It is applicable to whole of India.
- All goods, services and trade practices are a part of this act, until specifically exempted.

## Legal Protection to Consumers:



1. **The Consumer Protection Act, 1986 (COPRA):** In this, it protects the right of the consumer and makes user aware of their rights. They have developed or formed three-tier system wherein there is District Forums, State Commission, and National Commission thus to protect the right of the consumer.
2. **Indian Contract Act, 1972:** The Indian Contract Act lays down the conditions that need to be fulfilled by the parties who contract in an agreement. This act regulates the buyers by keeping a legal check on their promise to sell authentic products to the seller. This Act protects the interest of both parties. It takes care that the contract is not breached, else respective remuneration has to be paid for such breach.
3. **The Sales of Goods Act, 1930:** This protects the rights of the consumers in case the products received by them are sub-standard.
4. **The Agricultural Produce (Grading and Marking) Act, 1937:** To implement the grading standard and hence monitoring the same whether standard checks are been done to issue the grading. In this, AGMARK is the standard introduced for agricultural goods.
5. **The Prevention of Fod Adulteration Act, 1954:** This act makes sure the purity of the food items and the health of the consumers which could be affected by the adulterated items.
6. **The Trade Marks Act, 1999:** This Act protects the consumers from the false marks which could mislead them to consume the product, and thus cheat on them by serving less qualified products.

## Rights of Consumers:



1. **Right to safety:** This rights includes concern for consumer's long term interest as well as for their present requirement.
2. **Right to Information:** consumer has the right to get information about the quality, purity, standard & price of the goods or services so as to protect himself against the abusive & unfair practices.
3. **Right to choose:** means to choose an assurance of availability, ability & access to variety of products & services at competitive price.
4. **Right to be heard:** if a consumer is exploited then he has the right to be heard and be assured that his interest would receive due consideration.
5. **Right to seek redressal:** The consumer has the right to seek redressal against unfair trade practices or any other exploitation.
6. **Right to consumer education:** it is the right of the consumer to acquire knowledge & skills to be informed to customers.
7. **Right to basic needs:** every citizen has the right to fulfil the basic needs to survive & have dignified living. The basic needs include food, clothing, health, etc.
8. **Right to healthy environment:** the consumers have the right to be protected against environmental degradation.

### Consumer Responsibilities:

## CONSUMER RESPONSIBILITIES

Kinds of Consumer Responsibilities



Consumers have the following responsibilities:

1. **Be knowledgeable:** Be knowledgeable about the numerous items on the market so that you can make an informed and educated decision.
2. **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.
3. **Follow Instructions:** Follow the product's instructions and learn about the hazards linked with it, then use it safely.
4. **Cautious Purchasing:** Carefully read labels for information on prices, net weight, manufacturing, expiration dates, and so on.
5. **Assert Yourself:** Assert yourself to guarantee that you obtain a fair bargain, and fair price of the product.
6. **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.
7. **Cash Memo:** When purchasing products or services, request a cash memo. This will serve as proof of the transaction.
8. **Consumer Societies:** Establish consumer societies that will actively participate in consumer education and protection.

### Who Can File a Complaint?

- A consumer.

- Any registered consumer association.
- The Central Government or any State Government.
- One or more consumers, on behalf of numerous consumers having the interest.
- A legal heir or representative of a deceased consumer.

### Ways and Means of Consumer Protection:



1. **Self-regulation by businesses:** Businesses that value corporate social responsibility adhere to ethical norms and practices while working with customers.
2. **Business associations:** The FICCI and the CII have established codes of conduct for its members to follow while interacting with clients.
3. **Consumer Awareness:** A well-informed consumer will be able to speak out against any unethical business activities.
4. **Consumer Organizations:** Consumer organisations play a vital role in informing consumers about their rights and protecting them.
5. **Government:** The government safeguards consumers' interests by establishing various consumer protection regulations.

### Redressal Mechanism Under Consumer Protection Act, 1986:

1. **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.
2. **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 it 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.
3. **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 mentor removal and to pay the compensation for loss.

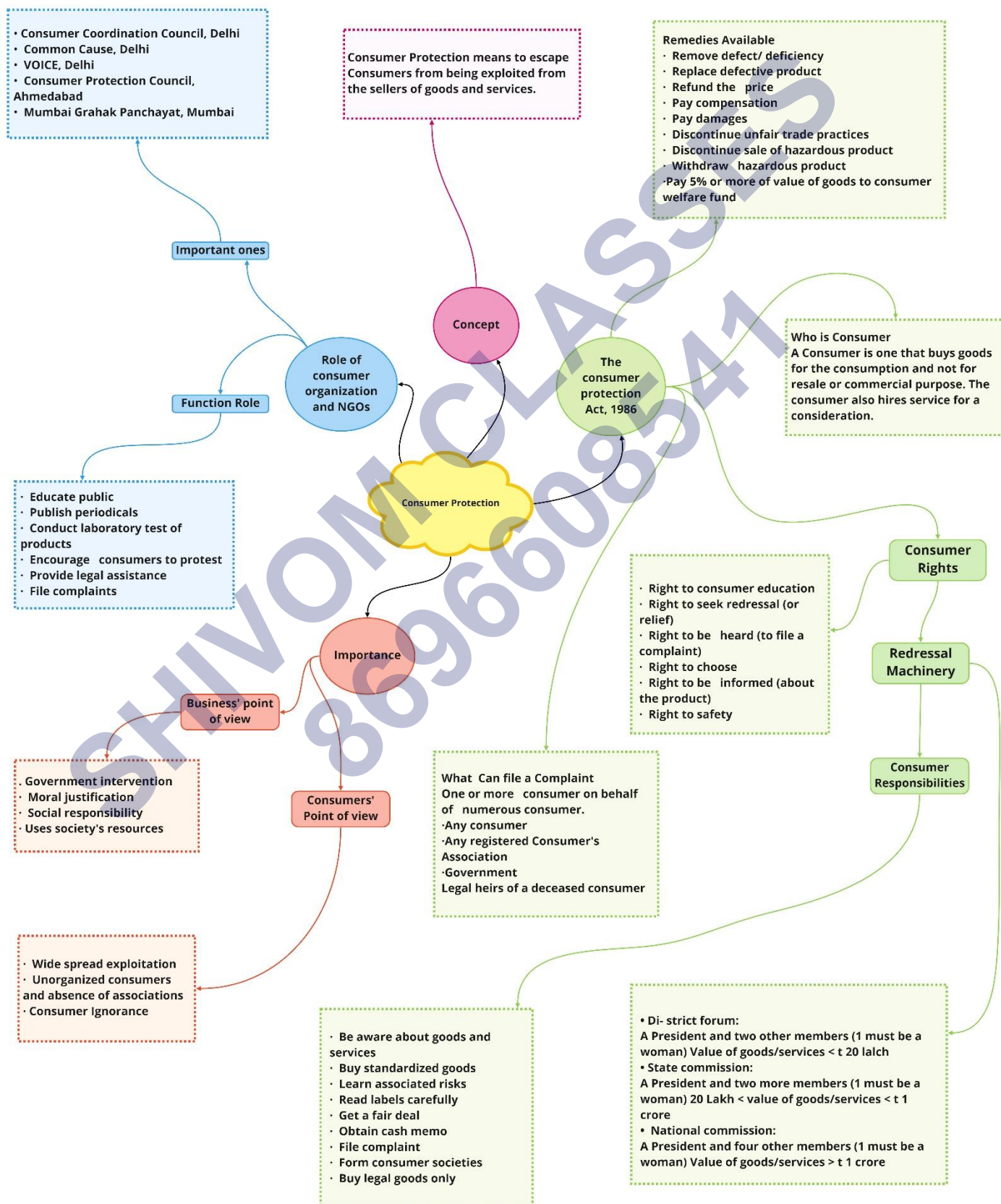
**List of Consumer Organisations and Non-Governmental organisations (NGOs) working to defend and promote consumers' interests:**



- 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.

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## Important Questions

### Multiple Choice questions-

Question 1. Who can file a complaint under the Consumer Protection Act, 1986?

- (a) A legal her of a deceased consumer
- (b) Any registered consumers association
- (c) Any consumer
- (d) All of the above

Question 2. The consumer has a right to get relief in case of defective goods or deficient services as per the \_\_\_\_\_

- (a) Right to be informed
- (b) Right to choose
- (c) Right to be heard
- (d) Right to seek redressal

Question 3. \_\_\_\_\_ means any person who buys any goods for personal use or hires or avails of any services for a consideration.

- (a) Consumer
- (b) Manufacturer
- (c) Trader
- (d) Service Provider

Question 4. A complaint can be filed against \_\_\_\_\_ who adopt(s) unfair trade practices.

- (a) Trader only
- (b) Manufacturer only
- (c) Trader and Manufacturer
- (d) Consumer

Question 5. Consumers should use ISI marked electrical appliance is an example of

- (a) Right to be informed
- (b) Right to safety
- (c) Right to choose
- (d) Right to be heard

Question 6. In case an aggrieved consumer is not satisfied with the decision of the State Commission, he can make a further appeal in

- (a) National Commission

- (b) District Forum
- (c) Supreme Court of India
- (d) All of the above

Question 7. In case a consumer is not satisfied with the order passed in the State Commission, he can further make an appeal in the National Commission within a time period of

- (a) 10 days
- (b) 20 days
- (c) 30 days
- (d) 45 days

Question 8. A consumer has a right to file a complaint and to be heard in case of dissatisfaction with goods or services according to the \_\_\_\_\_

- (a) Right to Seek redressal
- (b) Right to choose
- (c) Right to be heard
- (d) None of the above

Question 9. \_\_\_\_\_ is set up by the Central Government

- (a) State commissions
- (b) District forum
- (c) National commission
- (d) None of the above

Question 10. \_\_\_\_\_ A standardised mark is printed on jewellery.

- (a) Agmark
- (b) ISO 2009
- (c) ISI
- (d) Hallmark

Question 11. Which of the following statements is not true with regard to the National Commission?

- (a) It consists of a President and at least five other members, one of whom should be a woman.
- (b) The members are appointed by the Central Government.
- (c) A complaint can be made to the National Commission when the value of the goods or services in question, along with the compensation claimed, exceeds crore.
- (d) Where the aggrieved party was not satisfied with the order of the National

Commission, the case can be taken to the Supreme Court of India.

Question 12.

\_\_\_\_\_ mark is used for electrical products.

- (a) ISI
- (b) FPO
- (c) ISO
- (d) Agmark

Question 13. \_\_\_\_\_ are set up in each district by the State Government concerned.

- (a) District Forums
- (b) National Commission
- (c) State Commission
- (d) None of the above

Question 14. The state commissions are set up in each state by \_\_\_\_\_

- (a) Supreme court
- (b) High court
- (c) Central Government
- (d) State Government

Question 15. Consumers can ask anything regarding date of manufacture, price, quantity etc., is an example of \_\_\_\_\_

- (a) Right to be informed
- (b) Right to choose
- (c) Right to safety
- (d) Right to be heard

### Very Short-

Q1) Which consumer right gives the business firms freedom to set up their own consumer service and grievance cells?

Q2) Mention when as a consumer you are not in a position to resolve your grievance under consumer protection act.

Q3) Sandeep purchased a diesel car for Rs. 7 lacs from an automobile company and found its engine defective. Despite many complaints the defect was not rectified. Suggest to him the appropriate authority where he could file a complaint under consumer protection Act.

Q4) A co. is using sub- standard electric wiring in its coolers. Which consumer right is being violated?

Q5) Which document serves as an evidence of purchase?

Q6) 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?

Q.7) What is the quality mark provided to agricultural commodities and live stock products?

Q8) Name any two NGO's engaged in protecting and promoting consumer's interest.

Q9) Saroj wants to file a complaint where the value of goods or services in question along with the compensation claimed amounts to 25 lakhs.

### Short Question-

Q1) Mr. Soni a consumer purchased medicines without noticing the date of expiry . He also did not obtain the cash memo. Do you think he will be able to protect himself by the loss caused due to expired medicines ? give reasons in support of your answer?

Q2) Mr. Verma who was a vegetarian went to a snack bar for having French fries and later found out that it had non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content. Will Mr. Verma be able to claim compensation which right of the consumer is violated here?

Q3) As a well informed consumer. what kind of quality certification marks you will. Look for before buying 'products? Specify any 6.

Q4) A shopkeeper sold you some spices, claiming that they were pure. Later a laboratory test formed that those were adulterated what precautions should you have taken before buying and what remedies are available to you for the wrong act?

Q5). What is the provision regarding enforcement of the orders of District Forum, State Commission, or National Commission?

Q6). What are the Penal Provision under Consumer Protection Act?

### Long Question –

Question 1. What are various prescribed authorities under the consumer protection Act, 1986? Describe their composition, object, and procedure for the meeting.

Question 2. Define the following terms

Question 3. What is the need and importance of the consumer protection Act in India?

Question 4. Explain the problems of consumers under the Consumer Protection Act.

### Case Study Based Question-

1. Indian Youth Organisation (IYO) organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the IYO members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of old age home were reluctant for it because they believed that the pest control may create health problems

for them. IYO, therefore decided to provide ethical, safe and odourless pest control. They showed to the inmates of old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. It worked for a fortnight but to their dismay the effect started wearing off. IYO contacted the pest control company which kept on postponing their visit. After waiting for a month, IYO filed a case in the consumer court.

- a. The consumer court was satisfied about genuineness of the complaint and issued necessary directions to the pest control company.
  - b. State the six directions that might have been issued by the court.
  - c. Also identify any two values that are being communicated by IYO to the society. (CBSE, Delhi 2017)
2. Aman, a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started in which 111 trees are planted every time a girl child is born.

To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels.

Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products.

However, on visiting the village Aman found that the villagers were suffering exploitation at the hands of local merchants who were engaged in unscrupulous, exploitative trade practices like hoarding and black marketing of food products and also selling unsafe and adulterated products to the villagers.

After looking at their plight, instead of a business organisation, he decided to set up an organisation for the protection and promotion of the consumer interest of the villagers.

State the functions that the organisation established by Aman will be performing. (Any six points). (CBSE, Sample Paper 2015-16)

### Assertion Reason Question-

1. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
  - a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
  - b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
  - c. Assertion is correct statement but reason is wrong statement.
  - d. Assertion is wrong statement but reason is correct statement.

**Assertion (A):** 'Right to be Informed' is important for a safe and secure life.

**Reason (R):** According to this right, the consumer has a right to be protected against goods and services which are hazardous to life, health and property.

2. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
  - a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
  - b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
  - c. Assertion is correct statement but reason is wrong statement.
  - d. Assertion is wrong statement but reason is correct statement.

**Assertion (A):** According to Right to Choose, Marketers should not force the consumer to buy a particular brand.

**Reason(R):** Every consumer has the right to choose from a variety of goods and services at competitive prices.

### MCQ Answers-

1. Answer: (d) All of the above
2. Answer: (d) Right to seek redressal
3. Answer: (a) Consumer
4. Answer: (c) Trader and Manufacturer
5. Answer: (b) Right to safety
6. Answer: (a) National Commission
7. Answer: (c) 30 days
8. Answer: (c) Right to be heard
9. Answer: (c) National commission
10. Answer: (d) Hallmark
11. Answer: (a) It consists of a President and at least five other members, one of whom should be a woman.
12. Answer: (a) ISI
13. Answer: (a) District Forums
14. Answer: (d) State Government
15. Answer: (a) Right to be informed

### Very Short Answer-

Ans 1) Right to representation.

Ans 2) As a consumer we are not in a position to resolve our grievances when we have



not fulfilled the responsibilities of a consumer.

Ans 3) District Forum.

Ans 4) right to safety.

Ans 5) "Cash Memo."

Ans 6) Rita can check for FPO (Fruit product order 1955) certifications. She can check the date of manufacture and expiry and check the storage / display conditions.

Ans 7) AGMARK.

Ans 8) (a) Consumer co-ordination council ,Delhi

(b) Consumers Association, Kolkata.

Ans 9) State Commission.

### Short Answer-

Ans 1) In the given case, Mr. soni as a consumer was not able to fulfill his responsibility at two fronts.

(I) He didn't go through the packing specifications mentioned on the product at the time of purchase.

(II) Most importantly , he did not obtain the cash memo from the surer. A cash memo is a proof of purchase and it is must for filing any complaint.

Hence , he will not be able to protect himself by the loss caused due to expired medicines.

Ans 2) In the given case there is violation of the consumer right to know .Acc. to the amendment of the regulations in weight and measurement Act.(2000) every product should explicitly bear a green dot for vegetarian ingredients while brown reveals that non-vegetarian ingredients have been used. It is also mandatory to show the dot on an advertisements electronic or press and all posters ,banners ,stunts etc. hence Mr. Bharti would be able to claim the compensation.

Ans 3) Some of the quality certification marks are:

(1) FPO( Fruit Products Order 1955): It contains specification and quality control requirements regarding the production and marketing of processed fruits and vegetables ,sweetened aerated water, vinegar and synthetic syrups.

(2) ISI- On consumer durable products.

(3) Hall mark- BIS certification scheme for gold jewellery items.

(4) Earthen Pitcher –For Labeling Environment friendly products

(5) AGMARK – It is a grade standard for agricultural commodities and like stock products.

(6) Wool mark- It signifies 100% pure wool.

Ans 4) We should have been conscious about quality and should obtain cash memo

from the seller while purchasing goods. The remedies available are:

- (1) Getting the product replaced.
- (2) Getting the refund of the price.
- (3) Compensation.

Ans 5). Following are the provision regarding enforcement of orders of redressal agencies

1. Every order of (Redressal Forum, the Agency Commission, or National Commission) shall be a bind if no appeal has been preferred against such order under the provision of this Act.
2. No redressal agency shall admit a complaint unless it is filed within 2 years from the date on which the cause of action has arisen (sec. 24 A (1)).
3. A complaint may be entertained for the period specified above If the complaint satisfies that he had sufficient cause for not filing the complaint within such period [Sec. 24 A (2)].

It is worth mentioning that such delay can be condoned only when the reasons are recorded.

4. Every order made by such agency will be executed in the same way as the court, to which it is sent, shall execute as if it were decree or order sent to it for execution. (Sec. 25).
5. If the redressal agency fails to get its order executed, then it will send the order to the court in whose jurisdiction the dispute falls for its execution. Then the said court shall execute the order as if it were a decree or order sent to it for execution.

Jurisdiction is decided as under:

- If the order is against a company, the jurisdiction will be divided on the basis of the place of the registered office of the company.
- If the order is against any person, the jurisdiction will be decided according to the place where the person concerned voluntarily resides or carries on business, or personally works for gain (Sec. 25)

6. When a complaint is put up before these agencies it is found to be frivolous or vexatious, it shall, for a reason to be recorded in writing, dismiss the complaint.

It can also be made an order that the complaint shall pay to the opposite party such cost, not exceeding ten thousand rupees, as may be specified in the order.

Ans 6) According to Sec. 27, where a trader or a person against whom a complaint is made, or the complainant, fails to comply with any order made by the District Forum, the State Commission, or National Commission, as the case may be, such traders or person or complainant shall be punishable

- with imprisonment for not less than one month but which may extend to 3 yrs; or

- with fine which shall be not less than Rs. 2000 but which may extend to Rs. 10,000; or
- with both.

In case, the redressal agency is satisfied with the circumstances of the case, it can reduce the minimum limits of both imprisonment or fine, mentioned above.

## Long Answer -

**Answer 1:** Authorities under the Act as follows:

1. The Central Consumer Protecting Council (Sec. 4 (1)): This section provides provision for the establishment of the Central Consumer Protection Council (now Central Council) by the Central Government. The Central Government may issue a notification in this regard and may specify the date of establishment of such council in the notification.

Composition (Sec. 4(2)): The Central Council shall consist of the following members

1. The Minister-in-Charge of consumer affairs in Central Government, who shall be its chairman, and
2. Such member of other official or non-official members as may be prescribed.
3. The Minister of State of Consumer Affairs in Central Government as Vice-Chairman of Council;
4. The Minister of Food and Civil Supplies or Minister-in-Charge of Consumer Affairs in State;
5. 5 members from Lok Sabha and 3 members from Rajya Sabha.
6. The Secretary of National Commission for Scheduled Castes and Scheduled Tribes;
7. Up to 20 representatives of the Central Government Department and autonomous organization concerned with consumer interest;
8. At least 35 representatives of the Consumer Organisation concerned with consumer interest.
9. not less than 10 representatives of women.
10. Up to 20 representatives of farmers, trade, and industries.
11. The Secretary in Department of Civil Supplies shall be the Member Secretary of Central Council.

The object of Central Council (Sec. 6) The Central Council shall work with the objective to promote and protect the rights of consumers.

Terms of Council Term of Council shall be 3 years. A member may resign by submitting his written resignation to the chairman, the vacancies shall be filled from the same category by the Central govt, and such person shall hold office so long as the original member would have been entitled to hold office. The Central govt may constitute a standing working group from amongst the member of the council to monitor the implementation of the recommendation of the council.

Procedure for Meeting of Central Council (Sec. 5) The council shall meet as and when necessary, but at least one meeting of the council shall be held every year. The meeting shall be held at such place and at such time as the chairman may think fit.

2. The State Consumer Protection Council (Sec 7(1)) This section authorizes the State Government to establish a Consumer Protection council by issuing a notification in this regard and with effect from such date as it may specify in the notification.

Composition Sec 7 (2): The State Council shall consist of the following members

1. The Minister-in-Charge of Consumer Affairs in State Government as its chairman.
  2. Such member of other official or non-official members, representing various interest, as may be prescribed by State Government; and
  3. Up to 10 other official or non-official member nominated
- Objects of Council (Sec. 8)  
The objective of every state council shall be to promote and protect the rights of consumers as laid down in clauses (i) to (v) of section 6 within the state.

The procedure of Meeting (Sec 7 (4)): The State Council shall meet as and when necessary, but at least 2 meetings should be held every year. It shall meet at such time and place as the Chairman may think fit and observe such procedure which is prescribed by State Government for the transaction of its business.

3. The District Consumer Protection Council (Sec 8 A): This section was inserted in 2002 in Act by making amendment in it. ACU to the Section, the State Govt, shall establish District Consumer Protection Council for every district with effect from such date as is specified in the notification.

Composition: The District Council shall consist of the following members:

- the Collector or Deputy Commissioner as its chairman; and
- such member of other official or non-official members representing such interest as may be prescribed by State Government.

The object of Council (Sec. 8B): The District Council shall work with the objective of promoting and protecting the rights as specified in clauses (i) to (vi) of sec. 6 with the jurisdiction of the district.

Procedure for Meeting The District Council shall meet as and when necessary, but at least 2 meetings should be held every yr. It shall meet at such time and place as the Chairman may think fit and observe such procedure which is prescribed by State Govt, for the transaction of its business.

**Answer 2:** (a) Consumer: Acc. to Consumer Protection Act, 1986, 'Consumer' means a person who:

1. Buys any goods for the consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys goods for consideration paid or promised or under any system of deferred payment, when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any

commercial purpose or, (Sec 2(l) d 0).

2. Hires of avails of any services for a consideration which has been paid or promised or partly paid or promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who hires or avails of services for consideration paid or promised, or under any system of deferred payment, when such services are availed of with the approval of the first-mentioned person.

Explanation Please note that the consumer also includes the user of goods or beneficiary of services when such goods or services are used or availed with the permission of the main buyer.

Also, the consumer does not include a person who uses the goods or services for the purpose of resale or any other commercial purpose.

But note that, 'commercial purpose' doesn't include used by him exclusively for the purpose of earning his livelihood, by means of self-employment.

(b) Complaint 'Complaint' means any allegation in writing made by a complainant that:

1. an unfair trade practice or a restrictive trade practice has been adopted by any trader;
2. the goods, brought by him or agreed to be brought by him, suffer from one or more defects;
3. the services, hired or availed of or agreed to be hired or availed of by him, suffer from a deficiency in any respect;
4. A trader has charged for the goods, mentioned in the complaint, a price in excess of the price fixed by or under any law for time being in forces or displayed on the goods or any package containing such goods.
5. Goods, which will be hazardous to life and safety when used, are being offered for sale to the public in contravention of permission of any law for time; being in forces requiring traders to display information in regards to contents, manner, and effect of the use of such goods (sec 2 (1) (c)).

(c) Complainant Any person or institute mentioned below who files a complaint is called the complainant

1. A consumer or
2. Any voluntary consumer association registered under the Indian Companies Act, 1956 or any Voluntary Consumer Association registered under other Act in force in the country.
3. The Central or State govt., who or which makes a complaint.
4. In the case of numerous consumers having the same interest, one or more than one consumer.
5. In case of death of a consumer, his legal heir or representative, who or which makes a complaint (Sec 2(1) (b)).

(d) Manufacturer It means the person who:

1. makes or manufacture any goods or parts thereof,
2. does not makes or manufacture any goods but assemble parts thereof made or manufactured by others and claims the end-product to the goods manufactured by himself, or
3. puts or causes to be put his own mark on any goods to be made or manufactured by, any other manufacturer and claims such goods to be made or manufactured by himself (sec 2(i)).

Explanation Where a manufacturer dispatches any goods or part thereof no any branch office maintained by him, such branch shall not be deemed\* to be manufactured even though the parts so dispatched to it as assembled at such office and are sold or distributed from such branch office.

**Answer 3:** Need and Importance of Consumer Protection Act can be explained as follows:

1. **Unfair and Deceptive Trade Practices:** In case of unfair and deceptive trade practices, such as selling of defective or sub-standard goods, ignoring safety standards, charging exorbitant prices, misrepresenting the efficiency or usefulness of goods, etc. Consumer Protection Act makes producers/traders more accountable to consumers. It also becomes inevitable for consumers to unite at a common platform to deal with issues concerning consumer protection.
2. **Lengthy Legal Process:** The violation of various Acts by traders/producers means an ordinary consumer has no other remedy but to initiate action by way of a civil suit which involves a lengthy legal process proving to be too expensive and time-consuming. In fact, very often the time, cost, and mental tension involved in the legal process is disproportionate to compensation claimed and actually granted to individual consumers. Therefore, it becomes necessary to involve laws directed at protecting the consumers providing for remedies that are simpler, more accessible, quicker, and less expensive.
3. **Impact of other countries:** the USA, European Union, Australia, etc. have taken effective and strict measures to protect the interest of consumers. Following these countries, India has also felt the necessity of consumer's protection.
4. **Welfare State India is a welfare state:** One of the Directive Principles enshrined in the Indian Constitution is that state shall direct its policy towards securing that operation of economic system does not result in the concentration of wealth and means of production to determinantal to common man-keeping in view the consumer interest, Govt, passed Monopolies and Restrictive Trade, Practices Act, 1969. Later on, in 1984, provisions relating to unfair trade practices were also incorporated in Act. wide powers have been granted to the H RTP commission under the Act to control and prohibit monopolistic, restrictive, and unfair trade practices.
5. **Economic Development** During 55 years of planning in India, there is a spectacular

change in the standards of living. The structural and institutional changes in the economy consequent upon Economic Reforms 1991 clearly indicate that there has been modernization and globalization of the economy wants of the consumers have increased manifold. Hence, the need for safeguarding consumer's interests has also grown and has become more important.

6. Means of transport and communication: The rapid growth of means of transport and communication has brought the world consumers together. There is a strong 'demonstration effect' through Mass media of TV/ cable network that has made the consumers aware that they can no longer be exploited by the business community and kept isolated from other countries as far as their right to safety and health are concerned.

7. Role of Judicial System: Consumer Protection Act, 1986 has vested vast powers to the Supreme Court for the protection of consumer rights, their safety, and health. As a breakthrough, the remedies for consumer protection are now simpler, more accessible, quicker, and less; expensive.

8. LokAdalats: The concept of Lok Adalat in India is catching up fast. They have become part of a speedy, effective, and economical redressal system. Interesting to note, lakhs of cases relating to motor accidents, complaints diagrams Ltd. Delhi Electric Supply Undertaking have been settled involving crores of rupees. The concept of Lok Adalats has now been extended to other areas.

9. Concept of Public Interest Litigation (PIL): For consumer protection, a large number of petitions by way of PIL have been filed before High Courts and Supreme Court. The concept of PIL is catching fast. Under PIL, it is not only the aggrieved person, but any person can move to court in the interest of the weak or a group who or which may not be in a position to seek legal remedy on his own. " Secondly, a complaint sent to Supreme Court even on postcard may be treated as a writ petition. PIL is virtually consumer interest litigation which has helped a lot in the cause of consumer protection.

10. Consumer Awareness: The spread of education especially higher education has made people aware of their rights as consumers. The relief granted to consumers and important judicial decisions regarding consumer protection or relief is often covered by newspaper. Rising income has increased the purchasing power of people to spend more. The rise in prices of products has created in consumer an attitude to expect better quality or. at least to expect the product to be worth their money. Consumers expect better services for their durables. Legislation leading to consumer protection has created an awareness among consumers about their rights and remedies available to them.

11. Consumer organizations: There are more than 500 consumer organizations in India. These consumer organizations are performing a number of functions such as bringing out vouchers, journals, monographs, collecting data of different talks, seminars, workshops, and conferences for the purpose of focusing on the problems of consumers and finding solutions thereof.

**Answer 4:** Due to illiteracy, poverty, lack of information, etc. consumers has to face many problems every day. They tolerate silently all these because their outlook being traditional, They remain ignorant of their rights. Following are the problems under the Consumers Protection Act

1. Unfair Trade Practices Trade communities are engaged in various activities to increase their sale and change their economic use or to provide some services. They may devise any unfair method viz. false and misleading advertisement, free gifts, lucky draws. They falsely represent that the services are of particular quality or grade. Following are the unfair trade practice.

(a) False and misleading Advertisement: Trade community spends a lot of money on the advertisement of their goods and services but most of these are false and misleading. These are exaggerated and based on unprovable claims. They make advertisement of products of poor quality's special standard product.

(b) Free gifts and Prizes: The offering of gifts, prizes, or other items with the intention of the net providing there as offered or creating an impression that something is being given or offered free of charge when it is fully or partly covered by the amount charged in the transaction as a whole is treated as unfair trade practice.

2. Spiralling price: The prices of the product are unduly hiked by the {producers. The rising prices are the result of anti-social activities viz hoarding, black marketing, and creating of artificial scarcity of the product. It leads to consumer exploitation and victimization.

3. Adulteration It is a big consumer problem. Sometimes, it is very hazardous to health. The traders resort to many sources to earn high profits. Mixing animal fat with ghee, harmful seeds with grains and pulses, mustard oil with mineral oil are some of the adulterations.

4. Poor quality products Sale of poor quality products and sub-standard products is also a part of consumer exploitation. The manufacturer makes the declaration that the product is 'Agmark' is not sufficient. There is no matter missing to verify that the goods sold to consumers conform with a specification of safety. It results in a large number of the death by using sub-standard products and unsafe domestic products like a pressure-cooker, kerosene stoves, etc.

5. Deceptive packing Many times traders resort to practicing to deceive consumers. They put the smaller quantity of products in a packet or change the spelling of reputed product slightly like Tata Teas, the name 'Tata Tea' etc.

6. Underweight supplies Underweighfgoods by the trader to the consumer, For example, each LPG cylinder must contain 14.2 kgs. of gas but many times under-weight cylinders are supplied to customers.

7. Deficiency in Services Deficiency in Services is also a form of customer problem for instance

- Under delay in courier service



- wrong billing by electricity and telephone departments
- under delay in setting insurance accident claims.

8. Negligence in services It is another cause of consumer exploitation, For instance, wrong operations by a surgeon. Many of these incidents are published in newspapers very often.

9. Monopolistic trade practices Monopolistic is that market condition in which there is a single seller of a certain product in the market so he is in the position to exploit the consumer by charging high prices and low quality of product etc.

### Case Study Answer-

#### 1. Answer:

a. The six directions that might have been issued by the court are as follows:

Reliefs available to a consumer

- To remove the deficiency in service.
  - To refund the charges paid for the service.
  - To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.
  - To discontinue the unfair/restrictive trade practice and not to repeat it in the future.
  - To pay any 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 organisation/person, to be utilised in the prescribed manner.
- b. To issue corrective advertisement to neutralise the effect of a misleading advertisements.
- c. The two values that are being communicated by IYO to the society are:
- Social service
  - Promoting health and hygiene

#### 2. Answer:

Aman has set up an NGO or consumer organization in the village for the protection and promotion of the consumer interests.

The key functions highlighting the role of a consumer association are listed below:

- Educating the general public about consumer rights by conducting training programmes, conferences and workshops.
- Publishing periodicals and other publications to give knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
- Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the

benefit of consumers.

- Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
- Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
- Filing complaints in appropriate consumer courts on behalf of the consumers.

### Assertion Reason Answer-

1. d. Assertion is wrong statement but reason is correct statement.
2. a. Assertion and reason both are correct statements and reason is correct explanation for assertion.

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