COMMERCE

GRADE XII – Mumbai Board

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ORGANISATION OF COMMERCE AND MANAGEMENT

7

Consumer Protection

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7 CONSUMER PROTECTION

Important points to learn:

1) Consumer Protection – Meaning & Definition
2) Consumer Protection – Need & Importance
3) Rights of Consumers
4) Responsibilities of Consumers
5) Consumer Protection Act (CPA), 2019
6) Role of Consumer Organisations and NGOs
7) Distinguish – District Commission vs. State Commission vs. National Commission

Please Note:
These notes are general guidelines only for reference, for the students of SRK/MBBI Junior College, Dahanu. ***For detailed notes, students should refer only the prescribed textbook of the Maharashtra State Bureau of Textbook Production and Curriculum Research.*** *This study material is for learning purpose during lockdown.*

7 CONSUMER PROTECTION

CONSUMER PROTECTION – CONCEPT

Consumers are the pillars of economic development in any country as the entire economy revolves around them. <u>All the production and manufacturing activities are undertaken by business organisations only to give maximum satisfaction to the consumer.</u>

However, in today's market, consumers are cheated and exploited through price rise, artificial scarcity, black marketing, adulteration, and misleading advertising.

CONSUMER PROTECTION – MEANING

The word 'Consumer' is derived from the Latin word 'Consumere' which means, to eat or to drink. The consumer is the one who consumes or uses any commodity or service available from natural resources or through a market.

We are all consumers when we use any commodity like foodgrains, milk etc. or service like bank, railway, post office, hospital etc.

CONSUMER PROTECTION – NEED & IMPORTANCE

Safeguarding the rights and interests of consumers is known as consumer protection. It includes all the measures aimed at protecting the rights and interests of consumers.

1) Need of participation of consumers: Most business organizations take decisions which affect the consumers' interest without consulting the consumer or their organizations. A strong consumer organisation can put pressure on such business organisations to allow consumer participation in the decision making process.

2) Lack of information: It is very difficult to establish direct contact between consumer and manufacturer because consumers are widely scattered. Today's markets are full of domestic as well as imported products therefore it is very difficult to get correct and reliable information about product before they purchase.

3) Ignorance: Ignorance of consumers is the main cause of exploitation by business. Consumers in India are mostly ignorant about their rights, market conditions, price levels and product details. A system is required to protect them from business malpractices.

4) Unorganized Consumers: Consumers are widely scattered and are not organized. On the other hand sellers are in better position than consumers and they are powerful. Consumers are under the influence of businessman. An individual consumer cannot fight against these powerful sellers.

5) Fake / Duplicate Goods: There is increase in supply of duplicate products. It is difficult for an ordinary consumer to distinguish a genuine and a fake product. It is necessary to protect consumers by ensuring compliance with prescribed norms of quality and safety standards.

6) Misleading Advertising: Some businessmen give misleading information about quality, safety and utility of products. Consumers are misled by misleading advertisement and do not know the real quality of advertised goods. A system is needed to prevent misleading advertisements.

7) Malpractices of Businessmen: Fraudulent, unethical and monopolistic trade practices by businessmen lead to exploitation of consumers. Many times consumers get defective, inferior and substandard goods and services. Certain measures are required to protect the consumers against such malpractices.

8) Trusteeship: Businessmen are trustees of the society's wealth. Therefore, they should use this wealth for the benefit of people.

7 CONSUMER PROTECTION

RIGHTS OF CONSUMERS

Rights of consumers are an integral part of our day to-day life. Consumer rights protect consumers from being cheated by salesman, manufacturer and shopkeeper.

On 15th March, 1962, the then President of United States, J. F. Kennedy (U.S.A) declared certain rights of consumer, therefore it is observed as 'World Consumer Rights Day'.

Consumer's rights play an important role in their protection and safety. The business aim should be to meet the needs of the consumers and to provide full satisfaction.

Every consumer should be aware of his rights and use of them in his daily life for protection.

Consumers have to fight for their rights and put pressure on business, manufacturer and traders for safeguarding their rights.

7 CONSUMER PROTECTION

CONSUMER RIGHTS

- **Right to Safety –** Protects consumers against hazardous products, processes & services.
- **Right to Information –** Provided info about all aspects of goods & services like price, name of manufacturer, contents used, batch number if any, date of manufacture and expiry date, etc.
- **Right to Choose –** Consumer should be given full freedom to select an article as per his/her requirement, liking & purchasing capacity.
- **Right to be heard –** Business organization should listen & solve the complaints of consumers.
- **Right to Consumer Education –** Consumer has the right to know about consumer rights & solutions to their problems. This right creates consumer awareness.
- **Right to Represent –** Allows the consumer to be represented by a person who is not a professional advocate. This is in recognition of consumer's right to represent.
- **Right to Redress –** Enables the consumer to demand repair or replacement or compensation for defective products and for poor services.
- **Right to Healthy Environment -** Can demand action against pollution causing business firms.
- **Right to Protect from Unfair Trade Practices –** Protection against unfair trade practices.
- **Right against Spurious Goods –** Right against goods which are fake & pose a danger to life.

RESPONSIBILITIES OF CONSUMERS

1) **Consumers should Use his Rights:** Consumer must be aware of his right and use them.
2) **Cautious consumer:** While buying, the consumer should enquire about the quality, quantity, price, utility of goods and services etc.
3) **Filing of complaint:** Consumer should approach the officers concerned, if consumers have some complaint about the goods and services.
4) **Quality conscious:** Consumer should not buy inferior stuff out of greed for less prices.
5) **Beware from overstated advertisement:** It is the responsibility of the consumers to identify the truth of advertisement.
6) **Demand of Bills and Guarantee/Warrantee Card:** Consumer should always ask for bill/invoice and Guarantee/Warrantee Card for the goods. If the goods purchased are of inferior quality, these documents are useful to settle all kinds of disputes with the seller.
7) **Pre-planned buying:** Consumers should make an estimate of the goods they want to buy along with their quantity required. They should also take into consideration the place from where to buy the things.
8) **Organised Efforts:** Consumer should be responsible for the protection of his rights. Consumers can work for and support the consumer protection.

7 CONSUMER PROTECTION

CONSUMER PROTECTION ACT, 2019

The Central Government initially passed the **Consumer Protection Act** on 24th December, **1986**.

In 2019, Ministry of Law and Justice has proposed new act as 'Consumer Protection Act, 2019', which received the assent of the President on the 9th August 2019.

This Act, made provision for the establishment of Consumer Dispute Redressal Agencies, known as **District Commissions** at the district level, **State Commissions** at the state level and **National Commission** as an apex body at the central level. The Act also covers all complaints with relevant merchandise or services, and unfair trade practices.

DISTRICT COMMISSION

Consumer Dispute Redressal Commission **in each District** established by the State Government is known as District Commission.

- **Composition –** Each District Commission shall consist of the following:

a) President: A person who is sitting or retired or qualified to be a District Judge.
b) Member: Not less than 2 and not more than such number of members as may be prescribed, in consultation with the Central Government.
c) Tenure: The members will hold office for a term of 5 years or upto the age of 65 years, whichever is earlier.

- **Qualification –** The Members of District Commission shall have the following qualifications:

a) Age - Members should not be less than 35 years of age.
b) Education - They should possess a Bachelors Degree from a recognised University.
c) Experience - They should have knowledge and at least 10 years experience in dealing with problems related to economics, law, commerce, accountancy, industries & public administration.

- **Territorial Jurisdiction –** Territorial Jurisdiction of District Commission is entire district in which it is established.

STATE COMMISSION

Consumer Dispute Redressal Commission **at State level** established by the State Government is known as State Commission. It is also called as State Consumer Disputes Redressal Commission.

- **Composition –** Each State Commission shall consist of the following:

a) President: A person who is sitting or retired High Court Judge after consulting the CJ of HC.
b) Member: Not less than 4 and not more than such number of members as may be prescribed, in consultation with the Central Government.
c) Tenure: The members will hold office for a term of 5 years or upto the age of 67 years, whichever is earlier.

- **Qualification –** The Members of District Commission shall have the following qualifications:

a) Age - Members should not be less than 35 years of age.
b) Education - They should possess a Bachelors Degree from a recognised University.
c) Experience - They should have knowledge and at least 10 years experience in dealing with problems related to economics, law, commerce, accountancy, industries & public administration.

- **Territorial Jurisdiction –** It can entertain original cases as well as appeals against the order of the District Commission which are within the geographical limits of the State.

NATIONAL COMMISSION

Consumer Dispute Redressal Commission **at National level** established by the Central Govt. is known as National Commission. It is also called as National Consumer Disputes Redressal Comm.

- **Composition –** The National Commission shall consist of the following:

a) President: A person who is or has been Supreme Court Judge after consulting the CJ of India.
b) Member: Not less than 4 and not more than such number of members as may be prescribed.
c) Tenure: The members will hold office for a term of 5 years or upto the age prescribed, whichever is earlier.

- **Qualification –** The Members of District Commission shall have the following qualifications:

a) Age - Members should not be less than 35 years of age.
b) Education - They should possess a Bachelors Degree from a recognised University.
c) Experience - They should have knowledge and at least 10 years experience in dealing with problems related to economics, law, commerce, accountancy, industries & public administration.

- **Territorial Jurisdiction –** It can entertain Original cases as well as Appeals against the order of State Commission which are within the geographical limits of the state.

ROLE OF CONSUMER ORGANISATIONS AND NGOs

"Non-government organisation (NGO) are non- profit and non political organisation which aim at promoting the welfare of the people." The main aim of these NGOs is to study the trend of prices in the market and publish them for the information of consumers and to agitate against the malpractices of traders.

Role of Consumer organizations & NGOs in Consumer protection and Education:

1. To organize campaigns & programmes on consumer issues to create social awareness.
2. To organize training programmes for the consumers & make them conscious of their rights.
3. To publish reports to make the consumers aware about various consumer related developments.
4. To provide free legal advice to members on consumer matters & help them to take up grievance.
5. To interact with Chambers of Commerce & Industry for better deal for consumers.
6. To file Public Interest Litigation (PIL) on important consumer issues, such as ban on a product injurious to public health, etc.

DISTINGUISH – District Commission vs. State Commission vs. National Commission

DISTRICT COMMISSION	STATE COMMISSION	NATIONAL COMMISSION
• **Meaning** A consumer dispute redressal forum at the District level established by the State Govt.	A consumer dispute redressal forum at the State level established by the State Govt.	A consumer dispute redressal forum at the National level established by the Central Govt.
• **President** A sitting or retired or qualified to be District Judge.	A sitting or a retired High Court Judge.	A sitting or a retired Supreme Court Judge.
• **Area of Jurisdiction** Particular District	Particular State	Entire Country
• **Monetary Jurisdiction** Value of goods under 1 Cr.	Value of goods 1 to 10 Cr.	Value of goods over 10 Cr.
• **Appeal Against** In State Commission	In National Commission	In the Supreme Court

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