

# Consumer Protection

## Meaning

Consumer protection refers to the steps taken by the government, ~~setters~~ producers and NGOs to safeguard consumers from unfair, exploitative trade practices and to ensure their rights are upheld.

Caveat Emptor → Caveat Venditor

<- buyer beware  
<-> seller beware

## Importance

From consumer's point of view :

- (i) Ignorance of consumers - low ~~aware~~ literacy
- (ii) Unorganised consumers - act alone.
- (iii) Widespread exploitation - adulteration, false weights, misleading ads, hoarding.

From business's point of view :

- (i) Long-term interest of business - satisfied customers = repeat sales.
- (ii) Business uses society's resources - must serve society in return.
- (iii) Social responsibility, moral & legal justification of govt. intervention.

# Consumer Protection Act, 2019

Replaced the old CPA 1986, came into force on 20 July ~~2018~~ 2020. Wider scope - covers e-commerce, tele-shop, direct selling and misleading ads too.

## Key Definitions

(1) Consumer - any person who buys goods / hires services for a consideration, paid / promised / partly paid. Excludes purchase for re-sale or commercial use.

(2) Defect - any fault, imperfection in quality, quantity, purity, standard of goods.

(3) Deficiency - any fault, shortcoming or inadequacy in nature & manner of service.

## What is new vs CPA 1986 ?

- \* \* E-commerce & online sale covered
- \* CCPA - Central Consumer Protection Authority set up to regulate cases.
- \* Product Liability - manufacturer / seller liable for harm caused by defective good.
- \* Higher pecuniary limits & ~~e-FIR~~ e-filing.

# Consumer Rights & Responsibilities

**S I R C E S S** - six consumer rights

Safety, Information, Redressal,  
Choose, Education, Safe Environment.

## Six Rights

- (1) Right to Safety - protected against hazardous goods & services (ISI, AGMARK).
- (2) Right to be Informed - full info on qty, quality, price, ingredients, expiry.
- (3) Right to Choose - access to variety at ~~low~~ competitive prices; no forced sale.
- (4) Right to be Heard - voice grievances; consumer welfare councils at all levels.
- (5) Right to Seek Redressal - fair settlement of genuine complaints.
- (6) Right to Consumer Education - remain aware of rights via Jago Grahak Jago etc.

## Responsibilities

- \* Be aware of various goods available.
- \* Buy only standardised goods (ISI / AGMARK).
- \* Read labels, MRP, expiry carefully.
- \* Ask for cash memo / bill on purchase.
- \* File complaint for genuine grievances.

## Redressal Mechanism

CPA 2019 sets up a three-tier quasi-judicial machinery for speedy redressal.:

### Tier 1 : District Commission

- \* Set up by State Govt. in each district.
- \* President + 2 members (1 woman).

Pecuniary : upto Rs. 50 lakh

<- value of  
<- goods + comp.

- \* Appeal to State Commission in 45 days.

### Tier 2 : State Commission

- \* \* Set up by State Govt., one per State.
- \* President + not less than 4 members.

Pecuniary : Rs. 50 lakh - 2 cr.

<- above  
<- Distt., below

- \* Appeal to National Commn in ~~to~~ 30 days.

### Tier 3 : National Commission

- \* Set up by Central Govt., at New Delhi.
- \* President + not less than 4 members.

Pecuniary : above Rs. 2 crore

<- highest  
<- redressal tier

- \* Appeal lies to Supreme Court within 30 days of National Commn order.

# Consumer Organisations & Cases

## Reliefs Available

- \* Remove defect / deficiency in service.
- \* Replace the goods with new ones.
- \* Refund the price paid by the consumer.
- \* Pay compensation for loss / injury.
- \* Discontinue unfair / restrictive practice.
- \* Withdraw hazardous goods from sale.

## Role of Consumer NGOs

- \* Educate consumers about their rights.
- \* Publish journals - e.g. Insight by CERS.
- \* ~~File~~ File complaints on behalf of consumers.
- \* Carry out comparative product testing.
- \* Encourage boycott of unfair sellers.

CGSI

\* VOICE

\* CERC

\* CUTS

<- leading

<- Indian NGOs

## Famous Indian Cases

(1) Indian Medical Assoc. v V P Shantha (1995)

- medical services brought under CPA.

(2) Lucknow Deup. Authy. v M K Gupta (1994)

- statutory bodies = service-providers.

(3) Sehgal School of Comp. v Dalbir (2009)

- coaching institute liable for deficiency.