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WEBINAR SERIES

CONSUMER PROTECTION

Initiative by

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WEBINAR SERIES

CONSUMER PROTECTION

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CONSUMER PROTECTION





सत्यमेव जयते

Ministry of Consumer Affairs, Food and Public Distribution

Government of India



CONSUMER PROTECTION

1. Concept and Meaning of Consumer Protection
2. Importance of Consumer Protection
3. Consumer Protection Act, 1986
4. Rights and responsibilities of consumers
5. Who is consumer as per CPA, 1986
6. Who can file a complaint ?
7. Redressal machinery & Relief available
8. Role or Functions of consumer organisations and NGOs.



WE ARE ALL CONSUMERS.

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Caveat Emptor – Traditional Approach



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Caveat Vendor – Modern Approach



**Seller
Beware**



Consumer Protection - Meaning

Consumer protection means to protect and safeguard the interest of consumer from **unscrupulous**, **exploitative** and **unfair trade practices** of sellers.



Unfair trade practices

Effect on Consumers

Unsafe products

Exposed to risk

Adulteration

Bad health

**False and misleading
advertising**

Sale of spurious products

Hoarding & Black Marketing

Payment of higher prices



IMPORTANCE OF CONSUMER PROTECTION

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graph TD; A[IMPORTANCE OF CONSUMER PROTECTION] --> B[CONSUMER POINT OF VIEW]; A --> C[BUSINESS POINT OF VIEW];
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CONSUMER POINT OF VIEW

BUSINESS POINT OF VIEW

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1. Consumer Ignorance

Ignorance about Rights and Beliefs



2. Unorganised Consumers

- Consumer organisations are not powerful enough to protect interest of consumers



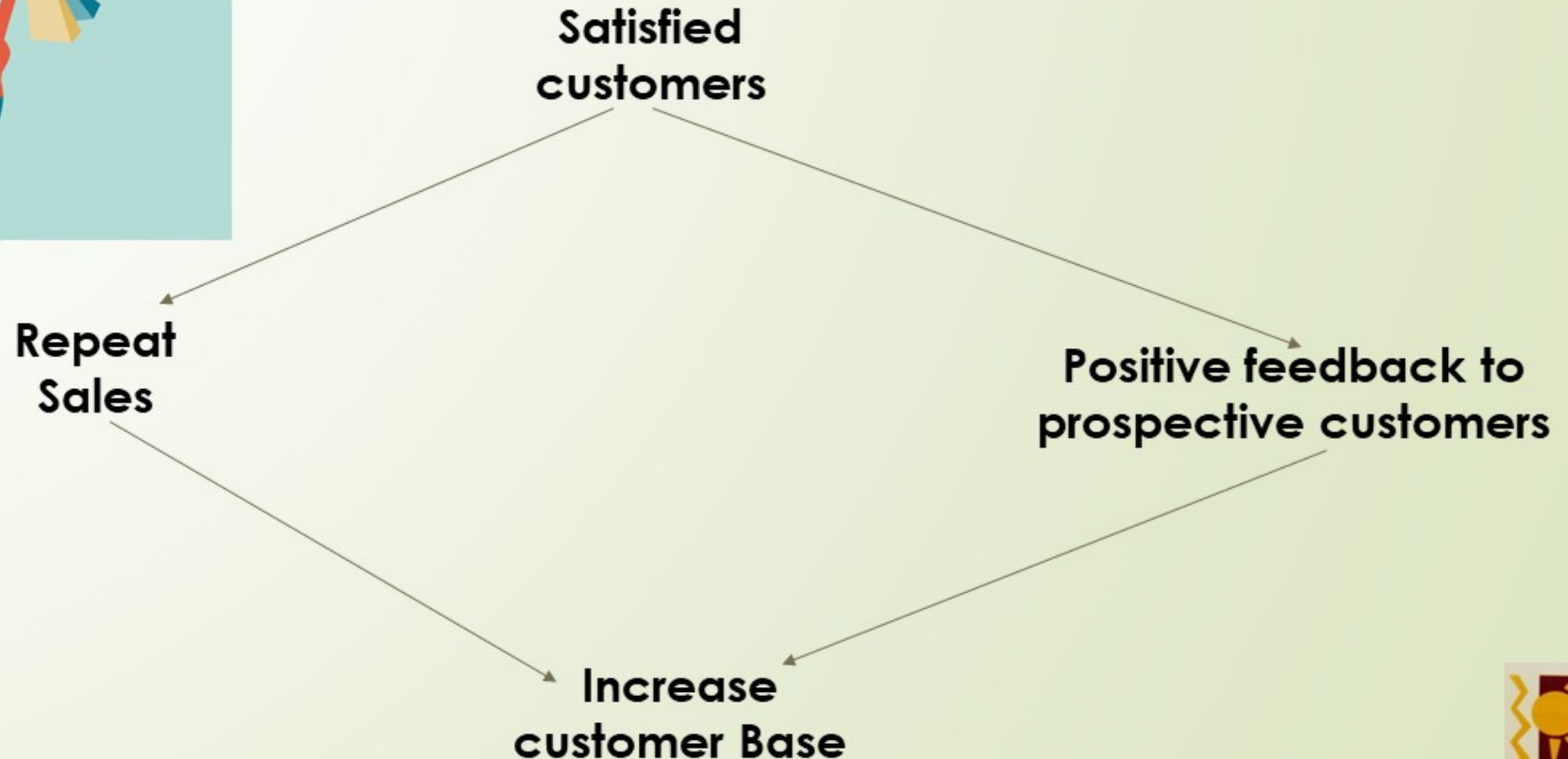
3. Widespread Exploitation of Consumers

Examples of Consumer Exploitation



Unfair price because of scarcity

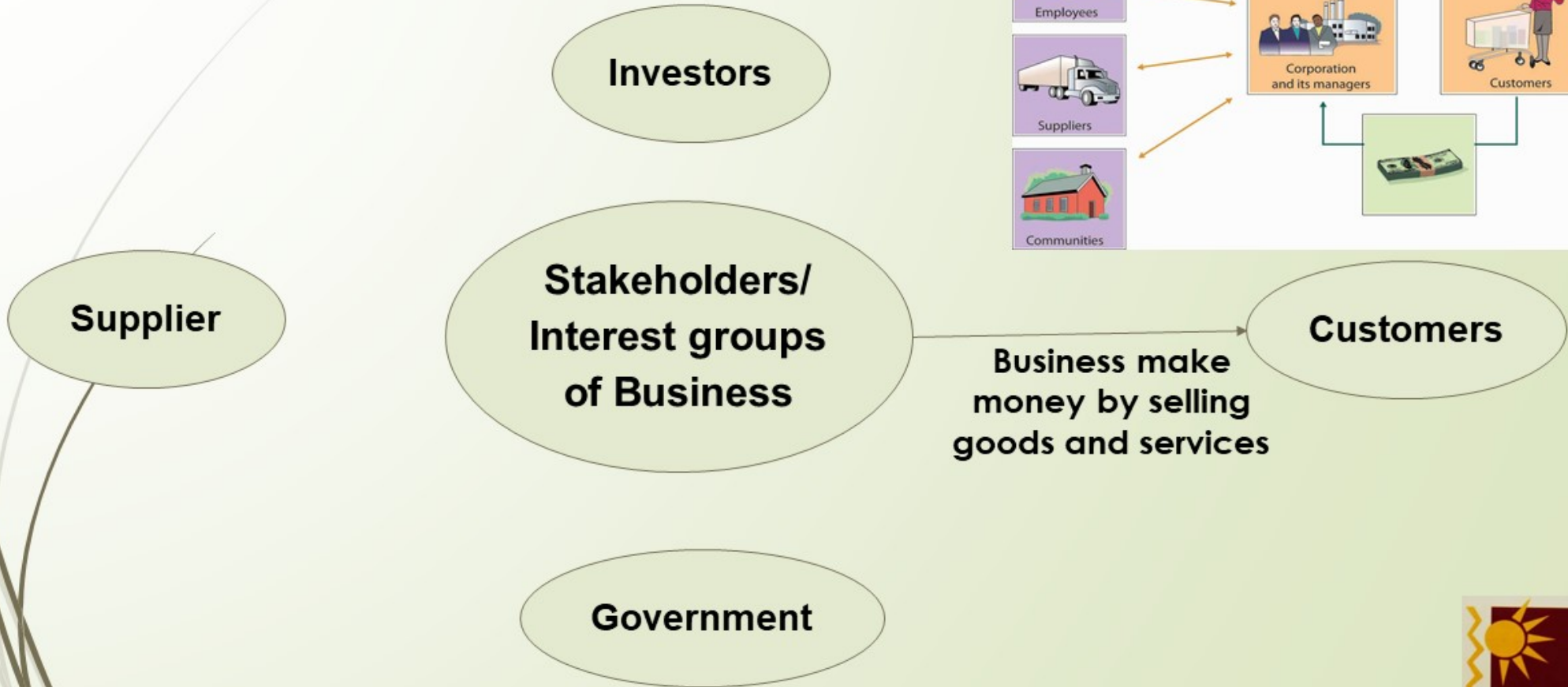
1. Long-term interest of Business



2. Business uses Society's Resources



3. Social Responsibility



4. Moral Justification

● Refer Definition of Consumer Protection



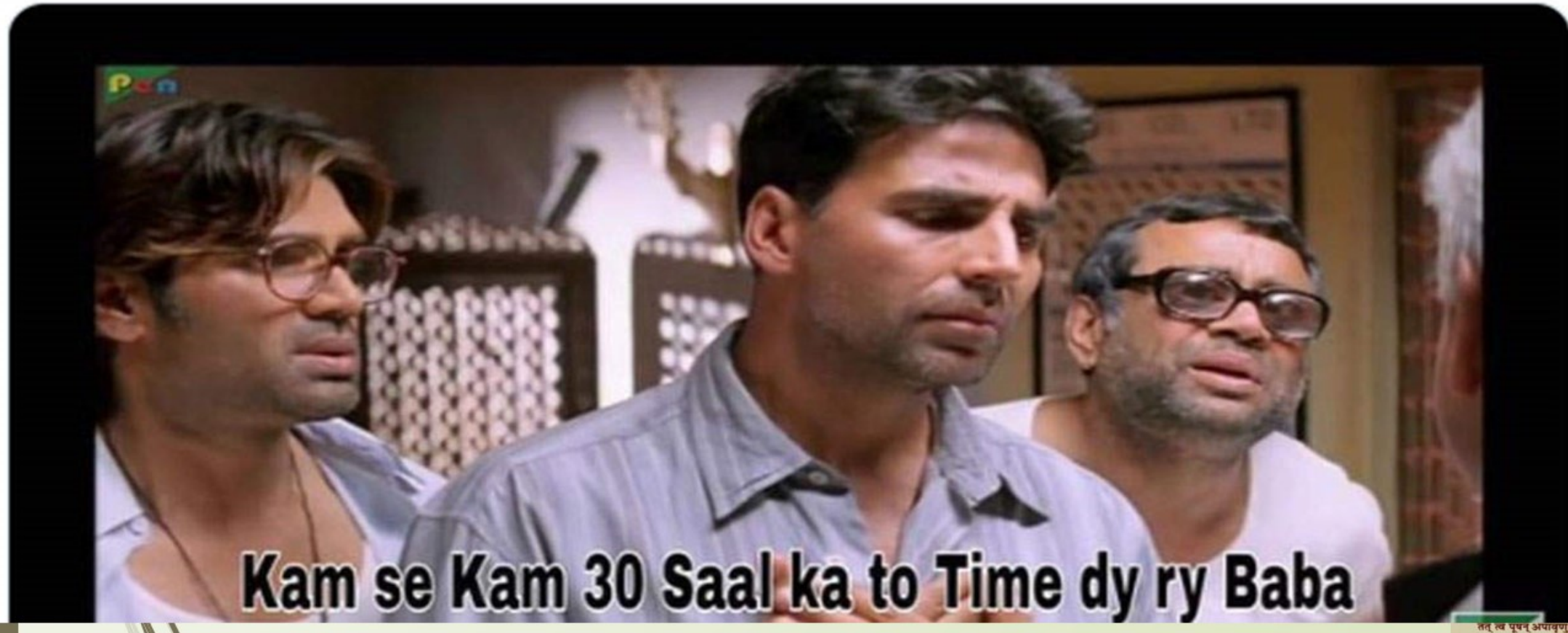
5. Government Intervention



- Exploitative trade practices invite government intervention.
- This impairs and tarnishes the image of the company.
- Business should voluntarily take care of the interest of consumers.



Teacher: Solve this question in less than a minute.



CASE STUDY

“Grahak Shakti”, an N.G.O. organized a workshop to discuss various issues relating to consumers. During the discussion, one of the members drew attention towards exploitation of consumers due to defective and unsafe products, adulteration, black marketing, hoarding etc. To this another member argued that consumers themselves are responsible as they do not raise collective voice against the exploitation. The Chairperson of the organization was of the opinion that it was also the duty of the businessman to take care of the interests of various stakeholders. Business organizations earn money by selling goods and services to consumers. So the interests of the stakeholders have to be well taken care of.

(a) State three points that highlight the need for consumer protection as discussed in „Grahak Shakti“s workshop.

(2017 Sample Paper)



ANSWER

1. **Widespread exploitation**
.....hoarding etc.

- **Exploitation of consumer**

1. **Unorganised consumer**

- **They do not raise voice collectively.**

1. **Social Responsibility**
stakeholders.

- **Duty of businessmen**

CONSUMER
PROTECTION ACT,
1986





Introduction

- Enacted by the Parliament in 1986
- To provide for better protection of interest of consumers.
- To make provisions for the establishment of Consumer Councils and other authorities for the settlement of consumer disputes.
- Act applies to whole of India except Jammu and Kashmir and shall apply to all goods and services.



HISTORY OF CONSUMER PROTECTION ACT

- The act was passed in Lok Sabha on 9th December, 1986 and it came into force from 1 July 1987. Rajya Sabha passed on 10th December, 1986 and assented by the President of India on 24th December, 1986 and was published in the Gazette of India on 26th December, 1986.

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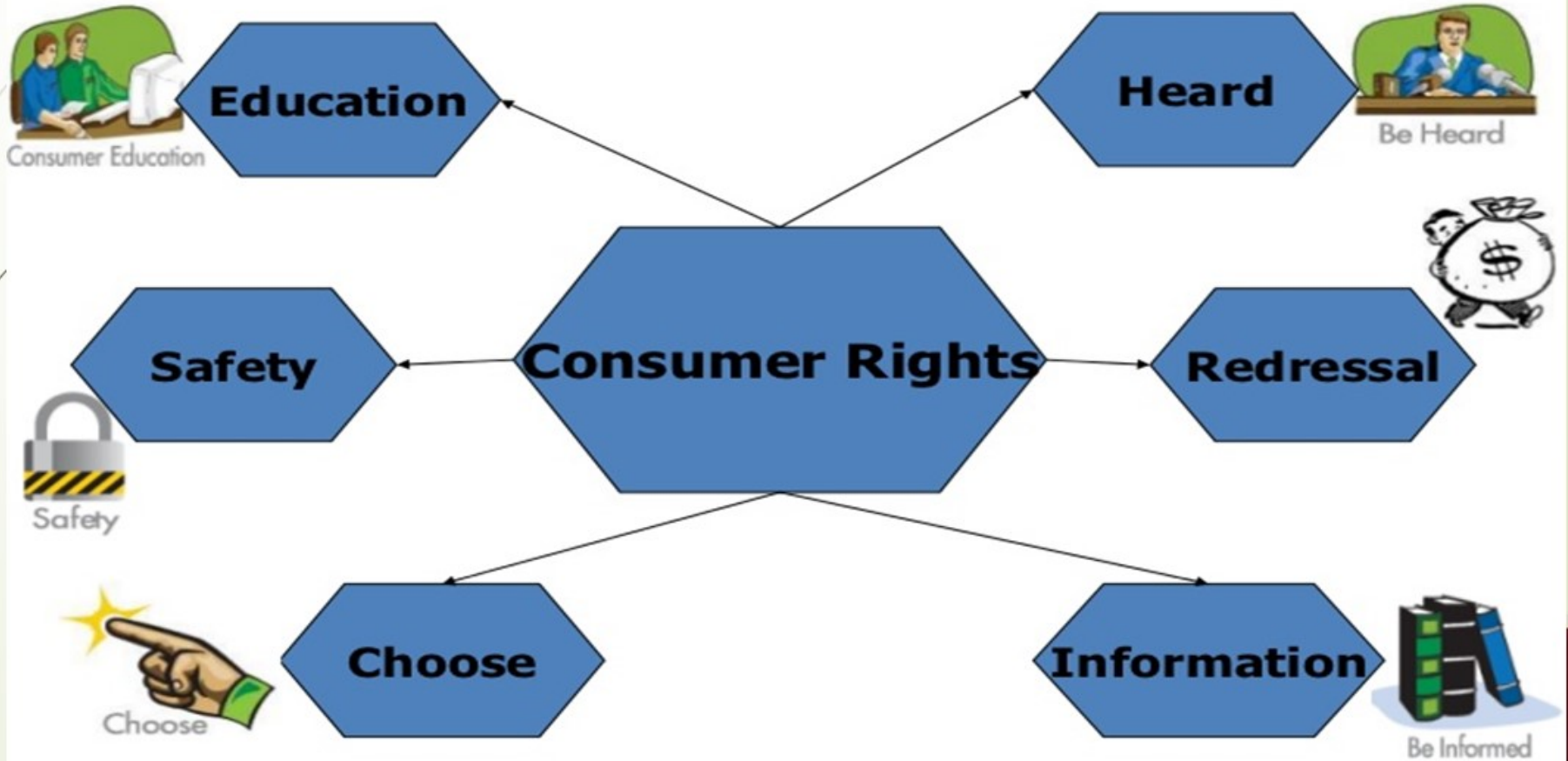


FEATURES OF CONSUMER PROTECTION ACT

- It applies to all goods, services and unfair trade practices unless specifically exempted by the Central Government.
- It covers all sectors whether private, public or co-operative.
- It provides for establishment of consumer protection councils at the central, state and district levels to promote and protect the rights of consumers and a three tier quasijudicial machinery to deal with consumer grievances and disputes.



Objectives of CPA, 1986



Rights of a Consumer

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



1. Right to Safety:

Consumer has the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic device).



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Quality marks

- **AGMARK**



- **ISI**



- **FPO**



- **BIS**



2. Right to be Informed

Consumer has right to have complete information about the product before buying it.



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3. Right to choose

Consumer has a right to choose any product out of the available products as per his own decision making.

LIBERTY
- IS THE RIGHT -
TO CHOOSE
FREEDOM IS THE RESULT
OF THAT
- CHOICE -

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4. 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)



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5. 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 National and State level



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6. Right to consumer education

Consumer has the right to acquire knowledge and to be well informed throughout life. He should be made aware of his rights and reliefs available to him in case of the product or service falls short of his expectations. The Govt. of India has included consumer education in the school curriculum & is making use of media to make consumers aware of their rights.





LET'S TRY THIS

RONIT ,A MARKETING MANAGER IS A PATIENT OF DIABETES FOR WHICH HE TAKES MEDICINES REGULARLY. ONE DAY ,ON HIS TOUR TO PATNA ,HE MET WITH AN ACCIDENT AND WAS HOSPITALISED. DUE TO DOCTOR NEGLIGENCE A DELICATE NERVE OF HIS RIGHT LEG WAS CUT RENDERING HIM CRIPPLED THROUGHOUT HIS LIFE.

IDENTIFY THE CONSUMER RIGHT THAT HAS BEEN VIOLATED BY THE DOCTORS UNDER THE CONSUMER PROTECTION ACT 1986 IN THE SITUATION. CBSE SAMPLE PAPER 2016-17

ANSWER: **RIGHT TO SAFETY**

Consumer has the right to be protected against products, & services which are hazardous to health & life .

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CASE STUDY

IDENTIFY THE CONSUMER RIGHT UNDER THE CONSUMER PROTECTION ACT 1986, WHICH CONSUMER ORGANISATIONS HELP A CONSUMER TO CLAIM BY PERFORMING THE FUNCTION OF 'ENCOURAGING CONSUMER TO STRONGLY PROTEST AND TAKE AN ACTION AGAINST EXPLOITATIVE AND UNFAIR TRADE PRACTISES OF SELLERS'.

CBSE SAMPLE

PAPER 2017-18

ANSWER. RIGHT TO CONSUMER EDUCATION

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CASE STUDY

Rita sharma who works as a guard in a school, purchased two shirts for Rs 460 each for her son. When she went back home , she realised that the shirt was small in size for her son. she decided to ask for return of money or exchange of the shirt with an appropriate size. But the store owner refused to return the money or exchange the shirt. Rita was disheartened. Her friend advised her to go to ' Seva Sadan' ,an autonomous voluntary organisation working for the protection of consumer welfare.

the organisation helped her by explaining to her the legal procedure ,as well as educated her about her rights as a consumer and helped her in filing the complaint and getting relief . With the help of the organisation Rita was able to get her money back from the store.

Enumerate the rights of a consumer which Rita was able to exercise with the help of the voluntary organisation.

2017-18

CBSE SAMPLE PAPER



ANSWER

The rights of a consumer which Rita was able to exercise are:

- a) Right to consumer education
- b) Right to heard
- c) Right to seek redressal



REMEMBER

NTS

TO

CONSUMER RESPONSIBILITIES

What you need to know to be an Informed Consumer!



CONSUMER RESPONSIBILITIES

- a) Be aware about various goods & services available in the market so as to make an intelligent and wise buying decision.
- b) Buy only standardised product
- c) learn about risk associated with the product and services and must follow manufacturer's instructions and use the product safely.
- d) Read labels carefully so as to aware about prices, weight, manufacturing ,expiry dates etc.
- e) Assert yourself to ensure that you get a fair deal.



QUESTION TIME



CASE STUDY

Sumit purchased an ISI marked washing of a famous brand ' MG' from TC Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend ,Vivek ,was very experimenting with new electronic products.He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So ,both of them install the machine and that he could do it.So ,both of them installed the machine without the manufacturers. Initially, the machine work effectively and the wash was good. But after two days ,the machine started shopping in between the wash cycle. Sumi and Vivek tried their best to start the machine but failed in their efforts.Sumit,therefore approached TG Electronics Ltd., which refused to provide any service on the plea that the installation of the machine was not done by the company.

(DELHI 2018)

(a)State the responsibility which Sumit had to fulfil as an aware consumer to get the services of the company.

(b)Explain briefly any two rights which Sumit could have exercised had he fulfilled to get his responsibilities identified in part (a)

ANSWER

a) **RESPONSIBILITY**- Learn about risk associated, to follow the instruction of the manufacturer and to use the product safely.

b) **Right to seek redressal**

Right to be heard



POINTS

TO



TRUE / FALSE

Asserting oneself to ensure that one gets a fair deal , is the right of a consumer. (CBSE SAMPLE PAPER 2019-20)

ANSWER:

FALSE; Asserting oneself to ensure that one gets a fair deal , is the **RESPONSIBILITY** of a consumer.

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Meaning of Consumer

1. 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**.

2. 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**.



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Who Can File A Complaint Under CPA, 1986

A complaint before the appropriate consumer forum can be made by:

- ?? 1. Any consumer.
- ?? 2. Any registered consumer association.
- ?? 3. The central or state government.
- ?? 4. One or more consumers on behalf of numerous consumers having same interest.
- ?? 5. A legal heir or representative of a deceased consumer.

Complaints can be filed and compensation claimed w.r.t:

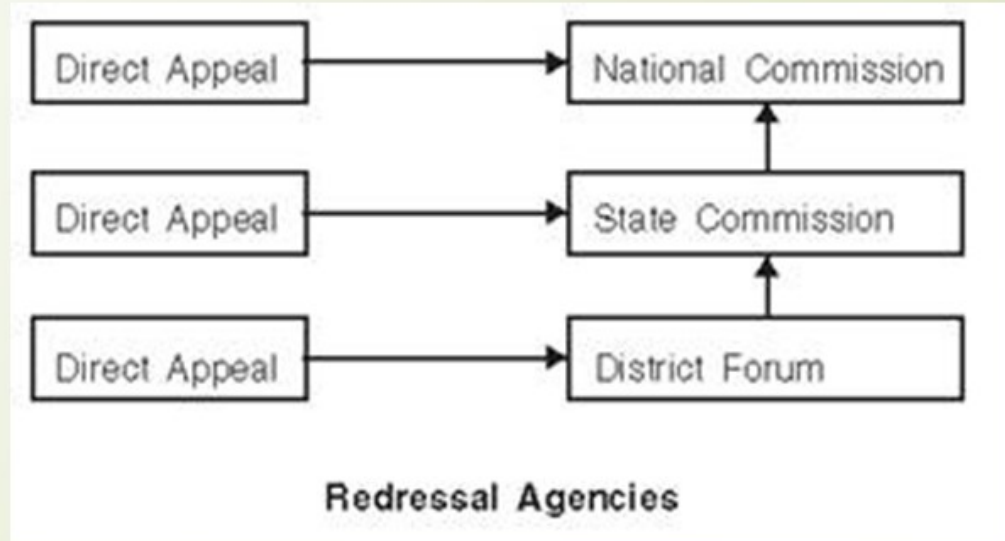
- ❓❓ Fraudulent practices by traders and manufacturers
- ❓❓ Defective goods
- ❓❓ Deficiency in services in connection with 9 services such as banking, transportation, insurance, supply of electricity and gas, house construction, medical service

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REDRESSAL AGENCIES UNDER CONSUMER PROTECT ACT, 1986

For the redressal of consumer grievances the act provides a three-tier machinery as:

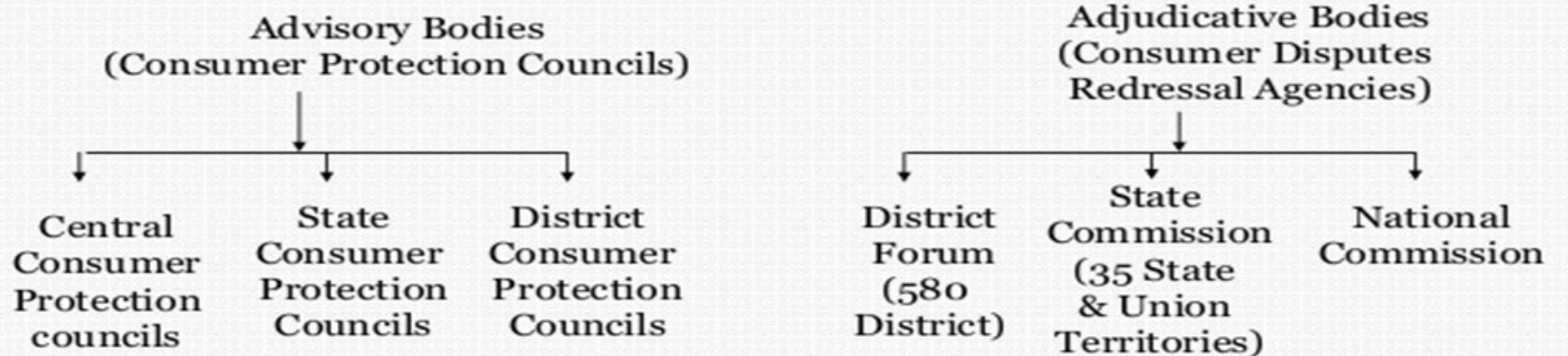


EXTRA MILE

Organizational Set-up



Organizational Set-up



District Forum

- (a) It consists of **a President** and **two members**, one of whom is **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.**



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 **at 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.**

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 replacement or removal and to pay the compensation for loss.
- **(e)** An order passed by national commission in a matter **of its original jurisdiction is appealable before the supreme court.**

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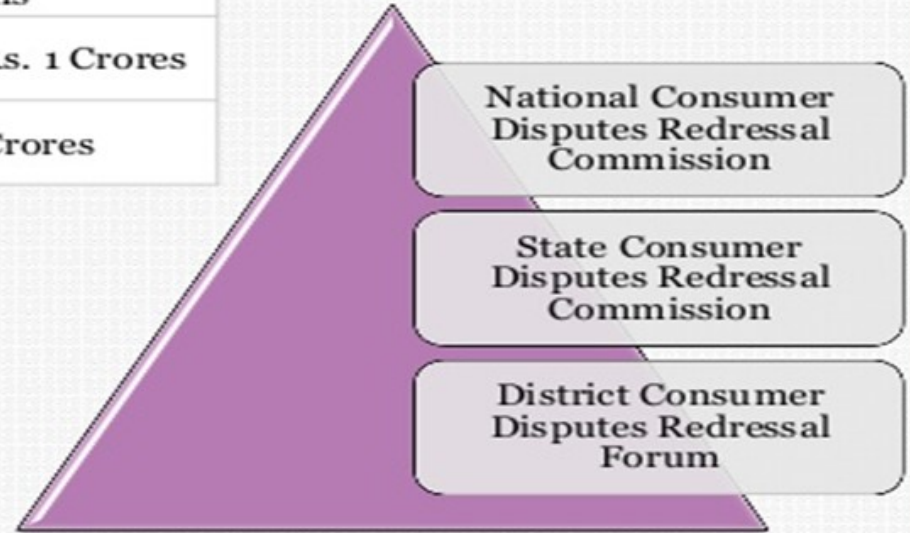
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PECUNIARY JURISDICTION OF CONSUMER FORUMS

Sr. No.	Forums	Amount
1	District Forum	Up to Rs. 20 Lakhs
2	State Commission	Rs. 20 Lakhs to Rs. 1 Crores
3	National Commission	Exceeding Rs. 1 Crores



Case Studies

CASE I


- Chetanprakash vs. MET Institute of computer Science

CASE II

- Krishnan Kumar Bajaj vs. PepsiCo.

Chetan Prakash
vs.
MET Institute of computer Science



- 
- Prakash was in final year of BSc when he sought admission in the institute for MCS
 - The institute had stipulated that in order to pursue the MCS course, student has to clear III year exams
 - He deposited the fees before declaration of result
 - Seeing that he had failed in exams, he tried to withdraw the admission and requested for a refund, to which the institute did not responded
 - Finally, he sent a legal notice to the institute, and then lodged a complaint in the consumer forum.

Judgement

- The institute had to pay the complainant, Chetan Prakash, Rs 32,000 as compensation for harassment along with the course fee of Rs.62,200.



Krishnan Kumar Bajaj vs. PepsiCo.



PEPSICO

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- 
- 
- Bajaj, a resident of Ahmedabad, had purchased a Lay's packet on 28 June 2010 and sensed its being underweight.
 - He wrote twice to the manufacturer. While the first letter got no response, in reply to the second, it offered Bajaj gifts hamper which he refused.
 - Bajaj approached CERC who wrote to PepsiCo.

- 
- Company refused to accept their fault and gave several unsatisfactory clarifications
 - **CERC** took the issue to the Consumer Disputes Redressal Forum, which also gave a favourable ruling
 - The company asked for the bill of purchase which Bajaj could not produce

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Judgement

- The Court overruled the argument of his not having a bill
- **CERC** requested the court to direct PepsiCo to deposit Rs.2,00,000 in the Consumer Welfare Fund and award Rs.2,75,250 as punitive damages.
- And also to give Rs.75,000 as costs of litigation.





CASE STUDY

Raghu purchased a truck worth Rs.35 lakhs. The truck had some inbuilt problems and after some days stopped starting. Since it was in the guaranty period it was shown to the company. The people in the company refused to attend to his complaints. It was heart breaking for him so he decided to file a complaint in the state commission. The state commission on hearing the pleas from both the parties gave decision in favour of the truck company. It was shockingly bad news for Raghu.

1. At what level of authority should Raghu file a complaint now?
2. In how many days should he file his complaint at the next level?

Answer:

1. Raghu should now file a complaint at the level of 'National Commission'.
2. He should file his complaint at the next level within 30 days.

CASE STUDY

Himanshu purchased a new car from 'Galaxy Motors' for Rs.25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.

Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.

Answer:

No, Himanshu cannot appeal against the decision of the State Commission as the aggrieved party can appeal further only within 30 days of the passing of the order.



RELIEF AVAILABLE TO CONSUMER OR DIRECTIONS ISSUED BY CONSUMER COURT

PRODUCT RELATED (2)

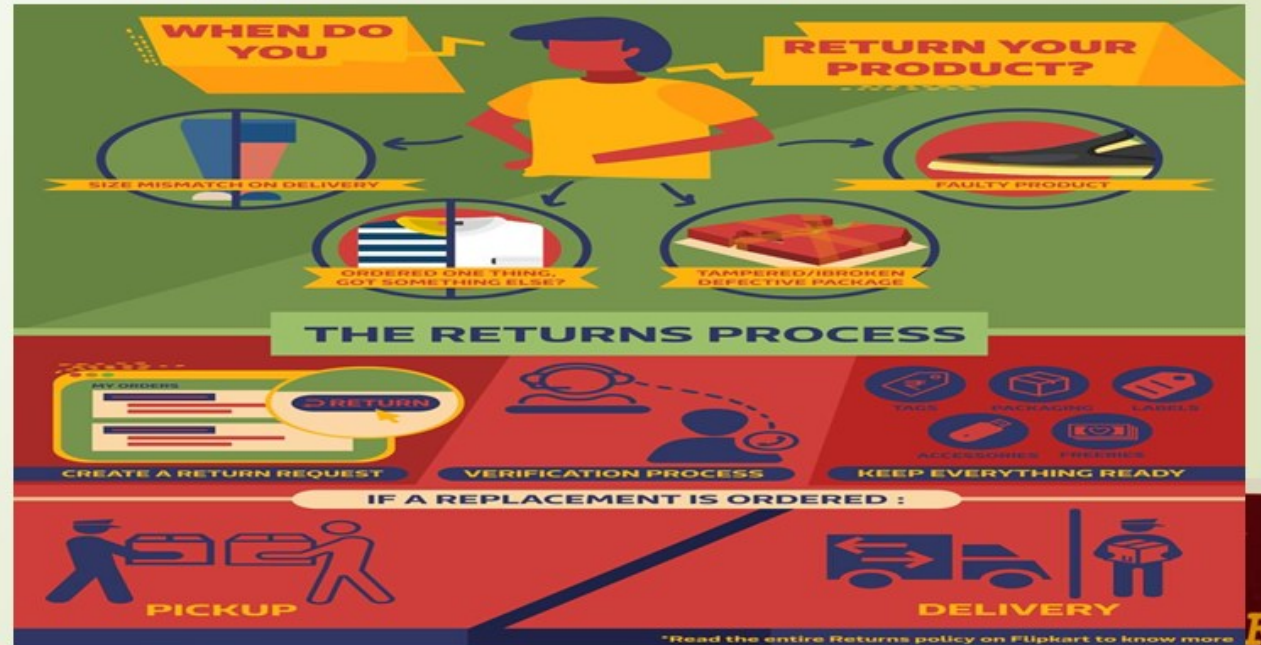
PRICE RELATED (5)

**HAZARDOUS GOODS
RELATED (3)**

OTHERS (2)

PRODUCT RELATED RELIEF

- To remove defect in goods or deficiency in service.
- To replace the defective product with a new one free from any defect



PRICE RELATED RELIEF



- To pay adequate costs to the appropriate party.
- To refund the price paid for the product or the charges paid for the services
- To pay a reasonable amount of compensation for any loss or injury suffered by the consumer

PRICE RELATED RELIEF

- 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.
- To pay punitive damages in appropriate circumstances.

HAZARDOUS GOODS RELATED RELIEF

- Not to offer hazardous goods for sale.
- To withdraw the hazardous goods from sale.
- To cease manufacture hazardous goods.



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OTHER RELIEF

- To issue corrective advertisement to neutralise the effect of a misleading advertisement.
- To discontinue the unfair/restrictive trade practice and not to repeat it in the future.





CASE STUDY

'RO Youth Club' 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 RO Youth Club 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 the Old Age Home were reluctant for it because they believed that the pest control may create health problems for them. RO Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the 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. The effect of the pest control started wearing off after a fortnight. RO Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, RO Youth Club filed a case in the consumer court.

The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

State any six directions that might have been issued by the court.
(Board)

ANSWER

Directions that might have been issued by the court: (Any six)

(i) To remove the deficiency in service.

(ii) To refund the price paid for the service provided.

(iii) To pay a reasonable amount of compensation for any loss suffered by the inmates of old age home.

(iv) To pay punitive damages.

(v) To discontinue the unfair/ restrictive trade practice and not to repeat the same in future.

(vi) To pay any amount (not less than 5% of the value of the service provided) to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner.

(vii) To issue corrective advertisement to neutralize the effect of misleading pamphlet.

(viii) To pay adequate costs to RYC.

CONSUMER ORGANISATION IN INDIA

CONSUMER GUIDANCE SOCIETY OF INDIA



ग्राहक

सेवा

सुरक्षा

संतोष

Consumer guidance society of India Mumbai



**CERC - Consumer Education and Research
Centre Ahmedabad**

CUTS  [®]
International

CUTS - Consumer Unity and Trust Society
Jaipur - Rajasthan



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



ROLE/FUNCTIONS OF CONSUMER ORGANISATION AND NGOs

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graph TD; A[ROLE/FUNCTIONS OF CONSUMER ORGANISATION AND NGOs] --> B[EDUCATING PUBLIC]; A --> C[FILING COMPLAINTS]; A --> D[TESTING PRODUCTS]
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EDUCATING PUBLIC

TESTING PRODUCTS

FILING COMPLAINTS

EDUCATING PUBLIC

- Training programmes, seminars and workshops to educate public about consumer rights and reliefs.
- Publish periodicals to impart knowledge about consumer rights and reliefs.



TESTING

- Carrying out testing of consumer products in accredited laboratories to test qualities and publish results for the benefit of consumer.



FILING COMPLAINTS



- Encouraging consumers to strongly protest and take action (File complaint) against unfair trade practices of sellers.
- Providing legal assistance to consumers.
- Filing complaints in appropriate consumer courts on behalf of the consumers
- Filing complaints in consumer courts in the interest of the general public

Question Time



CASE STUDY

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, 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)

(2016 Sample Paper)



ANSWER

Functions of an NGO: /Consumer organisation (any six)

- (i) Educating the villagers/general public about consumer rights by organising training programmes, seminars and workshops.**
- (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, reliefs available and other matters of interest.**
- (iii) 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.**
- (iv) Encouraging consumers to strongly protest and take an action against exploitative and unfair trade practices of sellers.**
- (v) Providing legal assistance to consumers by way of providing aid, legal advice etc, in seeking legal remedy.**
- (vi) Filing complaints in consumer courts on behalf of consumers.**
- (vii) Taking an initiative in filing cases in consumer courts in the interest of the villagers/general public, not for any individual.**



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