

# NCERT Solutions for Class 12 Business Studies Chapter 12 Consumer Protection

## Short Answer Type Questions

**1. Explain the importance of consumer protection from the point of view of business.**

**Ans:** A business can not survive without paying attention on protecting the consumers interest and adequately satisfying them. This is important because of the following reasons

### **(i) Long Term Interest of Business**

Business firms should aim at long term profit maximisation through customer satisfaction. Satisfied customers not only lead to repeat sales but also provide good feedback to prospective customers and thus help in increasing the customer base of business.

### **(ii) Business uses Society's Resources**

Business organisation uses resources which belong to the society, thus they have a responsibility to supply such products and render such services which are in public interest.

### **(iii) Social Responsibility**

A business has social responsibility towards various interest groups. Business organisations make money by selling goods and providing services to consumers. Thus, consumers form an important group among the many stakeholders of business and like other stakeholders, their interest has to be well taken care of.

### **(iv) Moral Justification**

The moral duty of any business is to take care of consumer's interest and securing them from exploitation. Thus, a business must avoid insecure loss, exploitation and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising hoarding, black marketing etc.

**(v) Government Intervention**

A business engaging in any form of exploitation time trade practices would invite government intervention or action. Thus, it is advisable that business organisation voluntarily resort to such practices, where the customers need and interests will be taken care of.

**2. Enumerate the various Acts passed by the Government of India which help in protecting the consumer's interest?**

**Ans:** The Indian legal framework consists of a number of regulations which provide protection to consumers. Some of these regulations are as under

**(i) The Consumer Protection Act, 1986**

The Act provides safeguards to consumers against defective goods, deficient services, unfair trade practices etc.

**(ii) The Contract Act, 1982**

The Act lays down the conditions in which the promises made by parties to a contract will be binding on each other.

**(iii) The Sale of Goods Act, 1930**

The Act provides some safeguards and reliefs to the buyers of the goods in case, the goods purchased do not comply with express or implied conditions or warranties.

**(iv) The Essential Commodities Act, 1955**

The Act aims at controlling, (reduction, supply, distribution and price of essential commodities.

**(v) The Agricultural Produce Act, 1937**

The Act prescribes grade standards for agricultural commodities and livestock products.

**(vi) The Prevention of Food Adulteration Act, 1954**

The Act aims to check adulteration of food articles and ensure their purity, so as to maintain public health.

**(vii) The Standards of Weights and Measures Act, 1976**

It provides protection to consumers against the malpractice of under-weight or under-measure.

**(viii) The Trade Marks Act, 1999**

The Act prevents the use of fraudulent marks on products and thus provides protection to the consumers against such products.

**(ix) The Competition Act, 2002**

The Act provides protection to the consumers in case of practices adopted by business firms which hamper competition in the market.

**(x) The Bureau of Indian Standard Act, 1986**

The bureau has two major activities : formulation of quality standards for goods and their certification through the BIS certification scheme. The bureau has also set up a grievance cell, where consumers can make a complaint about quality of products carrying the ISI mark.

**3. What are the responsibilities of a consumer?**

**Ans:** A consumer should keep in mind the following responsibilities

while purchasing, using and consuming goods and services

- (i) Be aware about various goods and services available in the market, so that an intelligent and wise choice can be made.
- (ii) Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products and Hallmark on jewellery etc.
- (iii) Learn about the risks associated with products and services.
- (iv) Read labels carefully, so as to have information about prices, weight, manufacturing and expiry dates etc.
- (v) Assert yourself to get a fair deal.
- (vi) Be honest in your dealings. Choose only from legal goods and services.
- (vii) Ask for a cash-memo on purchase of goods and services. This would serve as a proof of the purchase made.
- (viii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed.
- (ix) Form consumer societies which would play an active part in educating consumers and safeguarding their interests
- (x) Respect the environment, avoid waste, littering and contributing to pollution.

#### **4. Who can file a complaint in a consumer court?**

**Ans:** A complaint can be made by

- (i) Any consumer.

- (ii) Any registered consumer's association.
- (iii) The Central Government or any State Government.
- (iv) One or more consumers, on behalf of numerous consumers having the same interest.
- (v) A legal heir or representative of a deceased consumer.

### **5. What kind of cases can be filed in a state commission?**

**Ans:** A complaint can be made to the appropriate state commission when the value of the goods and services, along with compensation claim exceeds Rs.20 lakhs but does not exceed Rs 1 crore. The appeals against the orders of a District Forum can also be filed before the state commission.

### **6. Explain the role of consumer organisations and NGOs in protecting and promoting consumers' interest.**

**Ans:** Consumer organisation and NGOs perform several functions for the protection and promotion of interest of consumers. In India, these

associations are performing lots of functions some of them are

- (i) Educating the general public about consumer rights by organising training programmes, seminars and workshops.
- (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other – matters of interest.
- (iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.

- (iv) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitation and unfair trade practices of sellers.
- (v) Providing legal assistance to consumers by providing aid, legal advice etc in seeking legal remedy.
- (vi) Filing complaints in appropriate consumer courts on behalf of the consumers.
- (vii) Taking an initiative in filing cases in consumer court in the interest of the general public, not for any individual.

## Long Answer Type Questions

### 1. Explain the rights and responsibilities of a consumer.

**Ans:** The Consumer Protection Act provides six rights to consumers. They are as follows

#### (i) Right to Safety

The consumer has a right to be protected against goods and services which are hazardous to life, e.g., sometimes we purchased the food items of low quality which causes severe

problems. Thus, in this case, we should purchased good quality and FPO labelled products.

#### (ii) Right to be Informed

The consumer has a right to have complete information about the product, which he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use etc. Under the legal framework of India manufacturers have to provide such information on the package and label of the product.

#### (iii) Right to Choose

The consumer has the freedom to choose from a variety of products. The marketers should offer a wide variety of products and allow the consumer to make a choice and choose the product which is most suitable. '

**(iv) Right to be Heard**

The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells.

**(v) Right to Seek Redressal**

The Consumer Protection Act provides a number of reliefs to the consumer including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer etc.

**(vi) Right to Consumer Education**

The consumer has a right to acquire knowledge about products. He should be aware about his rights and the reliefs available to him in case of a product/service falling short of his expectations. Many consumer organisations and some enlightened businesses are taking an active part in educating consumers in this respect.

**Consumer Responsibilities**

A consumer must be aware about these responsibilities while purchasing, using and consuming goods and services

(i) Consumer must be aware of all their rights.

(ii) Consumer must be careful while purchasing a product.

(iii) He should file complaint for the redressal of genuine grievances.

(iv) Consumer must buy a standardised good.

(v) He should ask for a cash-memo on purchase of goods and services

**2. What are various ways in which the objective of consumer protection can be achieved? Explain the role of consumer organisations and NGOs in this regard?**

**Ans:** There are various ways in which the objective of consumer protection can be achieved

(i) **Self Regulation by Business** Socially responsible firms follow ethical standards and practices in dealing with their customers. Many firms have set up their customer service and grievance cells to redress the problems and grievances of their consumers.

(ii) **Business Associations**

The associations of trade, commerce and business like Federation of Indian Chambers of Commerce of India (FICCI) and Conference of Indian Industries (CII) have laid down their code of conduct which lays down for their members the guidelines in their dealings with the customers.

(iii) **Consumer Awareness**

A consumer, who is well informed about his rights and the reliefs, would be in a position to raise his voice against any unfair trade practices or exploitation.

(iv) **Consumer Organisations**

Consumer organisations play an important role in educating consumers about their rights and protecting them. These organisations can force business firms to avoid malpractices and exploitation of consumers.

(v) **Government**

The Government can protect the interests of the consumers by enacting various legislations. The legal framework in India encompasses various legislations which provide protection to consumer, the most important of these regulations is the



Consumer Protection Act, 1986. The Act provides for a three-tier machinery at the District, State and National levels for redressal of consumer grievance.

### **Role of Consumer Orgs and NGOs**

Consumer organisation and NGOs perform several functions for the protection and promotion of interest of consumers. In India, these

associations are performing lots of functions some of them are

- (i) Educating the general public about consumer rights by organising training programmes, seminars and workshops.
- (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other – matters of interest.
- (iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
- (iv) Encouraging consumers to strongly protest and take an action L against unscrupulous, exploitation and unfair trade practices of sellers.
- (v) Providing legal assistance to consumers by providing aid, legal advice etc in seeking legal remedy.
- (vi) Filing complaints in appropriate consumer courts on behalf of the consumers.
- (vii) Taking an initiative in filing cases in consumer court in the interest of the general public, not for any individual.

### **3. Explain the redressal mechanism available to consumers under the Consumer Protection Act, 1986?**

**Ans:** For the redressal of consumer grievances, the Consumer Protection Act provides for setting up of a three-tier enforcement machinery at the District, State and the National levels.

(i) **District Forum** A complaint can be made to the appropriate District Forum when the value of goods or services, along with the compensation claimed, does not exceed ? 20 lakhs. In case the aggrieved party is not satisfied with the order of the District Forum, he can appeal before the State Commission within 30 days.

(ii) **State Commission** A complaint can be made to the appropriate State Commission when the value of the goods or services, along with the compensation claimed, exceeds ? 20 lakhs but does not exceed Rs 1 crore. The appeals against the orders of District Forum can also be filed before the State Commission. In case the party is not satisfied with the order of the State Commission, he can appeal before the National Commission within 30 days of the passing of the order by State Commission.

(iii) **National Commission** A complaint can be made to the National Commission when the value of the goods or services, along with the compensation claimed exceeds Rs 1 crore. The appeals against the orders of a State Commission can also be filed before the National Commission. An order passed by the National Commission in a matter of its original jurisdiction is appealable before the supreme court. This means that only those appeals, where the value of goods + services in question, along with the compensation claimed, exceeded Rs. 1 crore and where the aggrieved party was not satisfied with the order of the National Commission, can be taken to the Supreme Court of India.

## Case Problem

Now, filing complaint is just, a click away. Filing a complaint in a consumer court's going to get a lot easier by the end of this year, virtually. No matter which part of the country you're in, it's going to happen at the click of a mouse.

The project, called Confonet (Computerisation and Computer Networking of Consumer Fora), is being executed on a turnkey basis by the National Informatics Centre (NIC).

"Online registration of complaints, the government hopes, will promote e-governance, transparency, efficiency and streamlining of consumer fora", said an official in the

consumer affairs ministry. Of Rs 48.64 Crore set aside for the project, the government has released ^ 30.56 crore so far, the official added.

“Besides software development and testing, networking and project implementation, integration and site preparation, it will include purchase of hardware for all the 583 District fora, 35 state commissions and the National Commission”, the official said.

At present, computer systems and system software have been delivered to 25 state commissions and 300 District fora – never mind (he fact that it’s sometimes a long wait before the hardware is finally unpacked and set up in some of the districts. Meanwhile, training of staff, sometimes in the classroom and sometimes through e-learning sessions, are in full swing.

“But just setting up an online complaint filing system won’t ensure a strong consumer protection movement in the country – for that we’re working on GenNext and the best way to do that is to go to schools”, the official said.

The government is, therefore, involving school children to form consumer clubs, so as to involve them in various consumer welfare activities.

Part of the funding for running the club is to come from various state governments, with an equally matching grant from the Centre. However, a number of state governments are yet to sanction the fund – some of these include Uttar Pradesh, Madhya Pradesh and Kerala.

**1.** What new measure is the ministry of consumer affairs taking to make filing a complaint easy?

**Ans:** Online registration of complaints has been initiated by the ministry of consumer affairs to make filing of complaint easy.

**2.** What roll can you as a student play to contribute to the cause of consumer protection?

**Ans:** A student can play an active role in bringing out an awareness campaign on ‘Consumer Protection’.

- (i) Special assemblies can be organised to show the display of consumer rights and responsibilities.
- (ii) When school organises any exhibition the commerce students can put a stall and give demonstration on responsibilities of a consumer.
- (iii) The Biology and Chemistry laboratories can be used for testing adulterated goods, (e.g., milk, paneer, spices etc).
- (iv) Essay writing competitions, debate competition and quiz can be organised to promote the awareness on consumer protection.
- (v) Encourage students to boycott goods/eatables which are adulterated or defective in school canteen.
- (vi) To set up voluntary complaint centre for consumer guidance and counseling.

**3.** What scenario of consumer protection do you foresee when the measures proposed in the above news report are implemented?

**Ans:** With the implementation of online registration, educated and technology friendly consumer will gain but in my opinion the unaware, ignorant and simple consumers who still are far away from e-governance would stand in need of the 3 forums working efficiently and effectively. Thus both the systems should work parallel, hand in hand to protect the interests of different types of consumers.