In the earlier lessons, you have studied about the various rights and responsibilities of consumers. You have also studied about ‘consumerism’, which is a movement aimed at making consumers aware of their problems and their rights, so that they may seek remedies for their losses and sufferings. In this lesson, we shall discuss why consumers need to be protected and what are the ways and means of protecting them from the unfair practices of businessmen.

18.1 MEANING OF CONSUMER PROTECTION

You are familiar with the fact that consumers have certain basic rights like the right to safety, right to be informed, right to choose, and the right to be heard. But do we always remember these rights while buying goods? Perhaps not, But even if we are aware of these rights, sellers very often take advantage of our position and supply goods which are defective or harmful or unsafe and cause injury.

Suppose you have gone to buy edible oil in a store. The shopkeeper tells you that it is available in a closed tin or container. You want to be sure that the oil is not adulterated, that is, it is not mixed with some inferior or harmful oil. The shopkeeper will show you the name of the producer on the label and say that it is a well-known company which does not supply impure oil. But after using
the oil you fall ill. Can you go to the shopkeeper and return the oil? No, he will not take back the partly used oil in the open tin. He will perhaps tell you that your illness must be due to something else. So, at best you can stop buying edible oil of the same brand. But what is the assurance that you will not face the same problem with the oil of another producer?

Again, take for example the defect that consumers may find in a fan regulator, or electric heater, or a TV. During the warranty period, the dealer may repair it free of charge, but the defect may be there even afterwards. What will you do? Suppose the defect in the electric heater causes injury. Is there any remedy? You may take it to the seller, who may put the blame on you, saying that you did not take necessary precaution while using it.

These are some instances of consumer helplessness even if he is an aware consumer. So, to safeguard the interest of consumers it is felt that some measures are necessary to help the common-man. Thus, consumer protection refer to the steps necessary to be taken or measures required to be accepted to protect consumers from business malpractices. It may be regarded as a movement like consumerism. This is necessary primarily because businessman aim at maximising profits and this is often done at the expense of consumers.

Let us consider the nature of business practices which prevail in our country causing monetary loss and injuries to health and life of people.

**18.2 PROBLEMS FACED BY CONSUMERS**

Consumers may be deceived in various ways by unscrupulous businessmen including traders, dealers, producers and manufacturers as well as service providers. Some of the following unfair practices must have come to your notice sometime or the other:

1. **Adulteration**, that is, adding something inferior to the product being sold. This is a practice we come across in the case of cereals, spices, tea leaves, edible oil, petrol, etc. For example, mustard oil may be adulterated with rape seed oil or argemone oil, black pepper is known to be adulterated with dry papaya seeds, petrol is mixed with kerosene oil, vanaspati may be mixed with ghee/butter. Sometimes, the inferior material used with the product may be injurious to health.

2. **Sale of spurious products**, that is, selling something of no value instead of the real product. This is often found in the case of medicines and drugs or health care products. Cases have been reported where ampules for injections contained only water or glucose water in bottles contained only distilled water.
3. **Use of false weights and measures** is another malpractice which some traders adopt while selling the goods. Goods which are sold by weight (kg.) like vegetables, cereals, sugar, etc., those sold by measures (meter) like textile fabrics, suit pieces, are sometimes found to be less than the actual weight or length. False weights (1 Kg, 500 grams, 250 grams, etc) or measuring tapes or sticks having false markings are used for the purpose and buyers are cheated. Sometimes packaged goods and sealed containers (tins) contain less quantities, than what is stated on the label or packet. This cannot be easily verified. Sweets are often weighed along with the card board box which may weigh upto 50-100 grams. You pay for it at the same rate as the sweets.

4. **Sale of duplicates**, that is, goods that indicates a mark which shown it is of superior quality than what it actually is. For example, goods which are locally made, are sold at a higher price as imported items expected to be of superior quality. Certain products like washing soap, detergent powders, tube lights, jams, edible oil, even medicines, carry well known brand names although these are made by others.

5. **Hoarding and black-marketing** is another problem that consumer often face. When any essential commodity is not made available in the open market and stocks are intentionally held back by dealers it is known as hoarding. Its purpose is to create an artificial scarcity, to push up the prices. Black marketing is the practice of selling hoarded goods, secretly at a higher price. These practices are sometimes adopted when there is short supply of any product. You may have read in the newspapers sometime back about scarcity of onions in the open market in some states and high prices being charged by traders who had stocks.

6. **Tie-in-Sales**: Buyers of durable consumer goods are sometimes required to buy some other goods as a pre-condition to sale or may be required to pay after-sales service charges for one year in advance. You may have heard about tying up of new gas connections with the sale of gas stoves (burners). Also TV sets are sometimes sold on the condition that the buyers will make advance payment of a year’s service charge.

7. **Offering gifts having no additional value**, or coupons to collect a gift on the next purchase of some product are practices aimed at alluring consumers to buy a product. Often gifts are offered after the price of the product on sale has been increased. Dealers also announce contests or lottery among buyers of a product without the intention of awarding any prize.

8. **Misleading advertisement** is yet another practice by which consumers are deceived. Such advertisements falsely represent a product or service to be of superior quality, grade or standard, or falsely asserts the need.
for or usefulness of a product or service. A pharmaceutical company advertised that use of its paracetamol tablet did not have any side effects like aspirin, but it suppressed the experts’ report that the use of paracetamol had adverse effect on the liver. A company announced in its advertisement that it was manufacturing 150 cc. scooters in technical collaboration with a foreign company, although no such collaboration had been entered into. In another case, a company used the trademark of a well-known company ‘Philips’ in its advertisement for TV sets, on enquiry it was found that the company did not have the necessary permission from Philips for the use of its trade mark on TV sets. It was a case of misrepresentation of facts although that company was authorised to use the trademark ‘Philips’ on its audio products (radio sets) only.

9. **Sale of sub-standard goods** i.e., sale of goods which do not conform to prescribed quality standard particularly for safety. Such products include pressure cookers, stoves, electric gadgets (heaters, toasters, etc.), and cooking gas cylinders.

**INTEXT QUESTIONS 18.1**

Which of the following statements are true and which are false?

i. Adulteration does not always mean mixing poisonous materials with the goods on sale.

ii. Tie-in-sales involve selling two items at the same price.

iii. A false representation about the quality of a product in an advertisement is a misleading advertisement.

iv. Black marketing means selling goods at the dead of night.

v. Consumer protection is a movement to safeguard interest of consumers.

**18.3 NEED FOR CONSUMER PROTECTION**

The necessity of adopting measures to protect the interest of consumers arises mainly due to their helpless position and the unfair business practices. No doubt consumers have the basic right to be protected from the loss or injury caused on account of defective goods and deficiency of services. However, consumers are unable to make use of their rights due to lack of awareness and ignorance. For example, as consumers we have the right to choose the goods of right quality from a variety of similar goods available in the market. But often we fail to make the right choice because of misleading advertisements by which we are carried away and buy sub-standard goods.
Under certain circumstances, we are helpless in the sense of our inability to verify the quality of products. The clever shopkeeper can deceive us by his persuasive words. If the date of expiry on a strip of medicinal tablets is not legible, we may be in a hurry and depend on what the seller tells us. If the medicine does not have the desired effect, we may go to the doctor again and request him to prescribe some other medicine, we forget that the medicine we bought might not have had the effect as we were supplied the medicine after its date of expiry.

Often we are guided by some of our beliefs without any basis. For instance, many of us believe that ‘higher price indicates better quality’ and so do not mind paying higher price for a product if the salesmen recommends it to be of good quality. Again, it is a common belief that imported goods are inevitably of a superior quality. So if there is a printed label or a mark that shows a product is made in a foreign country, we may buy it at a higher price without verifying its place of manufacture.

Processed food sold in packets, like potato chips, are not good for health. but young boys and girls buy these because they are tasty. Certain brands of soft drink are popular with young people as the brand ambassadors shown on the TV are popular film artists or cricketers and what they say carries lot of weight with their fans. Excessive use of soft drinks is also not good for health. If seems we have forgotten fresh lime water with sugar or salt as a good drink.

Producers of goods often put standard certification marks like ISI on the package which are genuinely certified. Similarly, if packaged good are sold short of weight we pay for, it is very difficult to verify always the weights before buying. Sometimes the weighing machines are defective.

Above all, consumers are not fully aware of remedies open to them if goods are defective or there is deficiency of service.

So, you can very well realise why steps must be taken to protect consumers from business practices which are unfair and may cause loss and injury to health and other dangerous effects.

Fill in the blanks choosing the appropriate words given within brackets:

(i) My neighbor always goes to the nearest shop to buy electrical goods because it is his basic right to _________ (check the price, choose, check the quality).
18.4 PARTIES TO CONSUMER PROTECTION

You have realised the need for steps to protect consumer interest. The question is, who will take those steps? Can consumers alone do it? Or, should we depend on the government? Can businessmen do anything? Actually, for effective consumer protection, it is essential that all the three parties must be involved, that is, (a) Consumers; (b) Businessmen; and (c) Government.

Let us consider what each of the parties can do:

(a) **Self-help is the best help**, So consumers should, as far as possible, take care of their own interest and protect themselves from market malpractices. For this purpose, it is necessary that they should try to know about their rights and exercise them. They should not depend on the good sense of businessmen. Consumers have a right to education and also a right to be heard. They should attend training programmes for consumers arranged by local consumer associations or by their own association and invite consumer activists to speak to them on consumer rights and remedies available under the law to protect them.

(b) **As regards businessmen**, it is expected that producers, distributors, dealers, wholesalers as well as retailers should pay due regard to consumer rights in their own interest. They should ensure supply of quality goods and services at reasonable prices. To prevent unfair practices, associations of traders, chambers of commerce and industry, and manufacturers’ associations should entertain consumer complaints against their members and take proper action against those guilty of malpractice.

(c) **For Government**, consumer protection is a responsibility to be undertaken in the general interest of society. Enforcement of various laws and amending existing laws to protect consumer interests are required to be taken up in the light of viewpoints of consumer associations. Representations of consumer groups should also be associated with the policymaking bodies set up by government at the...
centre and the states. A number of measures have been taken by Government from time to time.

State which of the following statements are true and which are false?

i. Nothing can be done by businessmen to protect the interest of consumers.

ii. Government is indifferent towards safeguarding consumer interest.

iii. Consumer associations should be invited to send their representatives to official bodies to hear consumer viewpoints on their problems.

iv. It is not enough to be aware of basic rights, consumers must assert the rights.

v. Consumers should not attend any training programme arranged by the local consumer association.

### 18.5 LEGAL PROTECTION TO CONSUMERS

A number of laws have been passed by the Government of India over the years to protect the interest of consumers. A brief outline of the purpose of these laws is given below:

(i) **Agricultural Products (Grading and Marketing) Act, 1937**: This Act provides for grading and certifying quality standards of agricultural commodities which are allowed to be stamped with AGMARK seal of the Agricultural Marketing department of the Government.

(ii) **Industries (Development and Regulation) Act, 1951**: This Act provides for control over production and distribution of manufactured goods. According to this Act, the Central Government may order investigation of any industry, if it is of the opinion that there has been substantial fall in the volume of production, or a marked decline in the quality of a product, or any unreasonable rise in price. After due investigation, the Government may issue directions to set things right. If the directions are not acted upon, the Government may take over the concerned undertakings.

(iii) **Prevention of Food Adulteration Act, 1954**: This Act provides for severe punishment for adulteration of food articles. In the case of sale of adulterated food which is injurious to health and likely to cause death, life imprisonment with a minimum fine of Rs 3000 may be payable. Food inspectors are appointed and they have powers to lift samples and send them for analysis. Penalties are also provided under the Act for offences committed by persons with regard to manufacture, import, storage, sale and distribution of adulterated food articles.
(iv) **Essential Commodities Act, 1955:** Under this Act, the Government has power to declare any commodity as essential in the public interest. Thereby the Government can control the production, supply and distribution of the trading of such commodities. It also provides for action against anti-social activities of profiteers, hoarders and black-marketers.

(v) **The Standards of Weights and Measures Act, 1956:** This Act provides for the use of standard weights and standard measures of length throughout the country. ‘Metre’ has been specified as the primary unit for measuring length, and ‘kilogram’ as the primary unit for measuring weight. Before this act came into force, different system of weights and measures were used in different parts of the country like ‘Pound’, ‘Chhatak’ and ‘Seer’ as Weights, Yard, Inch and Foot for length, etc. These differences provided opportunities for traders to exploit the consumers.

(vi) **Monopolies and Restrictive Trade Practices Act, 1969:** Under the provisions of this Act, as amended in 1983 and 1984, consumers and consumer groups can exercise their right of redressal by filing complaints relating to restrictive and unfair trade practices. The Government has constituted the MRTP commission which is empowered to deal with consumer complaints after due investigation and enquiry. The Commission has power to award compensation for any loss or injury suffered by consumers.

(vii) **Prevention of Black-marketing and Maintenance of Essential Supplies Act, 1980:** The primary objective of this act is to provide for detention of persons with a view to prevention of black-marketing and maintenance of supplies of commodities essential to the community. The maximum detention for persons acting in any manner against the intention of the act can be imprisonment upto 6 months.

(viii) **Bureau of Indian Standards Act, 1986:** The Bureau of Indian Standards has been set up under this Act, replacing the Indian Standards Institution (ISI), to protect and promote consumer interest. It has two major activities: formulation of quality standards for goods and their certification through the BIS certification marks scheme by which manufacturers are permitted to use the standardisation mark (ISI) on their products after due verification of conformity with prescribed quality standards of safety and performance. The Bureau has set up a consumer affairs department to create quality consciousness among ordinary consumers. There is also a public grievances cell to which consumers can make complaint about the quality of products carrying ISI mark.

(ix) **Consumer Protection Act, 1986:** This Act provides for consumer protection more comprehensively than any other law. Consumers can
Notes

seek legal remedy for a wide range of unfair practices not only with respect to goods but also for deficiency in services like banking, insurance, financing, transport, telephone, supply of electricity or other energy, housing, boarding & lodging, entertainment, amusement, etc. This Act also includes provision for the establishment of consumer protection councils at the centre and the state. For the settlement of consumer disputes, the act has provided for a semi-judicial system. It consists of District Forum, State Commission and National Commission for redressal of consumer disputes. These may be regarded as consumer courts.

Which of the following statements are true and which are false?

i. The Prevention of Food Adulteration Act provides for severe punishment if food items are found to have been adulterated by any person.

ii. The Standards of Weights and Measures Act prescribes standard weights and measures to be used in different localities.

iii. Consumers associations cannot file complaints before the MRTP commission on behalf of consumers, only individual consumers can do so on their own behalf.

iv. The Essential Commodities Act controls the production and distribution of certain goods.

v. Consumer protection councils have been established at the centre and the states under the Consumer Protection Act.

vi. The Bureau of Indian Standards formulates quality standards for goods and permits quality certification marks to be used by producers.

vii. The Government has power to declare any commodity as essential in the public interest.

18.6 JURISDICTION OF CONSUMER COURTS

The judicial system set up under the Consumer Protection Act, 1986, consists of consumer courts at the district level, state level and national level. These are known as District Forum, State Consumer Disputes Redressal Commission (State commission) and National Consumer Disputes Redressal Commission (National Commission). Any individual consumer or association of consumers can lodge a complaint in writing with the District, State or National level forum, depending on the value goods and claim for compensation, if any.

The district forum has the jurisdiction to deal with all complaints where the value of the goods or services or the compensation claimed does not exceed
18.7 PROCEDURE FOR REDRESSAL OF CONSUMER GRIEVANCES

As stated in the previous section consumer complaints can be filed by an individual consumer or association of consumers. The complaint may be filed before the District Forum for the district where the cause of action has arisen or where the opposite party resides, or before the State Commission notified by the State Government or the union territory, or it can be filed before the National Commission at New Delhi.

There is a nominal fees charged for filing a complaint. The complaint may be filed by the complainant or his/her authorised agent in person, or it may be sent by post. Five copies of the complaint are generally required to be filed along with the following information.

i) Name, description and address of the complainant;
ii) Name, description and address of the opposite party or parties, as the case may be;
iii) Facts relating to the complaint and when and where it arose;
iv) Documents, if any, in support of the allegations contained in the complaint (like cash memo, receipt, etc.)
v) The nature of relief which the complainant is seeking.

The complaint should be signed by the complainant or his/her authorised agent. It has to be addressed to the president of the District Forum or State Commission or National Commission. A complaint is required to be filed within a period of two years from the date on which the cause of action arose. If there is delay and it is excused by the concerned Forum/Commission, the reason must be on record.

Complaints are expected to be decided, as far as possible, within three months from the date of notice received by the opposite parties. For those complaints which require laboratory analysis or testing of products, the period is extended to five months.
Depending on the nature of complaint and relief sought by the consumer and facts of the case, the redressed Forum/Commission may order one or more of the following reliefs:

(a) Removal of defect in goods/deficiency in services.
(b) Replacement of the goods/restoration of the service.
(c) Refund of the price paid for goods or excess charge paid for service.
(d) Compensation for loss or injury suffered.

I. Fill in the blanks with the suitable words chosen from those given within brackets:

(i) The District forum can deal with complaints which involve value of goods and compensation amounting to not more than __________.  (Rs. 5 lakhs, Rs. 20 lakhs, Rs. 1 Crore)
(ii) When a complaint is submitted before the District forum that requires testing of the product, the case is to be decided within a period of ________ (3 months, 4 months, 5 months)
(iii) The National Commission has the jurisdiction of dealing with complaints involving value of goods above _______ (Rs. 20 lakhs, Rs. 50 lakhs, Rs. One crore)
(iv) An appeal against the order of State Commissions can be filed before the _____________ (Supreme Court, High Court, National Commission).
(v) State Commission can deal with cases involving value to goods/compensation not exceeding _______. (Rs. 20 lakhs, Rs 50 lakhs, Rs. One crore)

II. Which of the following statements are right and which are wrong?

(i) A consumer’s complaint can be filed only by the consumer himself/herself.  (Right)
(ii) There is no need to give any fee for filing a complaint before the District forum.  (Wrong)
(iii) A complaint may be submitted personally or sent by post.  (Right)
(iv) The complaint has to be filed within one year from the date on which the cause of action arose.  (Wrong)
(v) For a complaint relating to deficiency of telephone service, the relief sought may include removal of deficiency, restoration of the service, refund or adjustment of excess charge paid, as well as compensation for loss.  (Right)
The complaint to be filed must be signed by the consumer or his authorised agent.

18.8 ROLE OF NON-GOVERNMENTAL ORGANISATIONS

Non-Governmental Organisations (NGOs) are those associations of people which aim at promoting the welfare of the public without any profit motive. They are voluntary bodies having a constitution and rules of their own, and are free from government interference. They depend on donations and partly on government assistance. NGOs dealing with consumer problems are known as consumer associations or consumer organisations.

The role of NGOs has become increasingly more significant over the last two decades. There are now more than 800 such organisations in India. These organisations are registered under the Societies Registration Act or the Companies Act or as Charitable Trusts.

NGOs have undertaken various activities as part of the consumer movement. They perform several functions, like:

(i) Create awareness about consumer rights and educate the general public about consumer problems and remedies through seminars, workshops and training programmes.

(ii) Provide legal aid to consumers by way of assistance in seeking legal remedy.

(iii) Undertake advocacy of consumers’ point of view as representative members of consumer protection councils and others official boards.

(iv) Arrange comparative testing of consumer products through their own testing apparatus or accredited laboratories so as to evaluate the relative qualities of competing brands and publish the test results for the benefit of consumers to become informed buyers.

(v) Publish periodicals and journals to disseminate information among readers about consumer problems, legal reporting and other emerging matters of interest. Most of these periodicals do not accept advertisements from business firms.

(vi) Make suggestions and recommend steps which government authorities should consider in policy making and administrative measures adopted in the interest of consumers.

(vii) Some NGOs have successful used Public Interest Litigation (PIL) to enforce consumer rights in several cases. In other words, NGOs have filed cases in law courts in the interest of the general public, not for any individual.
Notes

I. Which of the following statements are true and which are false?

(i) NGOs are non-profit organisations.
(ii) Government rules and regulations generally govern the functioning of NGOs.
(iii) Seminars, workshops and training programmes held by NGOs involved in consumer movement are aimed at consumer education.
(iv) The NGOs exercise the right to be heard through the policy making and administrative bodies of the Government.
(v) The recommendations made by consumer organisations are considered by Government while amending relevant laws.

II. Multiple Choice Questions

i. Which is not a problem faced by Consumers?
   (a) Adulteration
   (b) Sale of spurious products
   (c) Hoardings and black Marketing
   (d) Only one quality of products.

ii. Consumers are unable to make use of their rights due to lack of
   (a) Awareness and ignorance
   (b) Funds
   (c) Education
   (d) Coverage

iii. BIS means
   (a) Bureau of Industrial Standards
   (b) Bureau of Indian Standards
   (c) Bureau of Internal Standards
   (d) Bureau of Institution Standards

iv. Consumer courts does not include
   (a) District Forum
   (b) State Commission
   (c) National Commission
   (d) Supreme Court

v. The district forum has the jurisdiction to deal with all complaints where the value of the goods or services or the compensation claimed does not exceed.
   (a) Rs. 10 lakh
   (b) Rs. 20 lakhs
   (c) Rs. 1 lakh
   (d) Rs. 1 Crore
Consumer protection refers to the steps necessary to be taken or measures required to be accepted to protect consumers from business malpractices.

Nature of problems faced by consumers:
- Adulteration of goods
- Sale of spurious products
- False weights and measures
- Sale of duplicate items
- Hoarding and black marketing
- Tie-in-sales
- Offering gifts
- Misleading advertisements
- Sale of substandard goods

Need for consumer protection— the necessity of adopting measures to protect the interest of consumers arises mainly due to their helpless position and the unfair business practices.

Parties to consumer protection:
(i) Consumers
(ii) Businessmen
(iii) Government

Legal protection to consumers:
- Industries (Development and Regulation) Act, 1931
- Essential Commodities Act, 1955
- Prevention of Food Adulteration Act, 1954
- Bureau of Indian Standards Act, 1986
- Agricultural Products (Grading and Marketing) Act, 1937
- The Standards of Weight and Measures Act, 1956.
- Monopolies and Restrictive Trade Practices Act, 1969

Judicial system set up for protection of consumers

NGOs create awareness among the consumers about their rights and responsibilities, provide legal aid to consumers, represent various consumer protection councils and other policy making bodies.
1. What is meant by consumer protection?
2. Why should consumers be protected?
3. Describe the various problems faced by consumers in their daily life?
4. Name the parties involved in consumer protection. Explain their role in protecting the interests of the consumers.
5. Enumerate the various Acts passed by the Government for protection of consumer’s interest.
6. What information is required to be filed before the consumer courts while filing any complaint?
7. State the possible relieves which a consumer court may order in favour of consumers.
8. Mention the pecuniary jurisdiction of different consumer courts.
9. Describe the role of Non-Government Organizations in protecting the interest of consumers.
10. State the procedure to be followed for redressal of consumer grievances.

ANSWER TO INTEXT QUESTIONS

18.1 (i) True, (ii) False, (iii) True, (iv) False, (v) True
18.2 (i) Choose, (ii) information, (iii) that the goods are of superior quality, (iv) misleading
18.3 (i) False, (ii) False, (iii) True, (iv) True, (v) False
18.4 (i) True, (ii) False, (iii) False, (iv) True, (v) True, (vi) True, (vii) True
18.5 I) (i) Rs 20 lakh, (ii) 5 months, (iii) Rs One crore, (iv) National Commission, (v) Rs One crore
       II) (i) Wrong, (ii) Right, (iii) Right, (iv) Wrong, (v) Right
18.6 I. (i) True, (ii) False, (iii) True, (iv) True, (v) True
       II. (i) d (ii) b (iii) b (iv) d (v) b

ACTIVITY FOR YOU

- Collect the various information published in newspapers and magazines from time to time regarding protection of consumer interest.
MODULE - VI

Career Opportunities in Business

Every one of us at one stage or other has to choose a carrier for earning our livelihood. It is an important aspect of our life. The area of business offers a large number of avenues of employment both in terms of self-employment and wage-employment. Self-employment today appears to be the best solution for unemployment and growth of our country. Working for one self is a challenge and a joy by itself. Having this in view the present module has been designed to acquaint the learners with various career opportunities and the competencies required to enter the world of work.

Lesson 19 : Choosing a Career
Lesson 20 : Entrepreneurship