

# **MAR GREGORIOS COLLEGE OF ARTS & SCIENCE**

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Affiliated to the University of Madras  
Approved by the Government of Tamil Nadu  
An ISO 9001:2015 Certified Institution



## **PG DEPARTMENT OF COMMERCE**

**SUBJECT NAME: CONSUMER RIGHTS AND EDUCATION**

**SUBJECT CODE: KDACC**

**SEMESTER: III**

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## **SYLLABUS- Consumer Rights and Education**

**Unit I Consumer Movement in India Profile of Indian Consumer –Problems of Indian Consumers –Consumerism-ill effects of consumerism/Limitation of ‘Buyer Beware’ concept**

**Unit II Right of Consumers- Responsibilities of Consumers –Consumer Education & awareness building –unfair trade practices –Caveat emptor**

**Unit III Consumer Protection Act- Main Provisions –Redressal forums –District Level –State Level and National Level –Powers & Functions –Filing of Complaints Procedure Regulatory Authorities & OMBUDSMAN**

**Unit IV Consumer pressure groups-voluntary consumer organizations-Consumer Protection Councils- Remedy & Redressal of Grievances –Legal and non-legal**

**Unit V Consumer satisfaction and social Responsibility of Business – Consumer Communication – ethics in advertisement- Consumer care mechanism in Private and Public Sector**

### **Book References**

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## UNIT I

### **Consumer Movement in India Profile of Indian Consumer**

With a population of over 950 million spread over 3287263 sq.kms. of land, geographical divisions into 25 states and 7 union territories, over 30 languages, and hundreds of dialects, the Indian subcontinent presents a very complex and confounding picture to anyone attempting to evolve a cohesive policy in any field of social action. Nearly 40 per cent (320 ml) of the population lives below the poverty line with little or no purchasing power at all and thus, remains outside the market system. Of the remaining, the consumer class is estimated at around 500 million. The rich and the super rich account for the rest of the populace. This, in brief, is the economic profile of the Indian consumer.

The Public Distribution System (PDS) meant to supply essential commodities to consumers in the rural and urban areas was the first area of concern and action for these consumer groups. Thus, complaint handling, grievance redressal and activating the inactive and indifferent government machinery were the items on the agenda of about 20 odd consumer organizations across the country that were functioning by 1974. Though limited, the success stories of these consumer groups which were highlighted by the media spread hopes among several others and thus, more consumer groups came into being. By 1976, there were over 60 consumer organizations in the country.

#### Stages of Development of the Consumer Movement

The Consumer Movement today is undergoing a silent revolution. The movement is bringing qualitative and quantitative changes in the lives of people enabling them to organise themselves as an effective force to reckon with. But the path to reach this stage has not been easy. It has been a struggle against bad business which always put profit before fairness in transactions. The first stage of movement was more representational in nature, i.e., to make consumers aware of their rights through speeches and articles in newspapers and magazines and holding exhibitions. The second stage was direct action based on boycotting of goods, picketing and demonstration. However, direct action had its own limitations, that led to the third stage of professionally managed consumer organisations. From educational activities and handling complaints, it ventured into areas involving lobbying, litigation and laboratory testing. This gave good results. Thus, for instance business sector has started taking notice and co-operating with the movement. It has played a role in hastening the process of passing the Consumer Protection Act, 1986 which has led to the fourth stage. The Act enshrines the consumer rights and provides for setting up of quasi-judicial authorities for redressal of consumer disputes. This act takes justice in the socio-economic sphere a step closer to the common man.



## **ACHIEVEMENTS OF THE CONSUMER MOVEMENT**

A number of large organizations have set up Consumer Grievance Cells as an in-house redressal mechanism. Life Insurance Corporation of India (LIC) has set up claims review committees at the zonal and central levels. Petroleum Companies, Railways, Banks, Income Tax Departments, have also initiated setting up of public grievance cells. The Government of India has set up a separate Directorate called Directorate of Public Grievances at Sardar Patel Bhavan, Sansad Marg, New Delhi. They deal with complaints relating to railways, insurance, pensions and related matters. In the long run, they will cover all the ministries. The nationalized banks are observing 15th of every month as the 'Customer Grievance Day.' where an aggrieved consumer can walk into the top managers' offices in their respective town, district or zone. The Council of Fair Business Practices, of more than 20 years standing, is also trying to help in the redressal of complaints against business from individual consumers or groups. Federation of Indian Chambers of Commerce and Industry (FICCI) has set up a Consumer Business Forum which meets once a quarter in different cities of the country. All stock exchanges in the country have also set up similar cells. The Advertisement Standard Council of India (ASCI), Confederation of Indian Industry (CII) and FICCI have evolved a code of ethics for their activities.

## **CHALLENGES AHEAD/ASKS FOR THE FUTURE:**

It is now over a decade since the Consumer Protection Act, 1986 was passed after years of lobbying by the various consumer organisations. The redressal machinery, however, is not fully satisfactory. The number of cases pending in the district forums is piling high.

Unless consumer groups take determined action to see that the institutions set up for their protection work effectively, the redressal agencies will go the way of civil courts, where litigants have to wait for years and spend fortunes for the settlements of their disputes. Making the Consumer Protection Act effective is therefore, the first challenge facing the consumer movement in India.

There are now about 1000 organisations of consumers in existence, but all the cities and towns have not been covered. The rural areas where the greater part of our nine hundred million consumers live are still virtually untouched by the consumer movement. Though the aim is to have a Consumer Complaints Redressal Forum in every district, it is not easy for poor rural consumers to go to the forum with complaints, nor do many consumers have an awareness of ways to assert their consumer rights. The solution lies in training rural workers who are already active in the villages.

Mass media should be used to penetrate rural houses. Creating consumer awareness in the vast reaches of rural India with its variety of customs, traditions and languages and little formal education is the second challenge for the consumer movement.

## **–Problems of Indian Consumers –**

### **1. Issues relating to product quality:**

The most common problem faced by customers in online shopping is that there is no guarantee of a product's quality. With most e-commerce websites acting as aggregators for sellers to sell their products, more fraudulent sellers are registering on these websites and selling low-quality or faux products in the name of original and branded products. Sub-par products are sold by these sellers to fool customers and increase their sales thus increasing problems of online shopping.

Quality-checks are seldom performed on these products as the magnitude of online sales has increased, especially during online sale days. Sellers sometimes refuse to replace the faulty product or refund the consumer's money, leaving the latter with a low-quality product and money down the drain. The best consumer court lawyers can help you in filing a complaint with the appropriate consumer court at district, state or national level.

### **2. Logistics-related problems:**

Another problem faced in online shopping is issues with delivery and logistics. Products are often lost or damaged while in transit, and order tracking systems are unable to accurately locate the product. People choose the same-day, one-day or two-day delivery, paying extra money to get their product delivered.

However, these products often do not get delivered within the stipulated time and consumers have to wait for days before they finally receive their product. Similar challenges are faced by consumers when it comes to returning the product. In such cases, The top consumer court lawyers can assist you in filing a complaint with the appropriate consumer court.

### **3. Payment issues:**

There are lot of online shopping problems faced nowadays. Many consumers become victims to online payment issues. Even though there are several payment methods like Net Banking, Credit or Debit Card payments and even Cash-on-delivery, there are payment failures due to website's server error, payment gateway error or issues with One Time Password (OTP). Technical glitches often deduct the payment from buyer's account or card, but the website does not receive the payment.

Consumers have to file a complaint with the website's customer care to get a refund, but they have to wait for 10-15 days for any action to be taken. Consumers can also contact famous consumer court lawyers to take a legal action.

### **4. Hidden costs:**

Issues with online shopping have been increasing at a rapid rate. E-commerce marketplaces often charge hidden costs after the purchase is finalised by the consumer. Websites hide tax charges, additional shipping and handling charges from consumers till purchases are finalised. Websites also add an option for consumers to buy products of a particular amount to waive off the

shipping charges, however, sellers add additional charges even on purchases worth more than the set amount. A consumer complaint can be filed in such case, with the help of a consumer protection lawyer.

### **5. Ambiguous Website Policies:**

Many shopping websites have no website policies at all or have unclear and confusing user, return and refund policy. Vague stipulations leave consumers confused about refund and return of products and product description problems in e-commerce. With no policies defined, sellers often reject a consumer's claim to return the product or refund the money. Some websites are also unclear with regards to warranty and guarantee on products and buyers often end up purchasing faulty products with no product warranty or replacement option. Good consumer court lawyers can help you in filing a complaint with the appropriate consumer court at district, state or national level.

### **Consumerism-ill effects of consumerism/Limitation of 'Buyer Beware' concept**

A century ago, Hannah Arendt, a philosopher, warned us about the advancement of technology and how humankind could use it to consume the world: "That consumption is no longer restricted to the necessities but, on the contrary, mainly concentrates on the superfluities of life..." (Arendt 1958). Today, we live in the era of mass consumption that Ardent warned us about. So, what is consumerism, when did it emerge & what led to its expansion?

Consumerism is a sociological and economical belief that goes hand in hand with the never-ending cycle of the acquisition of goods and services in a surplus way; so basically, consuming beyond a person's needs. The concept of consumerism started after the Second World War and then intensified with the start of the industrial revolution. It describes the effect of paralleling one's happiness with materialistic possessions and consumptions. Many researchers argued that consumerism divides the beneficial connection between nature and the human spirit (Berry,1995; Emerald,2004) whereas others view consumerism as a concept that "lifts people from drudgery", gives people a purpose in life, and connects crowds using a common consumer culture (Mc Daniel,2000). Hence, with this duality of viewpoints, this article will explore the major benefits and drawback effects of consumerism on society.

### **NEGATIVES OF CONSUMERISM**

Consumerism is an economic and societal way of viewing and understanding the economy, which focuses on the idea of the consumption of a steady supply of goods and services by the citizens of a given country. The consumption of goods and services by individual consumers helps drive the economic engine of a consumerist society in that it creates jobs for workers and wealth for businesses owners. While consumerism as an ideology can be present in several different types of economic systems, it is most often associated with capitalism. In particular, consumerism plays an important role in modern democratic countries with mixed economies such as: the United States, England, France, Canada, etc. Furthermore, consumerism is an important component of the concept of supply and demand because it involves the supply

of goods and services and the demand (consumption) of goods and services by individual consumers. To fully understand the significance of consumerism as an ideology it's also important to understand its development throughout history as well as its positives and negatives.

In general, there are five main negative aspects of consumerism, including:

- Causes more pollution.
- A major contributor to resource depletion.
- Leads companies to develop low quality products.
- Promotes poor labor standards and pay for workers.
- Does not necessarily lead to increased happiness beyond a certain point.

The first main negative of consumerism as a system is that it can have devastating effects on the environment. As stated previously, consumerism developed and intensified alongside the events of the Industrial Revolution in Europe and North America. As part of this process, society shifted away from small home-based production to the factory system. The factory system is a term that historians use to refer to the development of centralized factories or mills that produced goods on a mass scale. These factories created large amounts of air and water pollution as a byproduct of the production process. As consumerism intensified throughout the 20th century pollution levels increased and spread around the world as factories moved to parts of Asia. Also, another effect of consumerism is the amount of waste or trash it produces. For example, it is common for the packaging of a good to be immediately thrown into the trash after the consumer has opened the product. As a result, modern societies have struggled to deal with the large amounts of waste produced by constant consumerism. This has led to incinerators (burning of trash) and large landfills (burying of trash) which caused further pollution of the environment. Therefore, consumerism has led to a polluting of the environment and has cost society in environmental loss of expense.

The second main negative of consumerism is resource depletion. Simply put, resource depletion refers to the idea that human beings are using up the resources on the earth as an ever increasing rate such that we will 'deplete' or completely use up some resources. This issue is related to consumerism because the creation of goods and services is using up some resources on the earth at an incredibly fast rate. This is due in part to the increased rates of consumption throughout the last century, especially in consumerist societies in Europe and North America. An example of resource depletion is the over use or overfishing of fish in the oceans. Due to a range of different issues, among which over consumption is one, large fish in the world's oceans are depleting at a very fast rate. Some studies claim that there will longer be any large fish in the world's oceans

by the midpoint of the 21st century. Therefore, consumerism is putting immense pressure on the environment and the resources that human beings depend on.

The next major negative impact of consumerism is that it has led to the creation of low quality goods. Consumerism is a common attribute of societies based entirely or partially on the principles of capitalism. For example, the capitalist principle of competition is vitally important in a consumerist society. It promotes the idea that companies should compete with one another in the production and sale of their products. As such, this competition pushes companies to offer goods at lower prices than their competitors. In order to do this, many companies have lowered the quality of the products. Further to this idea, modern companies practice a technique called 'planned obsolescence'. In general, planned obsolescence is best understood as products that are designed to fail. Modern companies do this to encourage consumers to repurchase a product over and over again. As such, some modern products are designed with short lifespans which further intensifies the pollution and resource depletion discussed in the previous paragraphs.

The fourth main negative impact of consumerism is that it leads to low working standards and pay for workers. Similar to the last paragraph, consumerism leads to competition between companies. This competitive drive between companies causes them to seek ways to decrease the price of their products. One of the ways that companies do this is by outsourcing their manufacturing to other countries, usually in parts of Asia. In general, outsourcing is when companies in western countries such as the United States and Canada send their manufacturing to other countries such as Mexico and China. Companies do this to lower the overall cost of wages when developing a product because workers in countries like China and Mexico will work for much smaller wages than similar workers in the United States and Canada. Outsourcing as a concept became popular throughout North America and Europe throughout the 1980s and continues still today. This is negative because it causes people in North America to lose their jobs while also promoting low paying jobs in other parts of the world. Some of the manufacturing jobs in Asia are often criticized for containing long hours, dangerous work and little pay. This means that consumerism promotes poor working conditions for some people while causing others to lose their jobs altogether.

The final main negative aspect of consumerism is that it does not necessarily lead to higher levels of happiness for people. In general, consumerism as a whole has increased the standard of living and quality of life for many people, and therefore has increased happiness levels. However, some researchers have suggested that beyond a certain point consumerism cannot increase happiness forever. For example, they point to the fact that consumption has increased dramatically throughout the 20th century but happiness levels have remained relatively stagnant. As such, when consumerism is dealing with a person's basic needs (food, shelter, clothing) it



increases happiness but beyond that it has a much less impact. This evidence suggests that ever-increasing consumption does not make us happier and may actually decrease our quality of life with the increases in pollution and resource depletion.

## UNIT II

### RIGHTS OF CONSUMERS

Consumers have the right to buy good commodities and services from the market. The protection of law has been provided to him so that producer or seller cannot cheat him in any way. Generally a consumer has got the following rights:

#### ***Right to safety***

Means right to be protected against the marketing of goods and services, which are hazardous to life and property. The purchased goods and services availed of should not only meet their immediate needs, but also fulfil long term interests. Before purchasing, consumers should insist on the quality of the products as well as on the guarantee of the products and services. They should preferably purchase quality marked products such as ISI, AGMARK, etc

#### ***Right to choose***

Means right to be assured, wherever possible of access to variety of goods and services at competitive price. In case of monopolies, it means right to be assured of satisfactory quality and service at a fair price. It also includes right to basic goods and services. This is because unrestricted right of the minority to choose can mean a denial for the majority of its fair share. This right can be better exercised in a competitive market where a variety of goods are available at competitive prices

#### ***Right to be informed***

Means right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices. Consumer should insist on getting all the information about the product or service before making a choice or a decision. This will enable him to act wisely and responsibly and also enable him to desist from falling prey to high pressure selling techniques.

#### ***Right to consumer education***

Means the right to acquire the knowledge and skill to be an informed consumer throughout life. Ignorance of consumers, particularly of rural consumers, is mainly responsible for their exploitation. They should know their rights and must exercise them. Only then real consumer protection can be achieved with success.

#### ***Right to be heard***

Means that consumer's interests will receive due consideration at appropriate forums. It also includes right to be represented in various forums formed to consider the consumer's welfare. The Consumers should form non-political and non-commercial consumer organizations which can be given representation in various committees formed by the Government and other bodies in matters relating to consumers.

### ***Right to Seek redressal***

Means right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers. It also includes right to fair settlement of the genuine grievances of the consumer. Consumers must make complaint for their genuine grievances. Many a times their complaint may be of small value but its impact on the society as a whole may be very large. They can also take the help of consumer organisations in seeking redressal of their grievances.

As the markets are globalizing, the direct link between the manufacturer and the final user getting distant, post purchase grievances have to be heard through a strong redressal system. For this, **Consumer disputes redressal agencies (popularly known as Consumer Forums or Consumer Courts)** are set up under the Act at District, State and National level to provide simple and inexpensive quick redressal against consumer complaints. The District forum deals with complaints where the compensation sought is less than 23 lakhs. This limit is commonly known as the 'pecuniary jurisdiction' of the Consumer Redressal Forum. The State Forum deals with the complaints where the value of the goods and services and compensation claimed does not exceed rupees one crore and the National Forum entertains the complaints where the value of the goods or services and compensation claimed exceeds rupees one crore.

The Consumer Forum can order the company to take the following actions once it hears the complaint and decides that the company is at fault:

- Correct deficiencies in the product to what they claim.
- Repair defect free of charges
- Replace product with similar or superior product
- Issue a full refund of the price
- Pay compensation for damages / costs / inconveniences
- Withdraw the sale of the product altogether
- Discontinue or not repeat any unfair trade practice or the restrictive trade practice
- Issue corrective advertisement for any earlier misrepresentation

### **RESPONSIBILITIES OF CONSUMERS**

#### **Consumer Protection Act**

An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected connected therewith.” (According to Consumer Protection Act, 2019).

“An Act to provide for better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.”(According to Consumer Protection Act, 1986).

Consumer Protection Act, 1986 seeks to promote and protect the interest of consumers against deficiencies and defects in goods or services. It also seeks to secure the rights of a consumer against unfair or restrictive trade practices. This act was passed in Lok Sabha on 9th December, 1986 and Rajya Sabha on 10th December, 1986 and assented by the President of India on 24th December, 1986 and was published in the Gazette of India on 26th December, 1986.

## Consumer Responsibilities

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### Be Critically Aware

- The responsibility to be more alert and to question more – about prices, about quantity and quality of goods bought and services used.

### Be Involved

- The responsibility to be assertive – to ensure that you get a fair deal as a consumer. Remember, if you are passive, you are likely to be exploited.

### Be Organized

- The responsibility to join hands and raise voices as consumers; to fight in a collective and to develop the strength and influence to promote and protect consumer interest.

### Practice Sustainable Consumption

- The responsibility to be aware of the impact of your consumption on other citizens, especially the disadvantaged or powerless groups; and to consume based on needs – not wants.

### Be Responsible to the Environment

- The responsibility to be aware and to understand the environmental consequences of our consumption. We should recognize our individual and social responsibility to conserve natural resources and protect the earth for future generations.

## **CONSUMER EDUCATION & AWARENESS BUILDING**

Consumer awareness is a need of present days. Since we are inspired to buy different product through advertisement but many of them are not qualitative product. So, In this article you will find the importance of consumer awareness, rights of consumers and how to get redressal? If you are a victim of such situation, read this article to get redressal.

### **Meaning of consumer awareness**

In this age of capitalism and globalization, the main objective of each producer is to maximize his profit. In each and every possible way the producer are trying to increase the sale of their products. Therefore, in fulfillment of their aim they forget the interests of consumer s and start exploiting them for example – overcharging, under weighing, selling of adulterated and poor quality goods, misleading the consumers by giving false advertisement etc. Thus in order to save himself from being cheated, it is necessary for a consumer to be aware. In this way, **consumer awareness means creating awareness of a consumer towards his rights and duties.**

## Need and importance of consumer awareness

It has been observed very often that a consumer does not get right goods and services. He is charged a very high price or adulterated or low quality goods are sold to him. Therefore it is necessary to make him aware. Following facts classify the need of making consumers aware:

1. To achieve maximum satisfaction : The income of every individual is limited. He wants to buy maximum goods and services with his income. He gets full satisfaction only by this limited adjustment. Therefore it is necessary that he should get the goods which are measured appropriately and he should not be cheated in any way. For this he should be made aware.

2. Protection against exploitation : Producers and sellers exploit the consumers in many ways as **underweighting, taking more price than the market price, selling duplicate goods** etc. Big companies through their advertisement also mislead the consumers. Consumer awareness shields them from the exploitation by producers and sellers.

3. Control over consumption of harmful goods : There are several such goods available in market which cause harm to some consumers. For example we can take goods like cigarette, tobacco, liquor etc. The consumer education and awareness motivate people not to purchase such goods which are very harmful for them.

4. Motivation for saving : The awareness controls people from wastage of money and extravagancy and inspire them to take right decision. Such consumers are not attracted by sale, concession, free gifts, attractive packing etc due to which people can use their income in a right way and can save money.

5. Knowledge regarding solution of problems : The consumers are cheated due to illiteracy, innocence and lack of information. Therefore it becomes necessary that the information about their rights should be provided to them so that they cannot be cheated by producers and sellers. Through consumer awareness they are also made known to the proceedings of laws so that they can solve their problems.

6. Construction of healthy society : Every member of the society is a consumer. So, if the consumer is aware and rationale, then complete society becomes healthy and alert towards their rights

## UNFAIR TRADE PRACTICES

The term “unfair trade practice” describes the use of deceptive, fraudulent, or unethical methods to gain business advantage or to cause injury to a consumer. Unfair trade practices are considered unlawful under the Consumer Protection Act. The purpose of the law is to ensure that consumers have the opportunity to make informed, rational decisions about the goods and services they purchase.

Unfair trade practices include false representation of a good or service, targeting vulnerable populations, false advertising, tied selling, false free prize or gift offers, false or deceptive



pricing, and non-compliance with manufacturing standards. Alternative names for unfair trade practices are “deceptive trade practices” or “unfair business practices.”

Section 5(a) of the Federal Trade Commission Act prohibits “unfair or deceptive acts or practices in or affecting commerce.” Per the rule, unfair practices are those that cause, or are likely to cause, injury to consumers, those that consumers cannot avoid, and those in which the benefits of the product or service do not outweigh the deception. Deceptive practices are defined as those in which the seller misrepresents or misleads the consumer, and the misleading practice is substantial.

The Federal Trade Commission (FTC) is a federal agency that enforces consumer protection laws. Consumers may seek recourse for unfair trade practices by suing for compensatory or punitive damages. Plaintiffs do not have to prove intent. Showing that the practice itself was unfair or deceptive is sufficient.

## **CAVEAT EMPTOR**

### **Doctrine of Caveat Emptor**

“Caveat Emptor” is a Latin phrase that translates to “let the buyer beware”. What exactly does this mean? Does the seller have no responsibilities? The answers lie in the Doctrine of Caveat Emptor. Let us learn more about it along with its exceptions.

### **The Doctrine of Caveat Emptor**

The doctrine of Caveat Emptor is an integral part of the Sale of Goods Act. It translates to “let the buyer beware”. This means it lays the responsibility of their choice on the buyer themselves.

It is specifically defined in Section 16 of the act “*there is no implied warranty or condition as to the quality or the fitness for any particular purpose of goods supplied under such a contract of sale”*

A seller makes his goods available in the open market. The buyer previews all his options and then accordingly makes his choice. Now let’s assume that the product turns out to be defective or of inferior quality.

This doctrine says that the seller will not be responsible for this. The buyer himself is responsible for the choice he made.

So the doctrine attempts to make the buyer more conscious of his choices. It is the duty of the buyer to check the quality and the usefulness of the product he is purchasing. If the product turns out to be defective or does not live up to its potential the seller will not be responsible for this.

Let us see an example. A bought a horse from B. A wanted to enter the horse in a race. Turns out the horse was not capable of running a race on account of being lame. But A did not inform B of his intentions. So B will not be responsible for the defects of the horse. The Doctrine of Caveat Emptor will apply.

However, the buyer can shift the responsibility to the seller if the three following conditions are fulfilled.

- if the buyer shares with the seller his purpose for the purchase
- the buyer relies on the knowledge and/or technical expertise of the seller
- and the seller sells such goods

Exceptions to the Doctrine of Caveat Emptor

The doctrine of caveat emptor has certain specific exceptions. Let us take a brief look at these exceptions.

### **1] Fitness of Product for the Buyer's Purpose**

When the buyer informs the seller of his purpose of buying the goods, it is implied that he is relying on the seller's judgment. It is the duty of the seller then to ensure the goods match their desired usage.

Say for example A goes to B to buy a bicycle. He informs B he wants to use the cycle for mountain trekking. If B sells him an ordinary bicycle that is incapable of fulfilling A's purpose the seller will be responsible. Another example is the case study of Priest v. Last.

### **2] Goods Purchased under Brand Name**

When the buyer buys a product under a trade name or a branded product the seller cannot be held responsible for the usefulness or quality of the product. So there is no implied condition that the goods will be fit for the purpose the buyer intended.

### **3] Goods sold by Description**

When the buyer buys the goods based only on the description there will be an exception. If the goods do not match the description then in such a case the seller will be responsible for the goods.

#### **4] Goods of Merchantable Quality**

Section 16 (2) deals with the exception of merchantable quality. The sections state that the seller who is selling goods by description has a duty of providing goods of merchantable quality, i.e. capable of passing the market standards.

So if the goods are not of marketable quality then the buyer will not be the one who is responsible. It will be the seller's responsibility. However if the buyer has had a reasonable chance to examine the product, then this exception will not apply.

#### **5] Sale by Sample**

If the buyer buys his goods after examining a sample then the rule of Doctrine of Caveat Emptor will not apply. If the rest of the goods do not resemble the sample, the buyer cannot be held responsible. In this case, the seller will be the one responsible.

For example, A places an order for 50 toy cars with B. He checks one sample where the car is red. The rest of the cars turn out orange. Here the doctrine will not apply and B will be responsible.

#### **6] Sale by Description and Sample**

If the sale is done via a sample as well as a description of the product, the buyer will not be responsible if the goods do not resemble the sample and/or the description. Then the responsibility will fall squarely on the seller.

#### **7] Usage of Trade**

There is an implied condition or warranty about the quality or the fitness of goods/products. But if a seller deviated from this then the rules of caveat emptor cease to apply. For example, A bought goods from B in an auction of the contents of a ship. But B did not inform A the contents were sea damaged, and so the rules of the doctrine will not apply here.

#### **8] Fraud or Misrepresentation by the Seller**

This is another important exception. If the seller obtains the consent of the buyer by fraud then caveat emptor will not apply. Also if the seller conceals any material defects of the goods which are later discovered on closer examination then again the buyer will not be responsible. In both cases, the seller will be the guilty party.

## UNIT III

### CONSUMER PROTECTION ACT

The Consumer Protection Act, implemented in 1986, gives easy and fast compensation to consumer grievances. It safeguards and encourages consumers to speak against insufficiency and flaws in goods and services. If traders and manufacturers practice any illegal trade, this act protects their rights as a consumer. The primary motivation of this forum is to bestow aid to both the parties and eliminate lengthy lawsuits.

This Protection Act covers all goods and services of all public, private, or cooperative sectors, except those exempted by the central government. The act provides a platform for a consumer where they can file their complaint, and the forum takes action against the concerned supplier and compensation is granted to the consumer for the hassle he/she has encountered.

Consumer Rights and Responsibilities:

#### The Rights of the Consumer

- **Right to Safety-** Before buying, a consumer can insist on the quality and guarantee of the goods. They should ideally purchase a certified product like ISI or AGMARK.
- **Right to Choose-** Consumer should have the right to choose from a variety of goods and in a competitive price.
- **Right to be informed-** The buyers should be informed with all the necessary details of the product, make her/him act wise, and change the buying decision.
- **Right to Consumer Education-** Consumer should be aware of his/her rights and avoid exploitation. Ignorance can cost them more.
- **Right to be heard-** This means the consumer will get due attention to express their grievances at a suitable forum.
- **Right to seek compensation-** The defines that the consumer has the right to seek redress against unfair and inhumane practices or exploitation of the consumer.

#### The Responsibilities of the Consumer

- **Responsibility to be aware** – A consumer has to be mindful of the safety and quality of products and services before purchasing.
- **Responsibility to think independently**– Consumer should be well concerned about what they want and need and therefore make independent choices.
- **Responsibility to speak out-** Buyer should be fearless to speak out their grievances and tell traders what they exactly want
- **Responsibility to complain-** It is the consumer's responsibility to express and file a complaint about their dissatisfaction with goods or services in a sincere and fair manner.
- **Responsibility to be an Ethical Consumer-** They should be fair and not engage themselves with any deceptive practice.

#### MAIN PROVISIONS

#### Key features of the Consumer Protection Act, 2019



### **1. Establishment of the Central Consumer Protection Authority (CCPA):**

The act has the provision of the Establishment of the CCPA which will protect, promote and enforce the rights of consumers. The CCPA will regulate cases related to unfair trade practices, misleading advertisements, and violation of consumer rights.

The CCPA will have the right to impose a penalty on the violators and passing orders to recall goods or withdraw services, discontinuation of the unfair trade practices and reimbursement of the price paid by the consumers.

The Central Consumer Protection Authority will have an investigation wing to enquire and investigate such violations. The CCPA will be headed by the Director-General.

### **2. Rights of consumers:**

#### **The act provides 6 rights to the consumers;**

- i.** To have information about the quantity, quality, purity, potency, price, and standard of goods or services.
- ii.** To be protected from hazardous goods and services.
- iii.** To be protected from unfair or restrictive trade practices.
- iv.** To have a variety of goods or services at competitive prices

#### **3. Prohibition and penalty for a misleading advertisement:**

The Central Consumer Protection Authority (CCPA) will have the power to impose fines on the endorser or manufacturer up to 2-year imprisonment for misleading or false advertisement (Like Laxmi Dhan Warsha Yantra).

Worth to mention that repeated offense, may attract a fine of Rs 50 lakh and imprisonment of up to 5 years.

### **4. Consumer Disputes Redressal Commission:**

The act has the provision of the establishment of the Consumer Disputes Redressal Commissions (CDRCs) at the national, state and district levels.

The CDRCs will entertain complaints related to;

- i.** Overcharging or deceptive charging
- ii.** Unfair or restrictive trade practices
- iii.** Sale of hazardous goods and services which may be hazardous to life.
- iv.** Sale of defective goods or services

### **Jurisdiction under the Consumer Protection Act, 2019**

The act has defined the criteria of Consumer Disputes Redressal Commission (CDRCs). The National CDRC will hear complaints worth more than Rs. 10 crores. The State CDRC will hear complaints when the value is more than Rs 1 crore but less than Rs 10 crore. While the District CDRC will entertain complaints when the value of goods or service is up to Rs 1 crore.

So these were key features of the new Consumer Protection Act, 2019. This topic is very important for various exams like UPSC, State PSC, and Banking, etc. To read more such articles click on the link given below;

## REDRESSAL FORUMS

### Establishment of Consumer Disputes Redressal Agencies

The Agencies are set up under the Consumer Protection Act 1986 at District, State and National level to provide simple and inexpensive quick redressal against consumer complaints, where a Consumer can file complaint in the consumer court against any defective goods purchased or deficient service rendered including restrictive/unfair trade practice adopted by any trader/person within two years from the date on which cause of action arose.

The Agencies are as follows:

- a Consumer Disputes Redressal Forum to be known as the "**District Forum**" established by the State Government in each district. This consumer court deals with complaints where the value of the goods or services and compensation, if any, claimed is less than twenty lakhs.
- a Consumer Disputes Redressal Commission to be known as the "**State Commission**" established by the State Government; This consumer court deals with complaints where where the value of the goods or services and compensation, if any, claimed exceeds rupees twenty lakhs but does not exceed rupees one crore.
- a **National Consumer Disputes Redressal Commission** established by the Central Government, which deals with complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees one crore.

### **District consumer forum – composition, jurisdiction and powers**

#### **DISTRICT CONSUMER FORUM**

##### **Introduction:**

- A district consumer forum, also known as the District Commission, is a consumer dispute redressal commission established by the State Government, by a notification, in each district of the state, under the section 28(1) of the Consumer Protection Act, 2019.
- These consumer forums are established with the purpose of protecting and enforcing the rights of the consumers and providing them with an additional way, along with the action in civil courts, to seek redressal. These consumer forums are quasi-judicial bodies, established by the act of the Parliament which run parallel to the civil courts.
- The consumer's right to seek redressal against unfair trade practices or restrictive trade practices or their unscrupulous exploitation is protected by these forums.
- Along with the district consumer forum, the Consumer Protection Act (hereafter referred to as "the act") also provides for the establishment of the State Consumer Disputes Redressal Commission, also known as the State Commission, by the State Government and the National Consumer Disputes Redressal Commission, also known as the National

Commission, by the Central Government, each of these commissions having varying jurisdictions.

**Composition:**

- The District Forum would be composed of:
  1. President—a person who is, or has been, or is qualified to be a District Judge,
  1. Not less than two other members— one of the two members shall be a woman. The two members shall have the following qualifications:
    2. 35 years of age is bare minimum;
    3. having a bachelor’s degree from a university which is recognised;
  - Integrity, ability and standing is essential and have adequate knowledge and experience of at least 10 years of dealing problems related to economics, public affairs, industry, commerce, accountancy, law or administration.
  - As an assistance for the District Commission, certain officers as well as employees may be provided by the Government of the State. Under the general superintendence of the President of the District Commission, their functions would be discharged by such officers.
  - A member would be disqualified from the appointment on the following grounds:
    1. Having convicted for an offence involving moral turpitude; or
    2. is of unsound mind; or
    3. dismissed from the service of the government or any corporate body under the government; or
- 1. Having a financial interest, according to the State Government;
- 2. is an insolvent; or
- 3. has such other disqualifications as notified by the State Government.
- Every appointment as mentioned shall be done by the State Government on the advice of a selecting committee consisting of:
  1. President of the State Commission
  2. Consumer Affair Department’s Secretary
  - State’s Law Department Secretary
  - Each member will hold the office for a period of 4 years or till the age of 65 years, whichever is earlier and would also be eligible for a re appointment, if not reached the age of 65 years.

**Jurisdiction:**

- The District Forum shall have jurisdiction to entertain complaints where the value of the goods or services and the compensation, if any, claimed does not exceed rupees one crore. If the Central Government feels necessary, it would provide other values as it deems fit.
- A complaint shall be instituted in a District Forum within the local limits of whose jurisdiction:
  1. the opposite party or each of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides or carries on business, or has a branch office or personally works for gain; or
  2. any of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides, or carries on business or has a branch office, or personally works for gain, provided that in such case the permission of the District Commission is given;

- the cause of action, wholly or in part, arises; or
- 1. Residence or the workplace of the complainant.
- Mere dealing with claim by some at Regional Office would not furnish part of cause of action.

### **District Forum**

Each District Forum shall consist of a person who is or has been qualified as a District judge, as the President. There must be two other persons who are not less than thirty-five years of age and also possesses a degree from a recognized university. The persons must have adequate knowledge in the field of economics, commerce, industry, public affairs, and administration. The district forum must have the jurisdiction to entertain such complaints where the value of goods or services and the compensation, does not exceed Rs. twenty lakhs. The need for district forums for consumer redressal is that majority of the people who face any consumer rights violation are unable to file a complaint in a state or national forum because such f have to look at matters concerning various other district forums which result in a large number of pending cases. District forums are also enabled with a faster way of dispensing consumer redressal as the amount of claim is pretty less than that of State/National redressal forums which enables normal people to seek a solution for their problems.

### **State Commission**

Each State Commission shall consist of a person who is or has been a judge of High Court as its president. The Commission also consists of not less than two members, who are above thirty-five years of age and also possesses a degree from a recognized university. The persons must have adequate knowledge in the field of economics, commerce, industry, public affairs, and administration. The Act also states that not less than fifty percent of the members shall be from amongst the persons having a judicial background. The State Commission has a jurisdiction to entertain cases where the value of goods or services or the compensation claimed, if any, exceeds the number of Rs. twenty lakhs but does not exceed Rs. one crore. It also entertains appeals against any District Forum within the state and also looks after any pending disputes or cases decided by any of the District forums in which the forums have exercised a jurisdiction not vested in them by the law, or has been exercised illegally or with any material irregularity.

### **National Commission**

The National Commission shall consist of a person, who is or has been a judge of the Supreme Court, to be appointed by the Central Government, shall be the President, provided that no appointment shall be made except after the consultation with the Chief Justice of India. The commission shall consist of not less than four members of its executive committee who shall not be less than thirty-five years of age and must be graduates from a recognized university. They must also be specialized in the areas of commerce, economics, and administration. The jurisdiction of the commission shall extend to any case where the compensation amount might exceed Rs. one crore and the Commission shall also entertain appeals against State Commissions. The Commission also has the power to check any pending disputes or cases



decided by any of the State Commissions where the State Commission has exercised a jurisdiction not vested in it by law or it has been exercised illegally or with any material irregularity.

### **Limitation period**

The District, State or National Forum for consumer grievance redressal will not entertain a case which is filed two years after the occurrence of the case unless the party/parties can condone themselves regarding the reasons behind the delay of filing within the specified period. Such a provision was formulated to increase the accuracy of the function of such forums and also for delivering fast redressal solutions to the parties.

### **Conclusion**

From various landmark judgments by the Supreme Court in connection with cases affecting consumer rights, it will be clear that there is an increase in the number of cases involving consumer protection when compared to the past. It indicates that people are now aware of their various rights as consumers. The Act not only covers the rights of the consumers but also provides certain duties for them too. It has been stated that it is the duty of a consumer to ask clearly about various characteristics and features of the product which he/she wishes to buy. The Act does not entertain certain malicious acts such as black marketing and selling a good above the prescribed rate of MRP. The doctrine of 'caveat venditor' (let the seller beware) has been changed into 'caveat emptor' (let the purchaser beware) so that the purchaser will also be aware of various features, merits and demerits of the good as well as protection of their rights themselves. There is still an emerging need of various other redressal machineries in this field due to the increased number of pending cases as well as for implementing alternative means in the field of consumer protection. The Act may be amended in such a way that it includes certain dispute redressal mechanisms like 'Alternative Disputes Resolution' as a core function of the said redressal agencies dealing with consumer rights.

## **UNIT IV**

### **CONSUMER PRESSURE GROUPS-VOLUNTARY CONSUMER ORGANIZATIONS**

Voluntary consumer organisations refer to the organisation formed voluntarily by the consumers to protect their rights and interests.

Functions: 1. Collecting Data on Different Products: These organizations collect samples of different products from time to time and test them.

2. Filing Suit on Behalf of Consumers: If a consumer is not able to protest regarding his complaints, these organisations file case in the court, on behalf of a consumer.

3. **Protests against Adulteration:** The consumer organisations play a significant role in eliminating the evil of adulteration, hoarding, black-marketing.

4. **Helping Educational Institutions:** These organizations advice the educational institutions the way to prepare courses of study.

5. **Extending Support to Government:** Consumer organisations keep informing the government agencies about adulteration, artificial scarcity, inferior quality products.

### **Consumer Protection Councils- Remedy & Redressal of Grievances**

In terms of Section 7 of the Consumer Protection Act, 1986, the State Govt. set up the State Consumer Protection Council. The Council was re-constituted under Notification No. 32(B)-DCA consisting of 85 members. The Minister-in-Charge, Consumer Affairs Department is the Chairman of the Council. The Council holds at least two meetings a year. The list of members is given in Annex XIX.

The object of the State Consumer Protection Council is to promote the rights of the Consumers as laid down in clauses (a) to (f) of Section 6 of the C.P. Act. 1986 as re-produced below :-

- (a) the right to be protected against the marketing of goods <sup>19</sup>[and services] which are hazardous to life and property;
- (b) the right to be informed about the quality, quantity, potency, purity, standard and price of goods <sup>19</sup>[or services, as the cases may be], so as to protect the consumer against unfair trade practice;
- (c) the right to be assured, wherever possible, access to a variety of goods <sup>19</sup>[and services] at competitive prices;
- (d) the right to be heard and to be assured that consumer's interest will receive due consideration at appropriate forums;
- (e) the right to seek redressal against unfair trade practices <sup>19</sup>[or restrictive trade practices] or unscrupulous exploitation of consumers; and
- (f) the right to consumer's education.

### **REDRESSAL**

Grievances of consumers regarding deficient goods purchased or deficiency in services availed would be redressed by various agencies which can be categorized as below:

- Manufacturers / Service Providers themselves
- Enforcement agencies / Regulatory authorities
- Reputed voluntary consumer organizations / groups
- District Collector & Chairman, District Consumer Protection Council
- Commissioner of Civil Supplies & Consumer Protection, Chennai
- State Consumer Protection Council
- District Consumer Disputes Redressal Forum
- State Consumer Disputes Redressal Commission
- National Consumer Disputes Redressal Commission

**General advice:**

Consumers may approach any or all of the above agencies in their quest for redressal of their grievances, not always in the same order. As a general rule, consumers must approach the concerned manufacturer/service provider first before approaching any others. Let us now see how consumers may get redress from each.

**I. Manufacturers/Service providers**

Consumers may contact a help line or consumer service department to get the problem sorted out across the board. If that does not work, a notice may be sent by Registered Post with Acknowledgement Due to the competent / senior most executive of the company / agency giving a time limit of 15 days to rectify your problem and the desire of the consumer to proceed further if the problem has not been sorted out within the said period.

## **II. Enforcement Agencies / Regulatory bodies**

Depending on the nature of infringement, wide spectrums of Government agencies are involved at the field level. A representation can be sent even at the initial stages to the concerned Government agency. (e.g.) if you find your bottle of pickle contaminated you will have to inform the Food Inspector having jurisdiction over your area. The representation can be preferably sent by registered post with acknowledgement or e-mail. Every field enforcement agency also has a State or National level Chief Executive to whom also a copy can be endorsed. You can also call up the agency over telephone and ask for immediate action. If enforcement agencies do not respond, the issue may be brought to notice of concerned Ministry.

## **III. Reputed Voluntary Consumer Organisations**

Voluntary Consumer Organisations have been actively assisting consumers in their quest for redress. They do the task of counseling and assistance in drafting petitions for consumers as well as in taking up issues directly with the manufacturer / service provider on behalf of the consumer. VCOs are also empowered under Section 12(b) of the Consumer Protection Act to file a complaint on behalf of the consumer. However, consumers are advised to check on the integrity and reputation of the VCO before seeking their assistance.

## **IV. District Consumer Protection Council (DCPC):**

DCPC is a district body comprising of VCOs & Government enforcement agencies and service providers in Government under the chairpersonship of the District Collector as per Section 8(A) of the Consumer Protection Act. DCPC is specifically duty bound to protect the rights of the customers enshrined in section 6(a) to 6(f) of the Consumer Protection Act. Petitioners can meet the District Collectors on any Monday between 10.00 am and 3.00 pm at the respective Collector's offices. Consumers can also send their specific complaints by e-mail / fax or RPAD to the District Collectors for redressal. Collectors, being District Magistrates, are also empowered under various sections of other laws to take up issues on behalf of consumers and protect their interests. The District Supply Officer and Consumer Protection Officer assist the District Collector as Member Secretary of DCPC in his day to day functions.

### **V. State Consumer Protection Council (SCPC):**

SCPC is headed by the Honorable Minister for Co-operation, Food and Consumer Protection and has the Secretary of the Co-operation, Food and Consumer Protection Department as Member-Secretary under section 7 of the Consumer Protection Act. This council is also helping in taking up matters affecting consumers at the policy level in Government. SCPC is liable to uphold the rights of the consumer under sections 6(a) to 6(f) of the CP Act.

### **VII. District Consumer Disputes Redressal Forum:**

It is headed by a President and assisted by his members. Consumer Fora are governed by Consumer Protection Act, 1986. Any petition before the forum has to be accompanied by an application fee as prescribed by notifications applicable from time to time. Consumers can file petitions on their own or through reputed Voluntary Consumer Organisations. They are permitted to argue their cases without engaging any lawyer. Procedures in consumer Fora are simple and uncomplicated compared to those in civil law. The District forum can be approached only when value of goods / services / compensation sought is less than Rs. 20 lakhs.

### **VIII. State and National Consumer Disputes Redressal Commissions:**

They are appellate forums over the levels below them. They also have original jurisdiction. When value of goods/services/compensation sought exceeds Rs.20 lakhs and below Rs.1 crore, the petition has to be placed before the State Commission situated at Chennai. In case of compensation over Rs.1 crore, the petition has to be filed before the National Commission at New Delhi.

### **IX. High Court and Supreme Court:**

They are the Courts of last resort and can render justice if the appellant fails in Consumer Commissions / Fora under writ jurisdiction (original) as well as appellate jurisdiction.

Consumers are therefore advised to choose their own means of grievance redressal.



## UNIT V

### CONSUMER SATISFACTION AND SOCIAL RESPONSIBILITY OF BUSINESS

Introduction:

#### CONSUMER SATISFACTION

**Definition:** Customer satisfaction indicates the fulfillment that customers derive from doing business with a firm. In other words, it's how happy the customers are with their transaction and overall experience with the company.

Philip Kotler defines customer satisfaction as a '**person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his/her expectations**'. Although Kotler uses abstract terms like pleasure and disappointment, the definition is by no means ambiguous.

**Customer satisfaction = f(perceived performance, buyer's expectations)**

Here, customer satisfaction is a function of perceived performance and expectations. Perceived performance is the consumer's belief about the product or service experience. Buyer's expectations, on the other hand, are influenced by:

1. Performance of the product in the recent past
2. Word of mouth, recommendations or testimonials
3. Reviews
4. What competitors say about the product or service
5. What its own marketers promise

A business should function to earn money in such where that it fulfill the expectation of the society. Every person living in society has some obligation towards it. They have to followed social values and norms of behavior. A business is permitted by society in order to carry on commercial or industrial activities wit help of that earn profit. But it is obligatory on the side of business that not to do anything, that is undesirable from point of view of society. The manufacture and sale of adulterated good, not paying due tax, doing deceptive, polluting environment works exploitation are some examples of undesirable practice in the point of view society. Which may increase the enterprise's profits but on other hand have adverse effect on society at large? Unlike to this, supplying good quality product, having healthy working condition paying taxes honestly, installing pollution controlling devises or prevention of pollution and sincerely solve customer complaints are some examples of social desirable activities which improve of business as well as make them profitable. Business can get durable success though social responsible ethically upright behavior.

Meaning of Social Responsibility According to concept of Social Responsibility of business the objective of managers for taking decision related to business is not only to maximize profit or

shareholder value but also to serve and protect the interest of other members of its society like consumer, worker and community as a whole.

Business and Society Business and Society are correlated with each other. As business fulfill the needs of society and society gives business the resources required to it. The different businesses operating in society play our important role in functioning of society in different ways like business provide employment to various people of society.

### **Benefits by companies to society**

1. Supply goods and service which customer can't or do not want to produce themselves.
2. Creating jobs for suppliers, co-workers, customer and distributor. This people make money to support themselves as well as their families, use their wages to purchase goods and service and pay taxes.
3. Continually developing new process. Goods and service.
4. Investment in new technologies as well as in the skills of employees.
5. Building up as well as spreading international standards, for example environmental practice.
6. Developing good practice in different areas such as environment and workplace safety

## **CONSUMER COMMUNICATION**

### **INTRODUCTION**

Communication is the name that we give to the numerous ways that human being has for keeping in touch of others. Communication is the process of exchange of idea, information, knowledge, attitude or feelings among two or more persons through certain signs and symbols.

Consumer behavior is defined as the study of individual, organizations or groups and the processes they used to select, use, secure, dispose of products, services, experiences, ideas to fulfill the needs and the impacts that these processes have on the consumer and the society.

### **IMPORTANCE OF UNDERSTANDING CONSUMER BEHAVIOR**

The basic idea of marketing oriented company is that the consumer is the center around which the business revolves. Therefore understanding consumer and his behavior is the means to success for a marketer or an organization. The study of consumer behavior helps:

- 1) To know how buying behavior of the individuals get influenced.
- 2) To progress the marketing strategies further.

- 3) To know the psychology and the buying behavior of consumer.
- 4) The organization reaches far steps ahead for those who fail to understand the individuals buying behaviordecision.
- 5) An organization to improve its advertising campaigns for extra effect.
- 6) To understand how the sales increases and

## ETHICS IN ADVERTISEMENT

Definition – Advertising ethics is the way in which a company or a brand conducts itself and communicates with customers or buyers by following set principles and a governed manner. There are different ethical concerns which advertisers have to take care of because they are the ones responsible for communication and messaging, from the company to the world.

Advertising is a kind of business discourse that is used for promoting and publicizing a product, service, or brand. While doing this, brands or agencies must be aware of the items or services they are promoting, so the things they are advertising are not misleading or misinforming. They must know advertising ethics to avoid any future issues and inconveniences.

We all understand that businesses attempt a wide range of techniques, strategies, and manoeuvres to stand out enough to get noticed by their target audiences or masses, so their conversions and sales potentials get optimized.

– And in the process, once in a while, they might come up with illicit or unethical strategies (intentionally or unintentionally).

One of the issues here is- such wicked strategies work “excessively well” since they depend on double-dealing, confusion, and other facades that might seem alluring, convincing, or easy ways to make profits by the target audiences (or by the masses as well).

Because of these reasons, the advertising industry time and again faces a lot of criticism.

Advertisers and brands have been blamed for channelizing materialism, stereotyping, manipulation, racism such as colour complexes, sexual exploitation, body shaming, using humans as commodities, and so forth. And to resolve all such issues, the concept of ethical advertising came into existence.

## Principles of Ethical Advertising

1. Advertising and related kinds of stuff should comprise a common goal of truth and high moral measures in serving the people in general.
2. Advertising ethics practitioners should commit to practising the most important morals in the creation and channelization of business data and related information to customers and target masses.
3. Advertisers ought to recognize the difference between advertising, corporate communication, and PRs from editorial pieces, news, and entertainment, both offline and on the web as well.
4. Followers of advertising ethics ought to reveal every material condition, for example, payment or receipt of a free item, influencing endorsements in social and conventional channels, just as the identity of endorsers, all in light of a legitimate concern for complete honesty and straightforwardness to ensure full transparency.
5. Promotional strategies based upon advertising ethics should treat buyers fairly as per the nature of the target audiences to whom the advertisements are targeted to. Treatment should also be based upon the nature of the item or service advertised.
6. Advertising ethics ought to never bargain the protection and personal privacy of its consumers while making different marketing communications. Ethical advertisers' decisions concerning how to use their data ought to be transparent.
7. While strategizing promotional campaigns with advertising ethics, advertisers ought to follow government and local laws regarding the marketing and advertising campaigns. They should also abide by self-regulatory programs of the industry for the goal of advertising rehearses.
8. Ethical advertisers and ad agencies working in online and offline domains ought to examine secretly about the different possible moral or ethical concerns. Also, different members of the ad creation team need to be allowed to communicate inside their ethical or moral concerns associated with a particular type of ad campaign.
9. In practices based on advertising ethics, there should be trust among advertising agencies, PR agencies, media vendors, clients, and third-party service providers. The whole process ought to be based upon straightforwardness and complete honesty of business proprietorship, plans, compensations, discounts, and media incentives.

## **PUBLIC GRIEVANCES REDRESSAL MECHANISM**

- Public grievance redress in a time bound manner and improving public service delivery in banking, insurance and pension sectors are key priorities of the Department of Financial Services.
- Grievances received in the Department of Financial Services online or by post / manually in the Department of are processed and forwarded through CPGRAMS (Centralized Public Grievance Redress and Monitoring System) to the concerned organizations for resolution/disposal and are monitored and periodically reviewed. As per

guidelines/instructions of DARPG the maximum time limit of resolution of a grievance is 45 days. The maximum time limit for disposal of COVID-related grievances is 3 days. The Portal is accessible at [www.pgportal.gov.in](http://www.pgportal.gov.in). In addition, a dedicated Grievance Handling Cell has been set up in the Department, which is accessible at the telephone no. 011-23346785 and email address [sobo3-dfs\[at\]nic\[dot\]in](mailto:sobo3-dfs@nic.in).

- All the Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) within the purview of the Department of Financial Services and the regulators, i.e., the Reserve Bank of India, the Insurance Regulatory and Development Authority of India (IRDAI) and the Pension Fund Regulatory and Development Authority (PFRDA) have policies and mechanisms for redressal of public grievances/customer complaints through their Customer Service Department.
- For prompt redress of public grievances, petitioners are advised to first approach the concerned organizations for resolution of their grievances.
- PSBs and PSICs have a 3-tier complaint resolution system - Branch, Zone and Head Quarters.

