

NCERT Solutions Class 12
Business Studies Business Finance and Marketing
Chapter 11 Consumer Protection

Very Short Answer Questions

Question 1: Under which consumer right does a business firm set up consumer grievance cell?

Solution :

The consumer right that makes a business firm set up a consumer grievance cell is known as “Right to be heard”. Under this right, a consumer can file a complaint in case of dissatisfaction that arises from availing of a service.

Question 2: Which quality certification mark is used for agricultural products?

Solution :

AGMARK is quality certification mark which is used for agricultural products. AGMARK sign is issued and certified by the government of India Directorate of marketing and inspection.

Question 3: What is the jurisdiction of cases that can be filed in a State Commission?

Solution :

Under Consumer Protection Act, 1986, A complaint can

be made to the appropriate State Commission when the value of the goods or services in question, along with the compensation claimed, 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.

Question 4: State any two relief available to consumers under CPA.

Solution :

Out of the many here are Two reliefs available to a consumer under Consumer Protection Act:

1. Removal of defects from the goods or Replacement of the goods
2. To pay punitive damages in appropriate circumstances

Question 5: Name the component of product mix that helps the consumer to exercise the right to information.

Solution :

Quality Certification of the product is the component of the product mix that helps the consumer to exercise the right to information.

Short answers Questions

Question 1: Enumerate the various Acts passed by the Government of India which help in the protection of consumers' interests.

Solution :

The following are some of the Acts passed by the Government of India for the protection of consumers' interests.

(i) ***The Consumer Protection Act, 1986:*** This Act provides for the protection of consumer interests against various forms of exploitation such as defective goods, deficiency in services, unfair trade practices, etc. Under the Act, a three-tier machinery comprising of District Forum, State Commissions and the National Commission, has been set up for the redressal of consumer grievances.

(ii) ***The Contract Act, 1982:*** This Act defines the conditions under which the promises in a contract are binding. In addition, the remedies available in case of breach of contract are also specified in the Act.

(iii) ***The Sale of Goods Act, 1930:*** The Act provides protection and relief to the consumers in case the goods purchased by them do not abide by the expressed or implied conditions and warranties.

(iv) ***The Agriculture Produce (Grading and Marking) Act, 1937:*** This Act defines grade standards for agricultural and livestock commodities. It provides the procedure for grading, packing and marking of

agricultural products. The quality certification mark provided by the Act is called as AGMARK.

(v) ***The Prevention of Food Adulteration Act, 1954***: This Act is formed to check the adulteration in food items and to maintain their purity.

(vi) ***The Standards of Weights and Measures Act, 1976***: This Act safeguards the interest of the consumers against exploitative practices related to under-weight and under-measure of the goods.

(vii) ***The Essential Commodities Act, 1955***: This Act provides for control in production, supply and distribution of essential goods. It also controls inflationary trends and ensures equality in distribution of these goods. It also checks anti-social activities such as hoarding and black marketing.

(viii) ***The Trade Marks Act, 1999***: This Act is formed to check the use of false marks on the goods and thereby, protects the consumers against such goods.

(ix) ***The Competition Act, 2002***: This Act is formed to prevent such practices by the business firms that hinder competition in the market.

(x) ***The Bureau of Indian Standards Act, 1986***: Under the Act, The Bureau of Indian Standards has been established that formulates the standards for the quality of the goods and based on these standards provides certification of quality through BIS certification scheme.

The quality certification mark provided by the Act is called as ISI. In addition, a grievance cell has also been set up to redress complaints regarding the quality of the products.

Question 2: What are the responsibilities of a consumer?

Solution :

A consumer is also responsible for safeguarding his own interest and to protect himself from exploitation. The following are some of the responsibilities of a consumer.

- (i) ***Awareness***: A consumer should be well aware of the availability of various goods and services so that he can choose carefully and wisely.
- (ii) ***Looking for Quality Marks***: A consumer must always look for the quality certification marks before the purchase of goods such as ISI in case of electrical goods, AGMARK in case of agricultural goods, etc.
- (iii) ***Asking for Cash Memo***: A consumer should always ask for cash memo or bills for the goods and services purchased. The bill acts a proof of purchase and can be used for future references.
- (iv) ***Reading Labels***: Labels on goods provide information regarding price, weight, expiry

date of the product. The labels must be read carefully.

(v) ***Honest Transactions***: A consumer must always choose legal dealings and discourage illegal trade practices such as black marketing and hoarding.

(vi) ***Ensure Safety***: A consumer must carefully read the manuals and instructions provided by the manufacturer so as to ensure safe use of the product.

(vii) ***Filing Complaint***: In case the product is found defective or any deficiency is found in the quality of the product, a complaint must be filed in the appropriate forum.

(viii) ***Consumer Societies***: Consumer organisations and societies must be formed to work towards consumer education and awareness.

(ix) ***Environment Protection***: The consumers must also work towards environment protection by avoiding wastes, pollution, etc.

Question 3: Who can file a complaint in a consumer court?

Solution :

For the redressal of the grievances of consumers, consumer courts and consumer forums have been established under the Consumer Protection Act. The following can file a complaint in a consumer court.

(i) Any consumer

(ii) Any registered consumer association or organisation

(iii) The Central and State Government

(iv) A consumer or a group of consumers on behalf of a number of consumers having same interest.

(v) A legal heir or a representative of the deceased consumer.

Question 4: FSSAI (Food Safety and Standards Authority of India) has made a proposal for hotels and other food outlets to declare the kind of oil/fat used in cooking each of the food items on their menus. Name and explain the Consumer Right being reinforced by this proposal.

Solution :

The Consumer Right being reinforced by this proposal is the Right to be informed. Here consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc. It is because of this reason that the legal framework in India requires the manufacturers to provide such information on the package and label of the product.

Question 5: Who is a consumer as per CPA?

Solution :

A Consumer is a person who purchases a product or avails a service for a consideration, either for his personal use or to earn his livelihood by means of self-employment. The consideration may be: Paid, Promised Partly paid, and

partly promised. It also includes a beneficiary of such goods/services when such use is made with the approval of such person.

Long answers Questions

Question 1: Explain the importance of consumer protection from the point of view of a business.

Solution :

Consumer protection refers to the consumer education regarding their rights and responsibilities and the redressal of their grievances and complaints. Consumer protection is important not just for consumers but also for business. The following points highlight the significance of consumer protection from the point of view of business.

(i) ***Long-Term Interest of Business:*** With increasing competition and the drive to survive in the market, consumer satisfaction and interest is of prime importance for any business. While taking due care of the interest of the consumers, a business builds goodwill and reputation. A satisfied customer not only comes back and results in repeated sales for the firm, but also pulls new customers by spreading the good word. Thus, it is in long-term benefit of the business to protect consumers' interest.

(ii) ***Business Uses Society's Resources:*** A business uses the resources of society for the production of various goods and services. Through the sale of these goods and services to the society, a business earns profits. Thus, it is

their duty to supply such goods and services that adhere to the overall interest of the society.

(iii) **Moral Justification**: Today moral values and ethics play an important role in business. It is the moral duty of every business to protect the interests of its customers. They must follow ethical and moral values and avoid any form of exploitation of the consumers such as unfair trade practices, adulteration, etc.

(iv) **Social Responsibility** : As the business earns profits by selling various goods and services to consumers, it becomes their responsibility to take care of the interests and satisfaction of the consumers.

(v) **Government Interference**: A business organisation that indulges in any form of exploitation of consumers such as unfair trade practices, adulteration, etc. draws intervention from the government. Such government interference spoils the goodwill and image of the business. Thus, it is in the interest of the business to voluntarily follow such practices that take care of the interest of the consumers.

Question 2: Explain the rights and responsibilities of a consumer.

Solution :

The Consumer Protection Act enlists six rights for a consumer. The following are the rights of a consumer.

1. **Right to Safety**: Every consumer has the right to be safeguarded against those goods and services that are hazardous to life, health and property. For example,

manufacturing defects in electrical appliances, cooking gas cylinders can be injurious. The consumer has the right to be protected against such products.

2. ***Right to be Informed***: According to this, the consumer has the right to be informed of the quality, quantity, price, ingredients, weight, etc. of the goods and services. In India, it is legally mandatory for the manufactures to provide all such information on the package and the label of the goods. This enables the consumer to make a wise choice.

3. ***Right to Choose***: A consumer has the right to choose from a variety of goods and services at competitive prices as per his wishes. That is, the consumer has the right to have access to a variety of products at fair and competitive price. Thus, the retailer or the supplier should offer a variety of products in terms of quality, brand, price, etc. They should not induce the consumers towards the purchase of a particular product or service.

4. ***Right to be Heard***: In case of any grievance or dissatisfaction, a consumer has the right to file a complaint. A consumer can file a legal complaint and seek redressal against any form of exploitation in appropriate forums established by the government. Nowadays, many consumer organisations and associations also work in this direction.

5. ***Right to Seek Redressal***: A consumer has the right to seek redressal and compensation in case of any exploitation. The Consumer Protection Act provides for

compensation in the form of replacement of product, cash compensation, repair/removal of defects, etc.

6. *Right to Consumer Education*: A consumer has the right to be educated and aware of his rights and the available remedies in case of exploitation. Many government and non-government organisation work actively in this regard. In addition to the rights, a consumer has some responsibilities to safeguard himself from exploitation. The following are some of the responsibilities of a consumer.

(i) ***Awareness***: A consumer should be well aware of the availability of various goods and services. This enables him to make an informed and wise choice.

(ii) ***Looking for Quality Marks***: A consumer must always look for the quality certification marks before the purchase of goods such as ISI in case of electrical goods, AGMARK in case of agricultural goods, etc.

(iii) ***Asking for Cash Memo***: A consumer should always ask for cash memo or bills for the goods and services purchased. The bill acts a proof of purchase and can be used for future references in case of a complaint.

(iv) ***Reading Labels***: Labels on goods provide information regarding price, weight, expiry date of the product. The consumer must read these labels carefully before purchasing the goods.

(v) ***Honest Transactions***: A consumer must always choose legal dealings and discourage illegal trade practices such as black marketing and hoarding.

(vi) ***Ensure Safety***: A consumer must carefully read the manuals and instructions provided by the manufacturer so as to ensure safe use of the product. For example, instructions provided on the electrical appliances must be carefully read before using them.

(vii) ***Filing Complaint***: In case the product is found defective or any deficiency is found in the quality of the product, a complaint must be filed in the appropriate forum.

(viii) ***Consumer Societies***: Consumer organisations and societies such as consumer Coordination Council, Common Cause, Karnataka Consumer Service Society, etc. must be formed to work towards consumer education and awareness.

(ix) ***Environment Protection***: The consumers must also work towards environment protection by avoiding wastes, pollution control, etc.

Question 3: What are the various ways in which the objective of consumer protection can be achieved?

Solution :

Consumer protection refers to the making the consumers aware and educated about their rights and responsibilities and help them in seeking redressal for their grievances and complaints. Consumer protection is of prime importance for both consumers and business. The

following are some of the ways in which the objective of consumer protection can be achieved.

1. ***Self-Administration by Business***: The business firms should realise that it is in their longterm interest to protect the interest of their customers. They must increasingly work towards their satisfaction. They must realise that satisfied customers not only lead to repeated sales but also spread the good word about the company and thereby, pull new customers for the business. They must follow ethical values and avoid any form of exploitation of the consumers such as unfair trade practices, adulteration, etc. In this regard, nowadays many business firms have setup grievance cells and customer care centres to redress the complaints of their customers.

2. ***Formation of Business Associations***: In India, many business and commerce associations such as Federation of Indian Chambers of Commerce and industry (FICCI), Confederation of Indian Industries (CII) have been established that work towards consumer protection. They lay down guidelines for their members for the code of conduct for customer dealings.

3. ***Consumer Education and Awareness***: Consumer education and awareness is one of the important steps towards consumer protection. A consumer must be well aware and informed of his rights as defined under the Consumer Protection Act. He must also be aware of the reliefs available to him in case of any form of exploitation under the Act. In addition, he must also be educated about his responsibilities so as to safeguard himself against cheating and exploitation. A well-educated and informed consumer is able to make wise choices.

4. Formation of Consumer Associations and

Organisations: An increasing number of consumer organisations and associations such as the Consumer Unity and Trust Society, Consumer guidance Society of India, Consumer Protection Council, etc. must be formed. These organisations work actively towards educating the customers and making them aware of their rights and responsibilities. In addition, they encourage consumers to protests against any form of exploitation or cheating and also assists them in taking legal actions and seeking redressal.

5. Role of Government: Government plays an important role in consumer protection by enacting various rules and legislation in this regard. The Government of India has passed various regulations and legislation to provide for consumer protection such as The Consumer Protection Act, The Contract Act, The Trade Marks Act, The Competition Act, etc. Of these, the most important being the Consumer Protection Act. Under the Act a three-tier machinery comprising of District Forum, State Commission and National Commission has been set up that work towards the redressal of consumer grievances and complaints.

Question 4: Explain the redressal mechanism available to consumers under the Consumer Protection Act, 2019

Solution :

The three-tier grievances machinery set up by the Consumer Protection Act 2019 to redress consumer grievances is known as **Redressal Agencies**. The three agencies are District Commission, State Commission, and

National Commission.

According to the **Consumer Protection Act**

2019, a **Consumer** is a person who buys any goods or avails any services for a consideration, which has been paid or promised to pay or partly paid or partly promised or under any scheme of deferred payment. A consumer also includes a person who is using the goods or beneficiary of service with the approval of the buyer and applies to both online and offline transactions through electronic means of teleshopping or direct selling or multilevel marketing.

Redressal Agencies or Three-Tier Grievances Machinery under the Consumer Protection Act

The three redressal agencies under the Consumer Protection Act, 2019 are District Commission, State Commission, and National Commission.

1. District Commission

A district commission includes a president (who can be a working or retired judge of the District Court) and two other members. They are appointed by the state government. One can file a complaint for goods and services of ₹1 crore or less in this agency. For the complaints filed, if the district commission feels a requirement, it sends the goods to the laboratory for testing and gives its decision based on the laboratory report and facts.

If the aggrieved party is not happy with the jurisdiction of the district commission, then they can appeal against the judgment of this agency in the State Commission within 45 days.

2. State Commission

A state commission includes a president (who must be a

working or retired judge of the High Court) and at least two other members. They are appointed by the state government. One can file a complaint of goods and services worth less than ₹10 crores and more than ₹1 crore in this agency. After receiving a complaint from the aggrieved party, the state commission contacts the party against whom the complaint has been filed. Also, for the complaints filed, if the state commission feels a requirement, it sends the goods to the laboratory for testing.

If the aggrieved party is not happy with the jurisdiction of the state commission, then they can appeal against the judgment of this agency in the National Commission within 30 days by depositing 50% of the fine money.

3. National Commission

A national commission includes a president and four other members one of whom shall be a woman, and Central Government appoints them. One can file a complaint of goods and services worth more than ₹10 crores in this agency. After receiving a complaint from the aggrieved party, the national commission informs the party against whom the complaint has been filed. Also, for the complaints filed, if the state commission feels a requirement, it sends the goods to the laboratory for testing, and then gives judgement based on the reports.

If the aggrieved party is not happy with the jurisdiction of the national commission, then they can appeal against the judgment of this agency in the Supreme Court within 30 days by depositing 50% of the fine money.

Question 5: Explain the role of consumer organisations

and NGOs in protecting and promoting consumers' interests.

Solution :

Consumer organisations and NGOs play an important role in protecting and promoting consumers' interests. Some of the important NGOs and consumer organisations include Consumer Coordination Council, Common Cause, Consumer Protection Council, Consumers' Association, Mumbai Grahak Panchayat, etc. The following are the functions performed by these organisations in regard of safeguarding the interest of the consumers.

- (i) ***Consumer Education***: The NGOs and consumer organisations educate the consumer about their rights through various training programmes and workshops.
- (ii) ***Publishing Journals***: They publish journals and periodicals to spread knowledge and awareness about various consumer problems, legal remedies available and other such matters.
- (iii) ***Legal Assistance***: They also provide legal assistance to the consumers and help them in seeking suitable redressal.
- (iv) ***Encouraging Protest against Exploitation***: They encourage the consumers to protest against any form of exploitation and unfair trade practices.
- (v) ***Assistance in Filing Complaints***: They encourage the consumers to file complaints in appropriate forums and also file complaints on their behalf.
- (vi) ***Taking Initiatives***: They not only encourage the consumers to register complaints but also take initiatives themselves in filing cases in the general interest of the public.

(vii) **Testing Quality of the Products:** They carry out the quality tests for various products in laboratories and publish the results.

Question 6: Mrs. Mathur sent a jacket to a laundry shop in January 2018. The jacket was purchased at a price of ₹4,500. She had previously sent the jacket for dry cleaning with Shine Dry Cleaners and the jacket was cleaned well. However, she noticed that her jacket had white discoloration marks when she collected the jacket this time. On informing the dry cleaner, Mrs. Mathur received a letter confirming that discolouration indeed appeared after the jacket was dry cleaned. She contacted the dry cleaner multiple times and requested for compensation for discoloured jacket but to no avail.

Upon Consumer court's intervention, Shine Dry Cleaners agreed to compensate ₹2,500 to Mrs. Mathur for the discoloured jacket.

- (a) Which right was exercised by Mrs. Mathur at the first instance.
- (b) Name and explain the right which helped Mrs. Mathur to avail the compensation.
- (c) State which consumer responsibility has been fulfilled by Mrs. Mathur in the above case.
- (d) State any other two responsibilities to be assumed by the consumers.

Solution :

a. Which right was exercised by Mrs. Mathur at the first instance?

The right exercised by Mrs. Mathur in the above case at first instance is Right to seek Redressal.

b. Name and explain the right which helped Mrs. Mathur to avail the compensation.

The right that helped Mrs. Mathur to avail the compensation in the above case is 'Right to seek Redressal'. This right assures justice to consumers against exploitation and includes compensation for any loss or injury suffered by the consumers, replacement of goods or repair of defects in the goods or repair of defects in the goods in order to provide satisfaction to consumers.

c. State which consumer responsibility has been fulfilled by Mrs. Mathur in the above case.

The consumer responsibility that has been fulfilled by Mrs. Mathur in the above case is filling a complaint in case of any shortcoming in goods or services availed.

d. State any other two responsibilities to be assumed by the consumers.

The other two responsibilities to be assumed by the consumers are:

1. A consumer must always buy standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, hallmark on jeweler, etc.
2. A consumer must learn about the various risks associated with the use and maintenance goods. He must follow the manufacturer's instructions carefully.