UNIT - IV

CONSUMER PROTECTION ACT AND COMPETITION ACT

1. **What do you mean by the consumer protection Act, 2019?**

Ans:- The Consumer Protection Act, 2019 replaced the old Consumer Protection Act, 1986. The Consumer Protection Act of 2019 is a legislation passed in India to provide consumers with effective safe-gaurds against unfair trade practices and exploitation.

2. **What are the rights of a consumer?**

Ans:- Following are the rights of a consumer

① Right to safety : Consumers have the right to be protected against goods and services that are unsuitable for their health or safety.

(ii) Right to information : Consumers have the right to be informed about the quality, quantity, purity, price and standard of goods or services.

(iii) Right to choose : Consumers have the right to choose from a variety of goods and services at competitive prices with the assurance of satisfactory quality.

(iv) Right to representation : Consumers have the right to be heard and represented in matters affecting their interest.

(v) Right to redressal : Consumers have the right to seek redressal against unfair trade practices or exploitation through appropriate legal channels.

(vi) Right to consumer education: Consumers have the right to aquire knowledge and skills necessary to make inform decisions about goods and services.

(vii) Right to healthy environment: Consumers have the right to access goods and services that do not adversely affect the environment or public health.

3. What do you mean by the Competition Act 2002?

Ans:- The competition Act, 2002 is a legislation and ected to promote fair competition and prevent anti competitive practices in the market and replaced the MRTP Act of 1969.

4. What are the objectives of the Competition Act, 2002?

Ans:- Following are the main objectives of the Competition Act, 2002:

(i) To prevent anti-competitive agreements: The act aims to prohibit agreements, including cartels, that restrict competition and harm consumers' interests.

(ii) To prevent abuse of dominant position: The act aims to prevent entities with significant market power from engaging in practices that distort competition or exploit consumers.

(iii) To regulate combinations: The act regulates mergers, acquisitions and combinations that may have an adverse effect on competition in the market.

(iv) To promote and sustain competition: The act seeks to promote and sustain competition in markets to ensure efficiency, innovation, and consumer welfare.

(v) To protect the interests of consumers:
The act aims to protect the interests of consumers by fostering competition, ensuring fair competition practices, and preventing monopolistic behavior.

5. Write a note on Competition Commission of India (CCI).

Ans:- The competition commission of India (CCI) is a statutory body established under the competition Act 2002. Its main objectives are to promote and sustain competition in markets, prevent anti-competitive practices and protect the interests of consumers.

Key functions of the Competition Commission of India include:

(1) Investigating anti competitive agreements and abuse of dominant position: The CCI investigates complaints and cases related to anti-competitive agreements and the abuse of dominant position

by companies in various sectors.

(iii) Regulating mergers and acquisitions: The CCI evaluates merger's, acquisitions and combinations to ensure they do not have an adverse effect on competition in the market.

(iii) Advocacy and awareness: The CCI conducts advocacy programs and creates awareness about competition law and its benefits for consumers, businesses, and its benefits for consumers, businesses, and the economy.

(iv) Competition advocacy: The CCI advises government departments, regulatory authorities, and other stakeholders on competition-related matters to promote a ~~competition~~ competitive business environment.

(v) Market studies and research: The CCI conducts market studies and research to identify competition - related issues and make recommendations for improving competition in various sectors.

Overall, the Competition Commission of India plays a crucial role in ensuring fair competition, preventing monopolistic practices, and promoting consumer welfare in the Indian market.

6. Write a note on anti competitive agreement under the Competition Act, 2002.

Ans:- Under the Competition Act, 2002 an anti competitive agreement refers to any understanding, agreement between competing businesses that aims to distort competition within a market. Such agreements typically involve collusion to fixed prices, control production or supply, allocate markets, etc. These practices harm consumer welfare by limiting choice, driving up prices and reducing innovation.

Anti competitive agreements can take various form, including:

(i) Price fixing: Competitors agree to set prices at a certain level, thereby eliminating price competition.

(ii) Market allocation: Competitors divide markets or customers among themselves, reducing competition in those areas.

(iii) Output restriction: Competitors agree to limit production or supply to maintain high prices.

(iv) Bid rigging: Competitors collude to manipulate the bidding process, ensuring that particular firms win contracts unfairly.

The Competition Act of 2002 prohibits such agreements and deems them illegal. The Competition Commission of India (CCI) is empowered to investigate and penalize entities engaged in anti-competitive practices. Penalties for violating the Act can include fines, dissolution of agreements, and even imprisonment for individuals involved.

7. Write a the powers and functions of Competition Commission of India (CCI).

Ans:- Following are the main powers of the competition commission of India (CCI):

(i) Investigating authority: The CCI has the authority to investigate the anti competitive agreements, abuse of dominant position by enterprises and combinations that may have adverse effects on competition.

(ii) Search and seizure: The CCI can conduct searches and seizures of documents, records and other material relevent to its investigations.

(iii) Penalty imposition: The CCI offers certain provisions to encourage businesses involved in anti competitive agreements to come foreward and disclose there involvement in exchange fore reduced penalties.

(iv) Market studies and advocacy: The CCI conduct market studies and engages in advocacy activities to promote competition awareness and foster a competitive business environments.

(v) Summoning witnesses and evidence: The CCI can summon witnesses, examine individual under oath and compels the production of documents and records necessary for its investigations.

Following are the functions of CCI:

(i) Competition Advocacy: The CCI engages in advocacy efforts to raise awareness about the benifits of competition and the importance of complying with competition laws. This involves conducting workshops, seminars, and outreach programs to educate businesses, policymakers, and ~~cust~~ consumers about competition-related issues.

(iii) <u>Mergers and Acquisitions (combinations)</u>: The CCI reviews mergers, acquisitions, and other forms of combinations to asses their potential impact on competition in the market. It ensures that such transactions do not create monopolies or significantly reduce competition, thereby protecting consumer interests.

(iv) <u>Market Studies and Research</u>: The CCI conducts market studies and research to analyze market trends, competition dynamics, and emerging issues affecting competition. These studies help the commission identify areas where competition may be lacking or where regulatory intervention may be necessary,

(v) Regulatory Review: The CCI reviews regulations and policies that could affect competition in various sectors of the economy. It provides recommendations to regulatory authorities and government agencies to ensure that regulations are conducive to promoting competition and consumer welfare,

8. Write a note on prevention of abuse of dominant position.

Ans :- Abuse of dominant position refers to actions taken by a dominant firm in a market to exploit its market power in ways that harm competition, consumers, and other market participants. Preventing such abuse is essential for maintaining a level playing field, encouraging innovation, and safeguarding consumer interests.

Key Measures to Prevent Abuse of Dominant Position:

(i) Prohibition of Unfair Practices: Competition laws typically prohibit various forms of unfair practices by dominant firms, including predatory pricing, discriminatory pricing, refusal to deal, and tying and bundling arrangements. These practices can harm competition by excluding rivals, limiting consumer choice and stifling innovation.

(ii) Market Monitoring and Analysis: Regulatory authorities monitor markets to detect signs of abusive conduct by dominant firms. Market analysis involves assessing market structure, conduct, and performance to identify instances where a firm may be abusing its dominant position. Early detection allows for timely intervention to prevent harm to competition and consumers.

(iii) <u>Investigation and Enforcement</u>: Regulatory agencies have powers to investigate allegations of abuse of dominant position. Investigations may involve gathering evidence, conducting market studies, and analyzing the behavior of dominant firms. If abuse is found, enforcement actions such as fines, injunctions, and corrective measures may be imposed to deter future misconduct.

(iv) <u>Imposing Remedies</u>: In cases where abuse of dominant position is established, regulatory authorities may impose remedies to restore competition and mitigate harms to consumers. Remedies may include divestiture of assets, behavioral commitments, and structural changes to the firm's business practices. These remedies aim to address the anticompetitive effects of the abuse and prevent its anticompetitive effects of the abuse and prevent its recurrence.

(v) Compliance Measures: Dominant firms are expected to comply with competition laws and refrain from engaging in practices that could be deemed abusive. Implementing compliance programs and training for employees can help firms understand their obligations under competition law and avoid inadvertently engaging in conduct that may be considered abusive.

9. Write a note on unfair contract and unfair trade practices.

Ans:- Unfair Contract Terms: Unfair

contract terms refer to provisions in contracts between businesses and consumers that create a significant imbalance in the parties' rights and obligations, to the detriment of the consumer. These terms are often one-sided and may exploit the consumer's weaker bargaining position. Examples of unfair contract terms include clauses that:

(i) Excessively limit or exclude the liability of the seller or service provider.

(ii) Allow the seller or service provider to unilaterally change the terms of the contract without valid reasons.

(iii) Bind the consumer to terms that are unclear, ambiguous, or excessively complex.

(iv) Grant the seller or service provider disproportionate rights to terminate the contract.

Regulatory authorities typically have laws or regulations in place to prohibit unfair contract terms and empower courts to declare such terms void or unenforceable. By ensuring that contracts are fair and balanced, consumers are better protected from abusive practices and have greater confidence in engaging in commercial transactions.

Unfair Trade Practices: Unfair trade practices encompass a wide range of deceptive, fraudulent, or exploitative practices employed by businesses to gain an unfair advantage over competitors or to deceive consumers. These practices may involve false advertising, misleading claims, deceptive pricing, or other tactics aimed at misleading consumers or harming competitors :

Examples of unfair trade practices include :

(i) False advertising : Making false or misleading claims about the quality, characteristics, or benefits of a product or service.

(ii) Bait-and-switch tactics : Advertising a product or service at a low price to attract customers, only to upsell them to a higher-priced alternative.

(iii) Pyramid schemes : Deceptive marketing schemes that promise participants high returns on investment but rely primarily on recruiting new participants rather than selling products or services.

(iv) Price gouging : Exploiting market conditions or emergencies to charge excessively high prices fore essential goods or services.

(v) Deceptive sales practices: Using high-pressure tactics or misleading statements to ~~mislead~~ induce consumers to make purchases they would not otherwise make.

Regulatory authorities typically have laws ~~or~~ or regulations in place to prohibit unfair trade practices and empower enforcement agencies to take action against businesses engaged in such practices. By combating unfair trade practices, regulators seek to protect consumers from deception and fraud while promoting fair competition in the marketplace.

10. Write a note on Central Consumer Protection Authority.

Ans:- The central consumer Protection Authority in India was established under the Consumer Protection Act, 2019 with the aim of protecting the rights and interests of the consumers. It serves as a regulatory authority to prevent unfair trade practices in the market and ensure the timely and effective redressal of consumer grievances. The CCPA has broad powers to investigate, inquire into, and take action against violations of consumer rights.

Key functions of the CCPA include issuing guidelines, conducting investigations, initiating class action suits, imposing penalties on violators, and promoting consumer awareness. It has the authority to recall unsafe goods, order refunds, and impose fines on erring businesses. The establishment of the CCPA marks a significant step towards strengthening consumer protection laws in India and ensuring better enforcement mechanisms to safeguard consumers from deceptive practices and substandard products and services.

Overall, the CCPA plays a crucial role in promoting fair competition and enhancing consumer confidence in the market by ensuring that businesses comply with ethical standards and respect consumer's rights

11. What do you mean by the state consumer protection council?

Ans:- The state government has been empowered to establish the state consumer protection council by notification in the official Gazette. The council shall be established from such date as may be specified in the notification. However, the establishment of such date as may be specified in the notification. However, the establishment of such councils has been made mandatory by Consumer Protection Act, 2019. There shall be called as the State Council.

<u>Composition</u>: The State Council shall consist of the following members, namely:

(a) The ~~of~~ Minister in charge of Consumer Affairs in the State Government who shall be its Chairman.

(b) Such number of other official or non-official members representing such interests as may be prescribed by the State Government.

<u>Procedure for Meeting</u>: It is necessary for the State Council to meet atleast twice in a year under Section 6(3) of the Act. The State Council may also conduct meeting as and when it

becomes necessary.

Objects: The object of every State Council shall be to render advice on promotion and protection of consumer rights under this Act, within the state.

12. Write a note on: District Consumer Protection Council.

Ans- District consumer protection council are an ~~intregr~~ integral part of India's ~~coune~~ consumer protection framework. They are established at the district level under the consumer protection Act, 2019 and are chaired by respective district collectors or magistrates. The primary purpose of district consumer protection council is to promote and protect consumer rights within their jurisdiction. The objective of the district council shall be to provide advice a on promotion and protection of consumer rights under this act within the district.

13. What do you mean by competition advocacy?

Ans:- Competition advocacy refers to activities under-taken by govern-ment authorities or agencies to promote competition and advocate for policies and regulations that enhance competition within the markets. ~~It~~ aims to create an environment, where businesses can compete fairly, consumer have choices and economic efficiency is maximise.

Following are the important ele-ments of competition advocacy -.

① Policy Recommendations: Competition advocacy involves recommending policy changes or reforms to remove ba-rriers to competition, such as res-trictive regulations, monopolistic practices, or anti-competitive behavior.

(ii) Public Awareness: It involves raising awareness among policymakers, businesses, and the general public about the benefits of competition and the negative consequences of anti competitive practices.

(iii) Capacity Building: Competition ~~advocacy~~ advocacy may include providing training and capacity-building initiatives to government officials, regulators, and other stakeholders involved in enforcing competition laws and regulations.

(iv) Research and Analysis: It involves conducting research and analysis to identify market distortions, anti-competitive practices, and areas where competition can be improved.

14. Write the duties of competition commission of India.

Ans :- Following are the duties of competition commiss

(i) Preventing anti-competitive practices: CCI ensures fair competition by investigating and stopping activities like price fixing, bid rigging, and abuse of dominant market position.

(ii) Regulating Mergers and Acquisitions: CCI scrutinizes mergers and acquisitions to prevent monopolies and promote a competitive market environment.

(iii) Promoting competition Advocacy: CCI educates businesses, policymakers, and the public about the benefits of competition and advocates fair policies that foster competition.

(iv) Conducting Market Studies: CCI conducts studies to identify market trends, barriers to competition, and areas where intervention may be necessary to promote competition.

(v) Adjudicating competition Disputes: CCI acts as a quasi-judicial body to adjudicate disputes related to anti-competitive practices and mergers, ensuring fair treatment and due process.

(vi) Imposing Penalties: CCI has the authority to impose fines and penalties on entities found guilty of violating competition laws, deterring anti-competitive behavior.

15. Who can file a complaint?

Ans:- A complaint can be filled by:

(i) Any consumer.

(ii) The central or state Govt.

(iii) One or more consumer on behalf of a group of consumer having same interest.

16. State the importance of consumer protection from the point of consumer.

Ans:- (a) Consumer Ignorance: A consumer may not be aware of his rights and remedies against unscrupulous marketers. Consumer protection make consumers aware of his responsibilities and they start protesting against anything wrong done by the businessmen. They also come to know about the redressal machinery available for the grievances.

(b) Widespread Exploitation: The present market gives more importance to the consumer. But still there is widespread which keep the consumer in dark about product, its price, etc. Consumer protection movement is now helping the consumers to know the real situation.

(c) Un-organized Sector: Consumers are un organized in India. Though there may be some org. here and there for protecting the interests of consumerce but still it is an unorganized sector.

17. How the consumer grievances are re-dressed by Three tier machinery under the consumer protection Act.

OR

State the features of a

(i) District Forum

(ii) State Commission

(iii) National Commission.

Ans:- The Consumer Protection Act provides for three tier machinery for the re-dressal of consumer grievances at the district level, state level and national level which are discussed below —

(1) Features of District Forum:

(a) This forum is constituted by 3 persons, one of them should be a women.

(b) The district forum can entertain complaints of the value of ₹ 20 lakhs including compensation.

(c) It has the power to settle disputes judicially.

(d) Any party not satisfied with the decision of district forum may file an appeal to the state commission within a period of 30 days from the order of district forum.

(ii) Features of State Commission:

(a) A state commission is headed by a person who is or has been a judge of High Court. Besides him, there are 2 members and 1 of the members should be a women.

(b) It can entertain complaints of a value between $20 lakhs and $1 crore.

(c) Any party not satisfied with the decision of State Commission may appeal to National Commission within a period of 30 days from the date of order.

(d) Same as District Forum pt. no. (iv)

(iii) Features of National Commission:

(a) It is headed by a person who is a judge or has been a judge of the supreme court. Besides the president, it has 4 members and one of the member should be a women.

(b) It can entertain cases of the value exceeding ₹ 1 Crore.

(c) National commission has the administrative control over the District Forum and State Commissions.

(d) Any party not satisfied with the decision of National Commission may go to the supreme court within 30 days from the date of the order.

(e) Same as State Commission Pt. No. (iii).

Q. State the importance of Consumer

Protection from the point of business-man.

Ans:- (i) Needed for survival : A business-men exists for the consumer, whatever is produced is purchased by the consumer. If consumers are not satis-fied by the products of a business, then it will not survive for long.

(ii) Social Responsibilities : A business is responsible for the welfare of the society. It is expected to supply quality products at reasonable prices. It should not resort to any type of exploitation of consumers.

(iii) Use of Social Resources : A business uses resources of the society for producing goods and services. While using resources of the society, a businessmen has a responsibility also. So, it is the duty of the business to provide satisfaction to the con-sumer.

(iv) Ethical Justification:- ~~A~~ businessmen should have ethics while undertaking business. The ethics are the guidelines for the working of a business men without ethics is equal to a criminal.

(v) Intense competition: The liberalized business system has created intense competition in the market. There is a competition not only from domestic producers, producers, but also from MNCs. So, a consumer should not be cheated in any, of way, otherwise the business will lose its goodwill.