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CONSUMER PROTECTION ACT, 1986

Programme Educational Objectives



- *Our program will create graduates who:*
 - *1. Will be recognized as a creative and an enterprising team leader.*
 - *2. Will be a flexible, adaptable and an ethical individual.*
 - *3. Will have a holistic approach to problem solving in the dynamic business environment.*

Business Legislations Course Outcomes



- CO1 Given the circumstances, the learner will be able to infer legal aspects of doing business & plan business activities.
- CO2 In a given situation, the learner will be able make use of provisions of the Contract Act to evaluate a contract used in commercial practice with 70% accuracy.
- CO3 In a given situation, learner will be able to distinguish between various types of Companies and explain their comparative advantages and disadvantages.



- CO4 The learner will be able to describe the legal process involved in formation of a company and identify the relationships amongst the various stakeholders of the company.
- CO5 When needed, the learner will be able to examine the various provisions of consumer protection act and determine steps to be taken in case of consumer related complaints.
- CO6 In a given situation, student manager will be able to make use of various legal provisions of Information Technology Act.

CONSUMER PROTECTION ACT, 1986



- Enacted to provide for the better protection of the interest of consumer
- Act applies to whole of India except Jammu and Kashmir
- Chapter I, II and IV came into force on 15.4.1987. Chapter III came into force on 1.7.1987
- The act was amended in 2002 and the amendments came into force w.e.f. 15th March 2003.

BREIF ON PROTECTION ACT



- A person may be consumer of goods, or services. When I purchase a fan, a gas stove or a refrigerator, I could be the consumer of goods.
- When I open a bank account, take an insurance policy, get my car repaired, I could be the consumer of services.
- The consumer protection Act, 1986 tries to help a consumer when for example, the goods purchased are defective or the services rendered to him are subject to so deficiency.
- Prior to the consumer Protection Act, 1986 for any consumer complaint one had to go to an ordinary Civil Court. He had to engage a lawyer, pay the necessary fee, and be harassed for years or decades before any outcome, positive or negative, was there in that litigation.
- Under the Consumer Protection Act, no Court fee has to be paid and the decision on the complaint is much quicker, as the Court can evolve a summary procedure in disposing off the complaint.

WHO IS A CONSUMER ?



- Any person who buys goods or avails services for consideration
- Consideration may be fully paid, partially paid or fully promised to be paid or partially promised to be paid
- Any body who uses the goods or services with the consent of the consumer

WHO IS A CONSUMER ?



- Legal heir of consumer in case death of consumer
- Does not include any person who buys goods for resale or commercial purpose and services for commercial purpose
- However any person who buys goods for commercial use but exclusively for his livelihood by means of self employment is a consumer.

WHO IS NOT A CONSUMER ?



- Who obtains the goods for resale or any commercial purpose
- Buys goods without consideration.
- Hires service without consideration.
- Uses the goods without the consent of the buyer.
- Obtains service under a contract of personal service
- Avails service for any commercial purpose.

WHO IS A PERSON ?



- A whether registered or not
- A Hindu Undivided family
- A Co-operative Society
- Every association or persons, whether registered under Societies registration Act 1860 or not.

WHAT IS GOODS?



The meaning of Goods shall be same as defined under the Sale of Goods Act.

Goods means:

Every kind of movable property other than the actionable claims and money.

Goods include Stock & Shares, growing crops, grass and things attached and forming part of land which are agreed to be severed before sale or under the contract of Sale

WHAT IS A SERVICE?



“Service” means service of any description, which is made available to potential users and includes, but not limited to the provisions of the facilities in connection with

- 1) banking
- 2) financing
- 3) insurance
- 4) transport
- 5) processing
- 6) supply of electrical or other energy
- 7) boarding or lodging or both
- 8) house construction
- 9) entertainment
- 10) amusement or
- 11) the purveying or new or other information

But does not include the rendering of any service free of charge or under a contract of personal service

WHAT IS A DEFECT ?



- Fault
- Imperfection
- Shortcoming

- In the
- Quality
 - Quantity
 - Potency
 - Purity Or
 - Standards

Which is required to be maintained by or under any law for the time being in force

WHAT IS A DEFICIENCY ?



- Fault
- Imperfection
- Shortcoming Or
- Inadequacy

- In the
- Quality
 - Standard and
 - Manner of performance

Which is required to be maintained by or under any law for the time being in force

WHAT IS A COMPLAINT?



“Complaint” means any allegation in writing made by a compliant that :

1. An unfair trade practice or a restrictive trade practice has been adopted by any trader or service provider;
2. The goods bought by him or agreed to be bought by him suffer from one or more defects ;
3. The services hired or availed of or agreed to be hired or availed off by him suffer from deficiency in any respect;

WHAT IS A COMPLAINT?



- IV. A trader or service provider as the case may be has charged for the goods or for the services mentioned in the complaint, a price in excess of the price
- a) fixed by or under any law for the time being in force;
 - b) displayed on the goods or any package containing such goods;
 - c) displayed on the price list exhibited by him by or under any law for the time being in force;
 - d) agreed between the parties .

WHAT IS A COMPLAINT?



- V. Goods which will be hazardous to life and safety when used are being offered for sale to the public –
- a) In contravention of any standards relating to safety of such goods as required to be complied with, by or under any law for the time being in force;
 - b) If the trader could have known with due diligence that the goods so offered are unsafe to the public;

WHAT IS A COMPLAINT?



- VI. Service which are hazardous or likely to be hazardous to the life and safety of the public when used, are being offered by the service provider which such person could have known with due diligence to be injurious to life and safety.

CONSUMERS NEED PROTECTION AGAINST:



- **Unfair trade practice**
- **Restrictive trade practice**
- **Defects**
- **Deficiencies**

CONSUMERS NEED PROTECTION AGAINST



UNFAIR TRADE PRACTICE

- Adopting unfair methods or deception to promote sale, use or supply of goods or services e.g.
- Misleading public about price (e.g. bargain price when it is not so).
- Charging above MRP printed.
- Misleading public about another's goods or services.
- Falsely claiming a sponsorship, approval or affiliation.
- Offering misleading warranty or guarantee.

CONSUMERS NEED PROTECTION AGAINST



RESTRICTIVE TRADE PRACTICE

- Price fixing or output restraint re: delivery/flow of supplies to impose unjustified costs/restrictions on consumers.
- Collusive tendering: market fixing territorially among competing suppliers, depriving consumers of free choice, fair competition.
- Supplying only to particular distributors or on condition of sale only within a territory.
- Delaying in supplying goods/services leading to rise in price.
- Requiring a consumer to buy/hire any goods or services as a pre-condition for buying/hiring other goods or services.

CONSUMERS NEED PROTECTION AGAINST



- **DEFECTS**

Any fault, imperfection or shortcoming in the quality, quantity, potency, purity or standard which is required to be maintained by or under any law for the time being in force or under any contract express or implied or as is claimed by the trader in any manner whatsoever in relation to any goods.

- **DEFICIENCY**

Any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service.

CONSUMER'S RIGHTS



- Right to safety against hazardous goods and services
- Right to be informed about quality, quantity, purity, standard, price
- Right to choose from a variety at competitive prices
- Right to be heard
- Right to seek redressal
- Right to consumer education

CONSUMER DISPUTE REDRESSAL AGENCIES



- 1) A Consumer Dispute Redressal Forum at the **District level** called as **District Forum**.
- 2) A Consumer Dispute Redressal Commission at the **State level** called as **State Commission**
- 3) A National Consumer Dispute Redressal Commission at **National level** called as **National Commission**

JURISDICTION

Forum / Commission	Monetary Jurisdiction	Territorial Jurisdiction
District Forum	Does not exceed Rs. 20 lakhs	Within the local limits where the defendant/s reside or carry business
State Commission	Rs. 20 lakhs and above but not exceeding One Crore	Within the state and appeals against order of DF
National Commission	Above One Crore	Appeal against order of DF

Matters and suit pending before the Civil Courts or any other court under any law, shall not be dealt by the Consumer Forums.

FILING OF COMPLAINTS



A complaint may be filed by

- a) The consumer to whom the goods are sold or services are provided
- b) Any recognised consumer association
- c) One or more consumers with same interest
- d) The central government or state government

FILING OF COMPLAINTS



The Fee for filing the Complaint for the district forum is as under

Sr. No.	Value of Goods / Service and Compensation	Amount of Fees
1)	Upto Rs. 1 lakh rupees	Rs. 100
2)	Rs. 1 Lakh and above but less than Rs.5 lakhs	Rs. 200
3)	Rs. 5 Lakhs and above but less than Rs. 10 lakhs	Rs. 400
4)	Rs. 10 lakhs and above but less than Rs. 20 lakhs	

The fees shall be paid by Cross demand Draft drawn on a nationalized bank or through crossed Indian postal order drawn in favour of the Registrar of the State Commission and payable at the place of the State Commission (w.e.f. 5.3.2004.)

ESSENTIAL INFORMATION IN THE APPLICATION



- **Name and full address of complainant**
- **Name and full address of opposite party**
- **Description of goods and services**
- **Quality and quantity**
- **Price**
- **Date & proof of purchase**
- **Nature of deception**
- **Type of redressal prayed for**

POWER OF CIVIL COURT TO DISTRICT FORUM



The District Forum shall have the powers of Civil Court while trying a suit in respect of the following matters ;

- a) The summoning and enforcing attendance of any defendant or witness and examining the witness on oath.
- b) The discovery and production of any document or other material object producible as evidence.
- c) The reception of evidence on affidavit
- d) The requisition of the report of the concerned analysis or test from the appropriate laboratory or from any other relevant source.
- e) Any other matter which may be prescribed.

RELIEF TO THE COMPLAINANT ?



IF THE COMPLAINT IS PROVED THE FORUM SHALL ORDER

- a) To remove defect pointed out by the appropriate laboratory from the goods in question;
- b) To replace the goods with new goods of similar description which shall be free from any defect;
- c) To return to the complainant the price, or , as the case may be, the charges paid by the complainant;
- d) To pay such amount as may be awarded by it as compensation to the consumer for any loss or injury suffered by the consumer due to negligence of the opposite party;
- e) To remove the defect in goods or deficiency in the services in question.

RELIEF TO THE COMPLAINANT ?



- f) To discontinue the unfair trade practice or the restrictive trade practice or not to repeat them;
- g) Not to offer hazardous goods for sale;
- h) to withdraw the hazardous goods from being offered for sale;
 1. To stop manufacture of hazardous goods and to desist from offering services which are hazardous in nature;
 2. To pay such sum as may be determined by it, if it is of the opinion that loss or injury has been suffered by a large number of consumers who are not identifiable conveniently.
 3. To issue corrective advertisements to neutralize the effect of misleading advertisement at the cost of the opposite party responsible for issuing such misleading advertisement;
- i) To provide for adequate cost to parties.

APPEAL



- Any person aggrieved (dissatisfied) by the order of DF may appeal in SC, and further may appeal to NC and lastly to the Supreme Court.
- An appeal shall be made by depositing Rs. 25,000 , Rs. 35,000 and 50,000 at the SC, NC and supreme court respectively.
- An appeal shall be filed within thirty days.
- Delay in filing appeal may be condoned if there is sufficient cause.
- Period of Limitation shall be within two years from the date on which the cause of action has arisen, however if sufficient cause is given then the compalint can be accepted.

PENALTIES



Where a trader or a person against whom a complaint is made (or the complainant) fails or omits to comply with any order made by the District Forum, the State Commission or the National Commission, such trader or person (or complainant) shall be punishable with imprisonment for a term which **shall not be less than one month but which may extend to three years or with fine which shall not be less than two thousand rupees but which may extend to ten thousand rupees, or with both.**

WHAT IS FRIVOLOUS OR VEXATIOUS COMPLAINTS



- Frivolous & Vexatious Complaint is a complaint filed-
- When a person-
 - Wants to take undue advantage of his rights
 - Does not act bona fide (in Good faith)
 - Has no evidence
 - Wants to harass the opposite party
 - Wants to malign (damage reputation)

Then such complaints

DISMISSAL OF FRIVOLOUS OR VEXATIOUS COMPLAINTS



- Where a complaint instituted before the District Forum, the State Commission or the National Commission, is found to be frivolous or vexatious, it shall, for reasons to be recorded in writing, dismiss the complaint and make an order that the complainant shall pay to the opposite party such Cost, not exceeding ten thousand rupees, as may specified in the order.