

7th

Commercial Studies

class - X

Chap - 4 (Consumer Protection)

7/7/2020

Questions

What is consumer exploitation?

Write five ways of consumer's exploitation.

Discuss the importance of consumer awareness.

Discuss the salient features of the Consumer Protection Act 1986.

Discuss any five rights of consumers.

Consumer Exploitation
Importance of Consumer Awareness
Methods of Consumer Protection
Consumer Protection Act, 1986
Rights of the Consumer
Concepts under the Consumer Protection Act
Procedure for filing a complaint
Machinery for Redressal of Consumer's Grievances

Western philosophy of marketing, which is supposed to be the king and expected to provide maximum satisfaction to consumers. But in reality, consumers are often exploited. In a country where there is shortage of many products, big business houses enjoy monopoly powers in the market. A large majority of consumers are illiterate, and do not know their rights. They are poor and there is lack of unity among them. Due to all these reasons, consumers are unaware of their rights. They are often misled by misleading advertisements, poor quality of goods, fractional weights and measures,

CONSUMER PROTECTION

Consumer protection is necessary due to the following reasons :

1. Consumer is a part of society. It gets its power, machinery and other facilities from society. Therefore, it is obliged to supply products at reasonable prices.

2. It is the moral responsibility of business to protect and promote the interests of consumers.

3. The basic function of business is to satisfy the needs and expectations of consumers. It is through consumer satisfaction that business can earn profits and continue operations in the long run.

4. The Government of India is committed to the welfare of general public by encouraging fair trade practices.

5. Consumers are becoming more and more aware of their rights. Education and information through newspapers, radio and television has made people conscious of their rights as consumers.

4.2. MEANING OF CONSUMER EXPLOITATION

Consumer exploitation means harming the interests of consumer in various ways. When consumers do not get value for their money due to dishonesty on the part of traders and/or manufacturers, consumer exploitation takes place.

Consumers feel cheated. Consumers are not even aware that they are being exploited. Consumer exploitation violates the basic rights of consumers. Too greedy retailers and/or manufacturers want to earn unreasonable profits. Such greed makes them to exploit consumers.

4.3. TYPES OF CONSUMER EXPLOITATION

Consumers are exploited in several ways, such as the following :

- ✓ (i) Overcharging – charging unjustified high prices
- ✓ (ii) Under weighing – giving less weight or quantity.
- ✓ (iii) Adulteration – mixing undesirable elements in goods e.g. horse dung in dhanika powder.
- ✓ (iv) Misleading advertising – use a particular cream and you will become fair within a week.
- ✓ (v) Not informing consumers about adverse impact of the product.

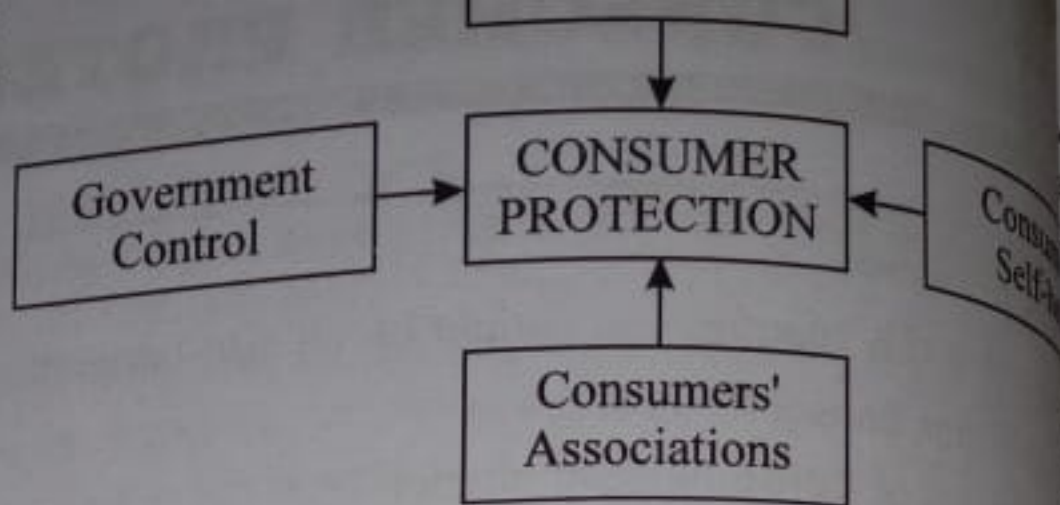
4.4. IMPORTANCE OF CONSUMER AWARENESS

Consumer exploitation occurs largely due to the ignorance of consumers. Consumers who are aware of their rights are not likely to be exploited. Aware and careful consumers can oppose attempt made to exploit them. Government and consumer associations often run campaigns to make consumers aware. "Jago Grahak Jago" is the most popular campaign.

4.5. METHODS OF CONSUMER PROTECTION

There are four main methods of protecting the interests of consumers.

1. Business Self-Regulation : The business community itself can help in achieving consumer protection and satisfaction through self-discipline. Businessmen can regulate their own behaviour



Approaches to Consumer Protection

and actions by adopting higher ethical standards. Trade associations and consumer associations can check unfair trade practices used by businessmen.

2. Consumer Self-Help : Every consumer must be alert as self-help is the best help. He should educate himself and know his rights. He should not allow unscrupulous businessmen to cheat him.

3. Consumers' Associations : Consumers should form voluntary associations. These associations can educate and awaken consumers. They can take organised action and put pressure on business to adopt fair trade practices.

4. Government Regulations : The state should ensure consumer protection through legislative, executive and judicial actions. The laws enacted by the Government must be strictly enforced by the executive. They need to be modified in the light of actual experience and interpretation of suggestions by the courts. The judiciary can play a vital role by emerging as a strong agency for punitive action to erring businessmen.

4.6. THE CONSUMER PROTECTION ACT, 1986

Several laws had been passed to protect consumers. The Contract Act, 1872, Sale of Goods Act, 1930, The Agriculture Produce/Trading and Marking Act, 1937, Drugs and Cosmetics Act, 1940, The Essential Commodities Act, 1955, The Prevention of Food Adulteration Act, 1954, The Monopolies

and Restrictive Trade Practices Act, 1969, The Standards of Weights and Measures Act, 1976, etc., are examples of these laws.

It was, however, felt that there was need for a specific law for consumer protection. Therefore, The Consumer Protection Act, 1986 was passed.

Objects

The Consumer Protection Act seeks to provide better protection of the interests of consumers. It aims to provide a speedy and simple redressal to consumer grievances. The Act provides for the setting up of a three-tier quasi-judicial machinery. This machinery has been empowered to give relief of a specific nature and to award compensation to consumers. The Act applies both to goods and services. It protects not only buyer but user in the case of goods and any beneficiary in case of services.

Salient Features of the Act

✓ **1. Social Welfare Law :** It is a highly progressive piece of social welfare legislation. It is acclaimed as the Magna Carta of Indian consumers. This is a unique law which directly pertains to consumers in the market place and seeks to redress complaints arising therefrom.

✓ **2. Comprehensive Provisions and Effective Safeguards :** Its provisions are very comprehensive. It provides effective safeguards to the consumers against various types of exploitation and unfair trade practices. In fact, it provides more effective protection to consumers than any other law in India.

✓ **3. Special Consumer Courts :** The Act has created special consumer courts for enforcement of the rights of consumers.

✓ **4. Three-Tier Grievance Redressal Machinery :** The Act provides for a three-tier consumer grievance redressal machinery — District Forums at the base, the State Commission at the middle level and the National Commission at the apex level. The redressal machinery is quasi-judicial in nature.

✓ **5. Simple and Inexpensive :** There are no complicated or elaborate procedures or other

technicalities. The redressal machinery is merely to observe the principles of natural justice. No court fee or any other charge is to be paid by the complainant. It is not obligatory to engage any advocate. The complainant can write his grievance on a simple paper along with the name and address of the opposite party against whom the complaint is made.

Thus, the Act provides a simple, convenient and inexpensive redressal of consumer grievances.

✓ **6. Covers Goods and Services :** The Act covers both goods and services rendered for consideration by any person or organisation including public sector undertakings and Government agencies. However, services rendered free of charge or under any contract of personal service are excluded. All suppliers of goods and services in private, public and cooperative sectors are covered under the Act.

✓ **7. Time Frame :** The Act lays down time limits for the disposal of cases so as to provide speedy redressal of grievances.

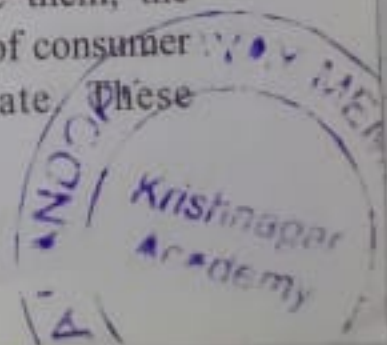
✓ **8. Class Action :** The Act allows filing of class action complaints on behalf of groups of consumers having common interest.

✓ **9. Check on Unfair Trade Practices :** The Act also covers complaints relating to unfair trade practices. Thus, a consumer can protect against food adulteration, short weighing and overcharging, directly to the District Forums. The consumer can pick up a food sample from a shop, get it analysed by a chemist and file a complaint on that basis.

✓ **10. Check on Overcharging :** The Act also provides for complaints against charging in excess of the price of a product fixed by a law or rule and/or displayed on the packaged commodities.

✓ **11. Consumer Protection Councils :** To organise consumers and to educate them, the Act also provides for the formation of consumer protection councils in every State. These

acclaimed - Praise Publicly



4.7. RIGHTS OF THE CONSUMER

1. The Right to Safety : This is the right to be protected against the marketing of goods which are hazardous to life and property. There are various risks involved in the consumption and use of products, such as food, drugs, toys, electrical appliances, etc. For example, gas cylinder, if not sealed properly, may cause injury to life or even death. The consumers have the right to get protection against such risks.

2. The Right to be Informed : The consumer has the right to be informed about the quality, quantity, potency, purity, standard and price of the goods he intends to purchase. It is the responsibility of the manufacturer and distributor to give complete information about (a) the product including its ingredients, date of manufacture, technical specifications, etc., (b) the precautions, if any, to be taken in the use and maintenance of the product, (c) strength, durability, serviceability and reuse value of the product, (d) the side effects and risks in the use of the product, etc. Such information would enable the consumer to intelligently exercise

3. The Right to Choose : The consumer should be assured access to a variety of products at competitive prices. This means the consumer should not use aggressive selling techniques to sell the product to the consumer. There should be freedom to choose from alternative products. This requires free competition in the market. If enough varieties of products are available at competitive prices are available in the market, the consumer will have the opportunity to make a free choice.

5. The Right to Seek Redressal : the right to get claims and complaints against manufacturers or sellers due to trade practices and exploitation by the consumer has been granted the right of if the performance, quality, etc., of a product is unsatisfactory. The product must be replaced or taken back by the seller. The right to seek redressal will reduce post-purchase problems and grievances of consumers.

6. **The Right to Consumer Education**
According to this right, the consumer should be made aware of his rights and the remedies available under the different laws. The help to make consumers conscious and protect themselves against frauds by businessmen. Ignorant consumer cannot escape cheating and will not come forward to seek redressal of malpractices by the seller.

1. **Consumer** : The term consumer defined as follows :

(ii) A person who hires another person to perform services for a corporation includes any benefit other than the personal use of the services for such services are performed with the approval of the firm.

allegation in writing made
regard to one or more of

- (i) that he has suffered as a result of any restrictive trade practice of a trader,
- (ii) that the goods bought by him are liable to be bought by him more defects,
- (iii) that the service agreed to be his suffer from defects,
- (iv) that a trader has mentioned in the excess of the price
 - (a) fixed by or
 - (b) displayed
 - (c) displayed
 - such goods
- (v) that goods which life and safety offered for contravention