

Class 12

Business Studies

Chapter 12

Consumer Protection

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CONSUMER PROTECTION

Consumer is said to be the king in a free market economy



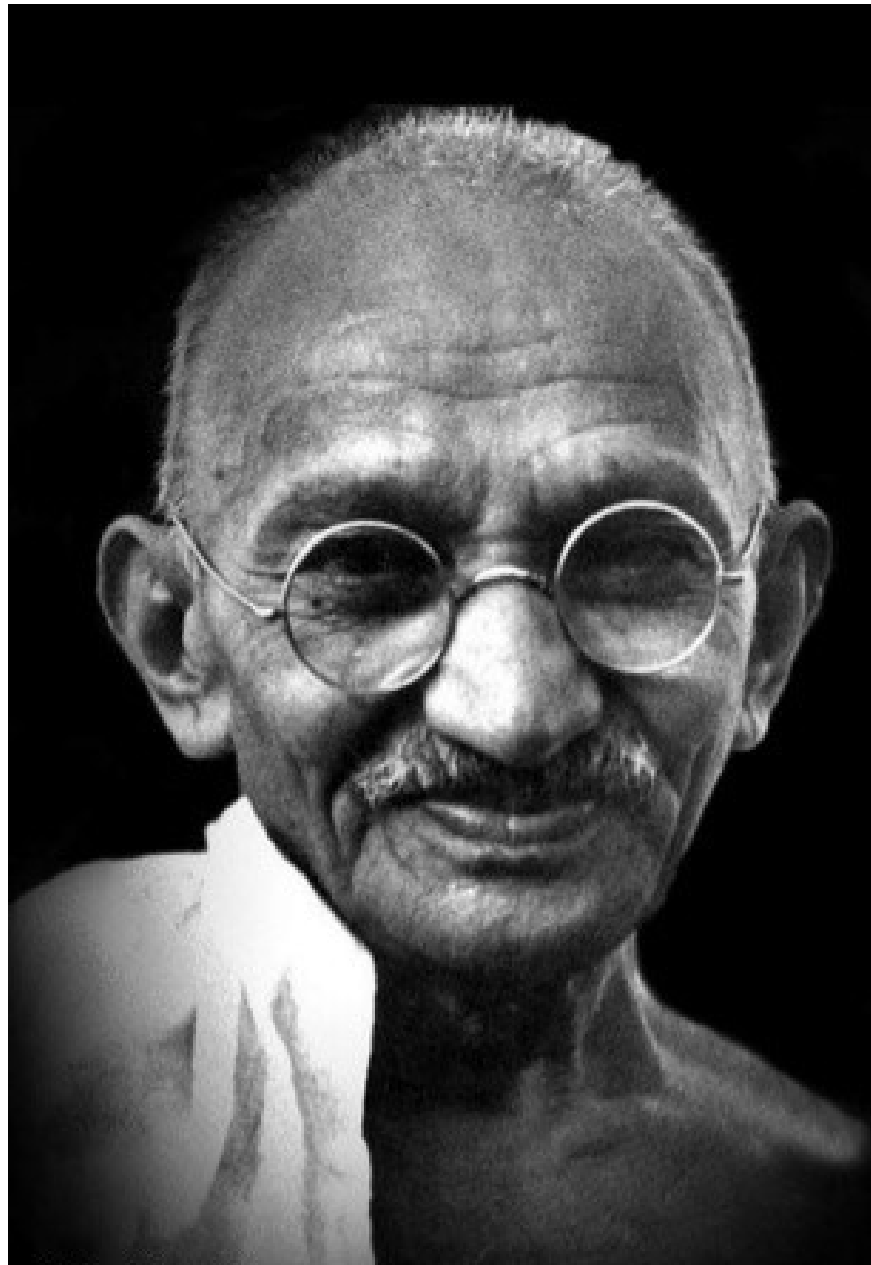
The earlier approach of “Caveat emptor” (let the buyer beware) has been changed to “Caveat venditor” (let the seller beware)

CONSUMER PROTECTION

With the growing competition and to push up the sales, businessmen indulge in exploitative and unfair trade practices



It includes the supply of defective and unsafe products, adulteration, false and misleading advertising, hoarding, black marketing etc., so there arises the need for providing protection to consumers



"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it."

Mahatma Gandhi

Consumer - Definition

Consumer Protection Act, 1986 defines a consumer is an individual or organization who buys goods and services for a consideration





**Importance of Consumer
Protection
(Consumers Point of View)**

Importance of Consumer Protection in Consumers Point of View

1. Consumer ignorance

In usual practice, consumers are innocent and ignorant about their rights and relief against unfair trade practices



Consumer protection protects them through consumer education

Importance of Consumer Protection in Consumers Point of View

2. Un-organized consumers

Consumers need to be organized in the form of consumer organizations which would protect their interest



3. Consumer exploitation

Consumers need protection against unfair trade practices like defective and unsafe products, black marketing, hoarding, adulteration etc.



Importance of Consumer Protection in Consumers Point of View

1

Consumer ignorance

2

Un-organized consumers

3

Consumer exploitation

Importance of Consumer Protection **(Business Point of View)**

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Importance of Consumer Protection in Business Point of View

1. Long term interest of business

Satisfied customers only provide repeat sales, but also give good feedback to the prospective customers

This will help to increase sales



Importance of Consumer Protection in Business Point of View

2. Use of resources from the society

As the business makes use of society's resources, it has the obligation to give reasonable return to the nation and its people



3. Social responsibility

A business has social responsibilities towards different groups like shareholders, employees, etc.

Therefore it should not be an exploiter but must be a servant



Importance of Consumer Protection in Business Point of View

4. Moral justification

It is the moral duty of any business to protect the interest of consumers



Exploitative, and unfair trade practices must be avoided

Importance of Consumer Protection in Business Point of View

5. Government intervention

A business engaging in any form of exploitative trade practices would invite government intervention



Importance of Consumer Protection in Business Point of View

1

Long term interest of business

2

Use of resources from the society

3

Social responsibility

4

Moral justification

5

Government intervention

Legal Protection to Consumers

Legal Protection to Consumers

1 Consumer Protection Act (CPA) 1986

It gives protection against defective goods, unfair trade practices and all other exploitation

It provides for protection of consumer rights and redressal of consumer disputes

CPA

CONSUMER PROTECTION ACT

It also provides for the setting up of a three-tier machinery – ***District Forums, State Commissions and the National Commission***

Legal Protection to Consumers

2

The Contract Act 1982

This Act specifies the remedies available in case of breach of contract



Legal Protection to Consumers

3 The Sale of Goods Act 1930

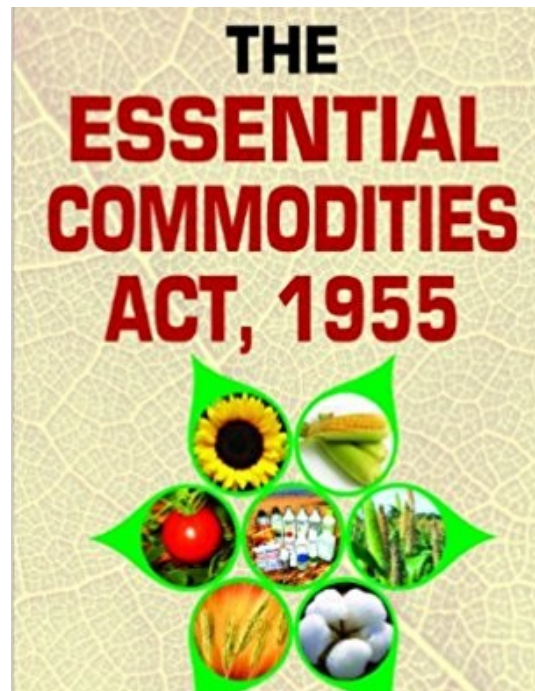
It assures some safeguards to buyers of goods in case the goods do not conform to the implied conditions or warranties



Legal Protection to Consumers

4 The Essential Commodities Act 1955

This Act suggests for action against anti-social activities of profiteers, hoarders and black marketers

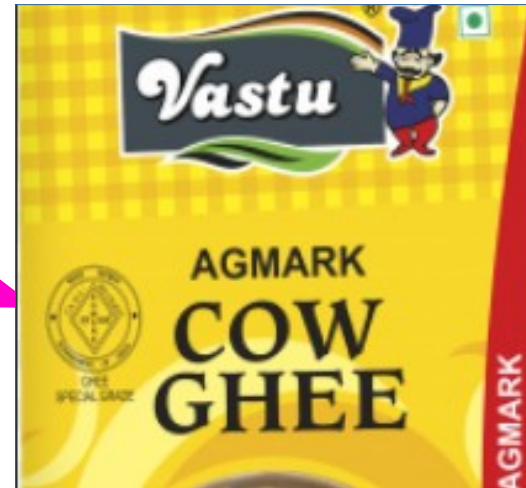


Legal Protection to Consumers

5

The Agricultural Produce (Grading and Marking) Act 1937

It lays down the procedure for grading, marking and packing of agricultural products



The quality mark is known as AGMARK

Legal Protection to Consumers

6

The Prevention of Food Adulteration Act 1954

To check adulteration of food items and to ensure their purity



Food Safety and Standards Authority of India

Legal Protection to Consumers

7

The Standards of Weights and Measures Act 1976

It gives protection to consumers against the malpractice of underweight or under measure



Legal Protection to Consumers

8

The Trade Marks Act 1999

This Act prevents the use of fraudulent marks (duplicate trademarks of other companies) on products

Google™



Legal Protection to Consumers

9

The Competition Act 2002

This Act replaced the MRTP Act 1969 (Monopolies and Restrictive Trade Practices)



It gives protection to consumers in case policies adopted by business firms hamper competition in the market

Legal Protection to Consumers

10 The Bureau of Indian Standards Act 1986

The Bureau has two sets of activities:—

- (1) Formulation of quality standards, and
- (2) Certification through BIS



By this, producers can use ISI mark on their products only if the products meet the prescribed quality

Also there is a grievance cell under the bureau, accepts complaints from consumers

Legal Protection to Consumers

- 1.Consumer Protection Act (CPA) 1986**
- 2.The Contract Act 1982**
- 3.The Sale of Goods Act 1930**
- 4.The Essential Commodities Act 1955**
- 5.The Agricultural Produce Act 1937**
- 6.Prevention of Food Adulteration Act 1954**
- 7.Weights and Measures Act 1976**
- 8.The Trade Marks Act 1999**
- 9.Bureau of Indian Standards Act 1986**
- 10.Competition Act 2002**

Common Unfair Trade Practices

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Common Unfair Trade Practices

1. Adulteration



Common Unfair Trade Practices

2. Black marketing



Common Unfair Trade Practices

3. False Weights



Common Unfair Trade Practices

4. Poor Quality



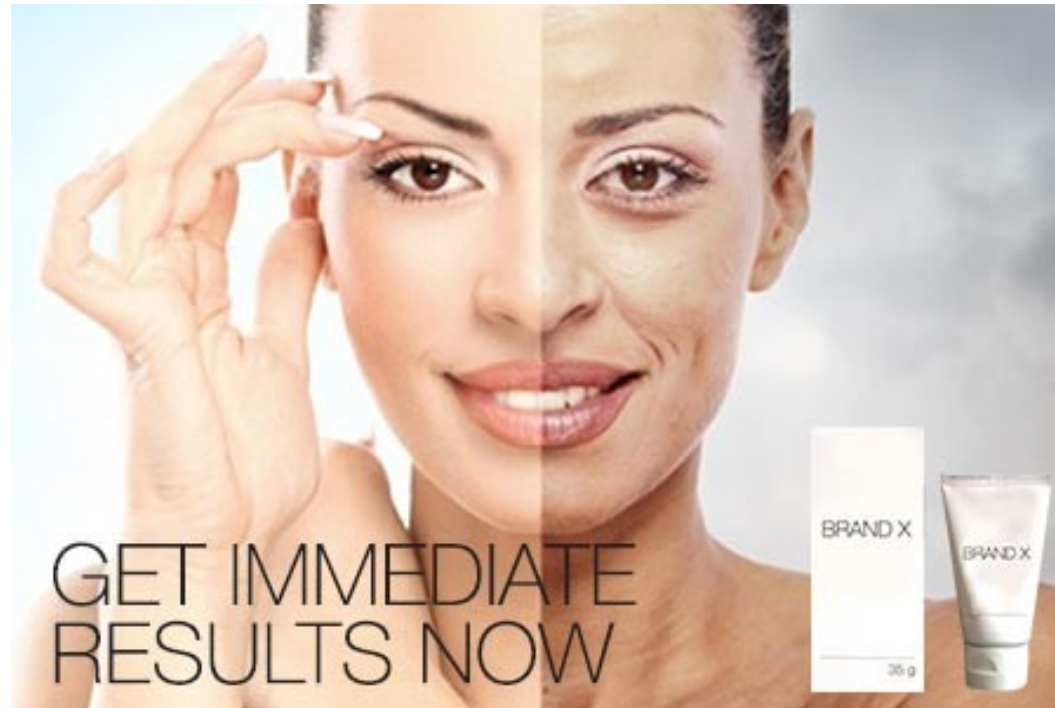
Common Unfair Trade Practices

5. Exorbitant Prices



Common Unfair Trade Practices

6. Misleading Advertisement



Common Unfair Trade Practices

7. Duplication of Brands



Common Unfair Trade Practices

1. **Adulteration**
2. **Black marketing**
3. **False weights**
4. **Poor quality**
5. **Exorbitant price**
6. **Misleading advertisement**
7. **Duplication of brands**





Consumer Rights

Consumer Rights

1. Right to safety

Consumers have the right to be protected against the goods which are hazardous to health and safety

Manufacturing defects in electrical goods, pressure cookers etc. may endanger the life of consumers



Consumer Rights

2. Right to be informed

It implies that the producer should disclose all the facts regarding his products



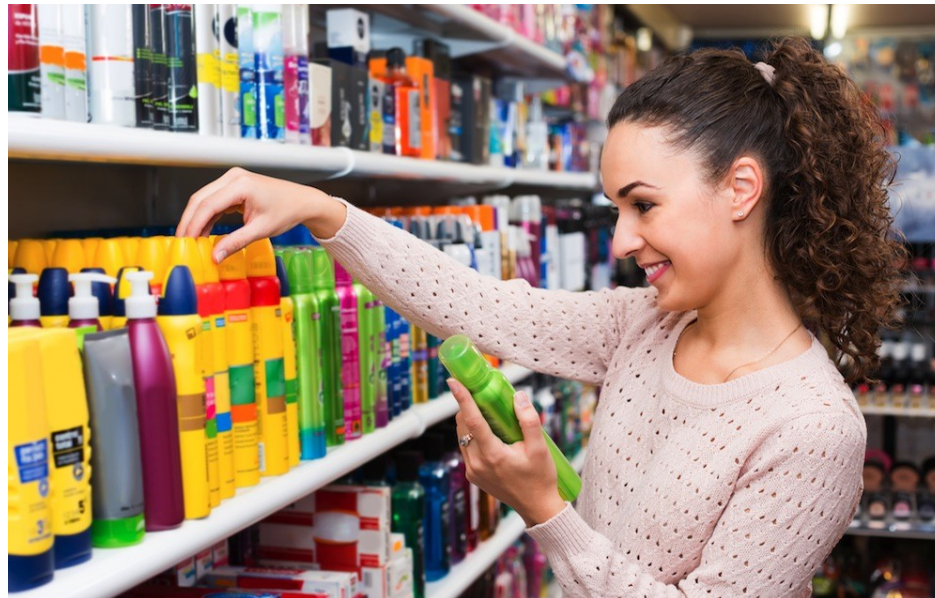
Keep Away from Children

Information as to the quantity, quality, price, date of manufacture, ingredients, precautions of use etc. should be given

Consumer Rights

3. Right to choose

It implies that consumer has the chance to choose from the alternatives, the producer should not take away the right through aggressive selling techniques



Consumer Rights

4. Right to be heard

Every consumer would like to be assured that complaints or grievances regarding a product or service will be considered



Consumer Rights

5. Right to seek redressal

When the consumers are cheated or exploited they have the right to get compensation



Consumer Rights

6. Right to consumer education

A consumer can get protected against fraud and malpractices only with the help of knowledge and proper education, he should know the rights and remedies available to him

It is possible only with proper consumer education



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



Consumer Responsibilities

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Consumer Responsibilities

1. Awareness about goods and services

Awareness about various goods and services available in the market, so that an intelligent and wise choice can be made



Consumer Responsibilities

2. Exercise the right

Consumers must be aware of their own rights with regard to the products or services they buy from the market



They should exercise their rights whenever needed

Consumer Responsibilities

3. Cautious consumer

Before purchasing, the consumer should insist on getting complete information on quality, quantity, price, utility etc. of the goods



Consumer Responsibilities

4. Filing complaints

Sometimes, consumers ignore the deception (dishonesty) of traders believing that the loss is small



This attitude encourages corrupt business practices to continue

Consumer Responsibilities

5. Quality conscious

While making purchases, he should look for quality certification

BIS Hallmark – Jewellery

Agmark – Agricultural Products

ISI – Industrial Products

FPO – Fruit Products Order
(Food Safety in Fruit Products such as Jams, Pickles, Fruit drinks etc.)



BIS hallmark



Agmark



ISI mark



FPO mark

Only products having ISI, Agmark, BIS, ISO etc. should be purchased

Consumer Responsibilities

6. Understand the risks

Consumer should understand the risks associated with the products and follow strictly the instructions



Consumer Responsibilities

7. Be honest

Go in for only legal goods and services and discourage illegal marketing



Consumer Responsibilities

8. Insist on cash memo

If there is any defect in the goods purchased and the consumer has to make a complaint, the cash memo must be produced as proof of purchase



CITY FOOT			
1st FLOOR, MINT MALL			
9496524690			
GSTIN: 32AALFC3812F1ZW			
TAX INVOICE			
To: Cash			
Inv.No: E22		Date: 17-07-2017 03:50 PM	
Description	Qty	MRP	Amount
7051-0110[5%]	1	109.00	109.00
[78492], *2*			
SEA STAR[18%]	1	960.00	960.00
[46167], *2*			
Sub Total :		1,069.00	
Adl. Discount :		69.00	

A seller is bound to give cash memo

Consumer Responsibilities

9. File complaints

Consumer should file complaints if any in appropriate consumer forum, even if the amount involved is very small



Consumer Responsibilities

10. Educate consumers

Consumer should take initiative to educate consumers about their rights



Consumer Responsibilities

1. Awareness about goods and services
2. Exercise the right
3. Cautious consumer
4. Filing complaints
5. Quality conscious
6. Understand the risks
7. Be honest
8. Insist on cash memo
9. File complaints
10. Educate consumers



Ways and Means of Consumer Protection

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Ways and Means of Consumer Protection

1. Self regulation by business

Firms with social commitment follow ethical standards and good practices in serving the customers



Such firms have set up their customer service and grievance cells to redress the grievances of their customers

Ways and Means of Consumer Protection

2. Business Associations

Federation of Indian Chambers of Commerce, (FCCI), Confederation of Indian Industries (CII), etc. lay down their code of conduct for their members to deal with consumers



Ways and Means of Consumer Protection

3. Consumer awareness

A consumer aware of his rights will be in a position to raise his voice against unfair trade practices



Jago Grahak Jago is a consumer awareness programme from Ministry of Consumer Affairs, Government of India.

Ways and Means of Consumer Protection

4. Consumer organizations

These organizations can take necessary steps to eliminate consumer exploitation and force the business firms to avoid unfair trade practices



**Consumers Association of India
(CAI)**

Ways and Means of Consumer Protection

5. Government

Government is always protecting the interest of consumers by implementing rules and regulations in the form of various laws and Acts



Also it provides a three tier system of District Forum, State Commission and the National Commission for redressal of consumer grievances

Ways and Means of Consumer Protection

- 1. Self regulation by business**
- 2. Business Associations**
- 3. Consumer awareness**
- 4. Consumer organizations**
- 5. Government**



Who can file a complaint under the Act?

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Who can file a complaint under the Act?

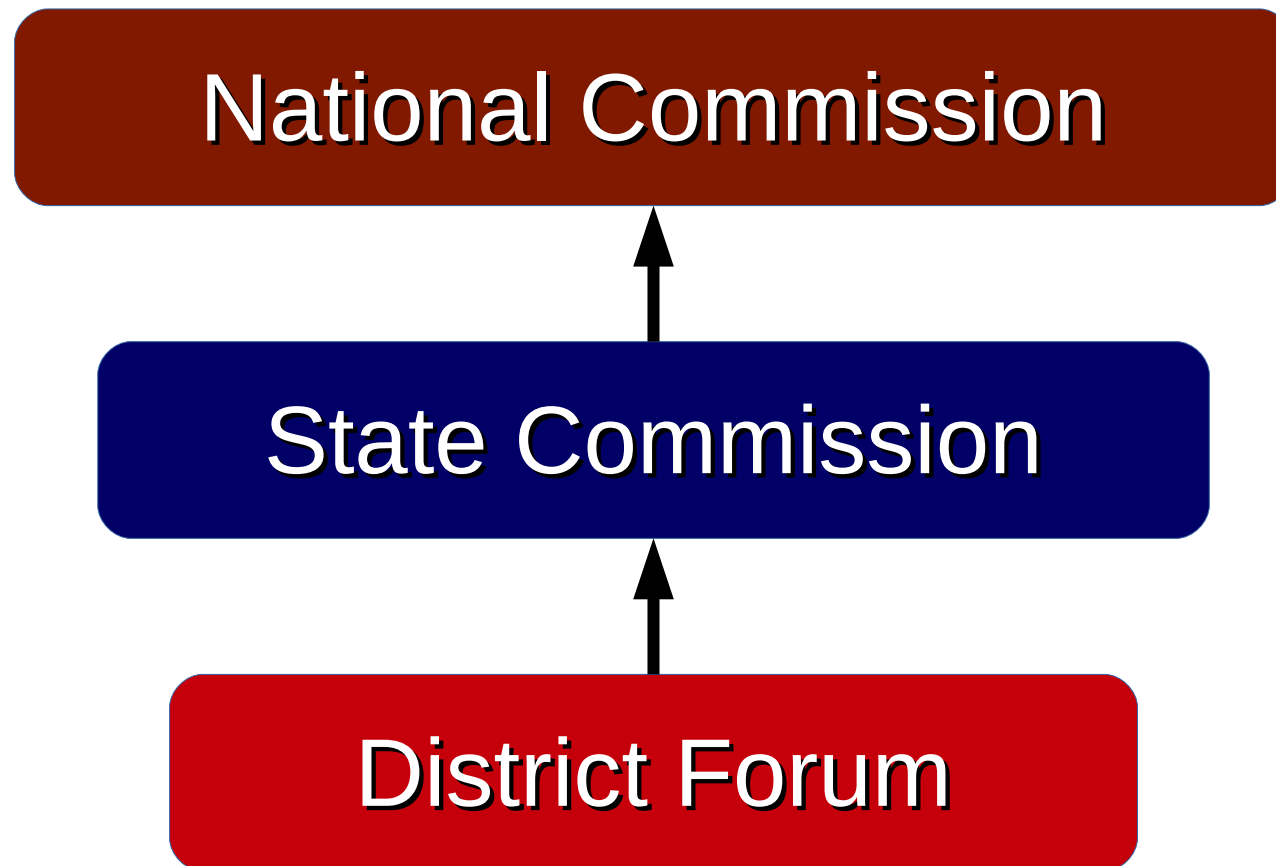
1. A consumer.
2. Any voluntary consumer association.
3. The Central Government.
4. The State Government.
5. One or more consumers, where there are numerous consumers having the same interest.
6. A legal heir or representative of a deceased consumer.



**Redressal Agencies
under
the CPA 1986**

Redressal Agencies under the CPA 1986

There is a three-tier grievance redressal system for enforcement of the rights of the consumers



Redressal Agencies under the CPA 1986

District forum



- Established by State Govt.
- In all the districts
- Complaints up to 20 lakhs
- Appeal to State Commission within 30days

Redressal Agencies under the CPA 1986

State Commission



- Established by State Govt.
- In all the States
- Complaints up to 1 crore
- Appeal to National Commission within 30 days

Redressal Agencies under the CPA 1986

National Commission

- Established by Central Govt.
- Only at national level
- Complaints above 1 crore
- Appeal to Supreme Court within 30 days



Relief Through Redressal Agencies

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Relief Through Redressal Agencies

- a. Removal of defects.
- b. Replacement of goods or service.
- c. Return of price by seller.
- d. Payment of compensation by seller.
- e. Discontinuance of unfair trade practices.
- f. Withdrawal of hazardous goods.
- g. Issue corrective advertisement



Role of Consumer Organisations and NGOs

Role of Consumer Organisations and NGOs

1. Bringing out brochures, Journals etc.
2. Accelerating consumer awareness.
3. Collecting data of products and testing.
4. Arranging talks, seminars, workshops and conferences on problems of consumers and finding solutions.



Role of Consumer Organisations and NGOs

5. Encouraging consumers for boycotting goods which are defective and bad quality.
6. Filing suits on behalf of consumers.
7. Investigating into problems of consumers.
8. Resisting against price rigging (dishonesty), adulteration, black marketing etc.



Role of Consumer Organisations and NGOs

9. To produce films on food adulteration, misuse of drugs and cosmetics.
10. To educate women regarding consumerism.
11. To help business to standardize their products.
12. Helping schools to start consumer education.



Prominent Consumer Organizations in India

Consumer Organisations in India

Consumer Coordination Council, Delhi



Consumer Coordination Council (CCC)

Consumer Organisations in India

Consumer guidance society of India Mumbai



Consumer Organisations in India

Citizens Action Group Mumbai



CAG

Citizen consumer and civic Action Group

Consumer Organisations in India

CERC - Consumer Education and Research Centre Ahmedabad



Consumer Organisations in India

Common Cause New Delhi

COMMON CAUSE

A ROMANCE WITH PUBLIC CAUSES

Consumer Organisations in India

CUTS - Consumer Unity and Trust Society
Jaipur - Rajasthan

CUTS 
International

Consumer Organisations in India

**VOICE – Voluntary Organisation in Interest of
Consumer Education**



Consumer Organisations in India

**Consumer Action Forum
Kolkatta, Delhi and Chennai**



Consumer Organisations in India

Consumer Protection Council, Ahmedbad



Prominent Consumer Organizations in Kerala

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Consumer Organisations in Kerala

- **Consumer Guidance Centre, Cochin.**
- **Kerala State Consumer Guidance Society, Cochin.**
- **Kerala Consumer Welfare Association, Cochin.**



Voluntary Organisations

Consumer Organisations in Kerala

- **Kerala State Consumer Council, Kannur.**
- **Consumer Guidance Society of India, Thrissur.**
- **Association for protection of consumers, Thiruvananthapuram.**



**CONSUMER
PROTECTION**

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