

NCERT Solutions for Class 12 Business Studies

Chapter 11 – Consumer Protection

Very Short Answer Type:

1.

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

Ans: Establishing a consumer complaint unit is a requirement for businesses to adhere to their "Right to be Heard." Customers possess the ability to file an issue whenever they are dissatisfied with the services that they've received.

2.

Which quality certification mark is used for agricultural products?

Ans: The Department of Marketing & Inspection of the Indian Government grants and approves the AGMARK signature, which serves as an accredited certificate symbol for agricultural products in India.

3.

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

Ans: The commission in the state will consider petitions when the claimed remuneration and the value of the challenged products and services fall under the range of one crore to 10 crores.

4.

State any two relief available to consumers under CPA.

Ans: Different reliefs are available to individuals within the provisions of the Consumer Protection Act (CPA):

- Eliminating the deficits in the services.
- Exchanging broken products with brand-new, defect-free items.

5.

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

Ans: The item's level of quality-based accreditation is part of the goods' combination that enables the customer to take advantage of their constitutional right to knowledge.

Short Answer Type:

1.

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

Ans: The Indian government has implemented the subsequent laws and regulations to safeguard Indian consumer privileges.

- **1986 Consumer Protection Act:** Customers' rights are safeguarded by this law over an array of profit-making tactics, such as fraudulent company behavior, subpar products, and insufficient solutions. The National/State Commissions & District Forums are the different stages of the three-tiered consumer grievance resolution process established by the law.
- **1982 Contract Act:** The conditions that determine whether a contract's provisions are enforceable in court are set out by this legislation. The legislation also describes potential solutions for breach of agreement.
- **1930 Sale of Goods Act:** Whenever the products that customers buy fail to meet the stated or implied terms and guarantees, the Sale of Goods Act offers them safety and recourse.
- **1937 Agriculture Produce (Grading and Marking) Act:** This statute establishes standards for farming and animal product rating. It specifies the proper grading, packaging, and labeling practices for agricultural goods. AGMARK has become the name of the act's accredited quality symbol.
- **1954 Prevention of Food Adulteration Act:** This law was passed to protect the integrity of nutritional products and avoid food spoilage.
- **1976 Standards of Weights & Measures Act:** Customers are shielded against illegal activities like underweight & undermeasured goods according to the National Standards of Weights & Measures Act 1976.
- **1955 Essential Commodities Act:** The Essential Commodities Act of 1955 regulates vital commodities' provision, transportation, and manufacturing. It prevents rising inflation & ensures a fair allocation of products by monitoring criminal acts like stockpiling & black marketing.

- **1999 Trademarks Act:** Through outlawing their use, the Trademarks Act of 1999 focuses on securing buyers against goods that employ deceptive names.
- **2002 Competition Act:** The regulation was introduced to prevent businesses from taking actions that would reduce rivalry in the marketplace.
- **1986 Bureau of Indian Standards Act:** The Bureau of Indian Standards has been established by the Act to establish guidelines for product quality and provide quality assurance through the BIS certification scheme. ISI is the acronym of the Act's quality certification brand. Additionally, a grievance panel was established to address quality-related problems.

2.

What are the responsibilities of a consumer?

Ans: The consumer must safeguard their interests and refrain from being taken advantage of. Some of the duties of a consumer include the following.

- **Attention:** A customer must be mindful of the wide range of goods and services available for them to arrive at well-considered & wise selections.
- **Looking for Grade Markings:** Purchasers must constantly search for accredited quality markings, like ISI for electrical goods & AGMARK for agricultural commodities, before committing to an acquisition.
- **Requesting Cash Memo:** Customers should always ask for cash memos or bills when making purchases. The bill can be used later on and is proof of purchase.
- **Reading Product Labels:** Product labels include details like weight, price, and expiration date. You have to read the labels attentively.
- **Honest Transactions:** Consumers should always choose lawful transactions over illicit transactions like hoarding and the black market.
- **Guarantee Safety:** A customer must carefully study the manufacturer's instructions and manuals to guarantee the product is used safely.
- **Complaint Filing:** A complaint must be made in the proper forum if the product is discovered to be flawed or to have a quality shortcoming.
- **Consumer Societies:** To advance consumer awareness and education, consumer societies and organizations must be founded.
- **Environmental Protection:** By minimizing waste, pollution, and other issues, consumers can also help to safeguard the environment.

3.

Who can file a complaint in a consumer court?

Ans: To handle consumer concerns, the Consumer Protection Act created consumer courts and consumer forums. A consumer court complaint may be filed by the following individuals. The Central Government, the State Government, the Central Authority, a consumer, a voluntary consumer association registered under any applicable law currently in effect, one or more consumers when they have a common interest, the consumer's legal heir or legal representative in the event of the consumer's death, or the consumer's parent or legal guardian if the consumer is a minor.

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.

Ans: This proposal strengthens a consumer right known as the "right to be informed." This right entitles the buyer to comprehensive information on the product they want to buy, including information about its manufacture date, quantity, expiration date, and usage instructions. Manufacturers must post all of this information on the product's packaging as a result of this regulatory requirement.

5.

Who is a consumer as per CPA?

Ans: A person who purchases products or services for a consideration that has been paid or promised, partially paid and partially promised, or under any deferred payment plan is considered a consumer under the Consumer Protection Act of 2019.

Long Answer Type:

1.

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

Ans: Apart from resolving their complaints & issues, safeguarding clients involves reminding customers regarding their liberties & responsibilities. For corporations as well as individuals, consumer protection is essential. The following highlights how crucial consumer protection is from a business perspective.

- **Long-Term Interest of Business:** Any firm that wants to survive in the face of growing competition must prioritize customer interest and pleasure. Customers' choices are the strong base for any business's goodwill & reputation. In addition to bringing in repeat business, a happy customer spreads the word to bring in new clients. Hence, safeguarding the interests of customers is in the best interests of the company in the long term.
- **Business Uses Society's Resources:** A company produces a range of goods and services by utilizing societal resources. By offering these products and services to the public, a company makes money. Consequently, they must offer products and services that serve the interests of society at large.
- **Moral Justification:** Ethics and moral principles are crucial in today's economic world. Each organization possesses an ethical obligation to protect the well-being of its customers. They have to follow ethical and moral norms & abstain from all types of consumer exploitation, such as illicit trading, tampering, and so forth.
- **Social Responsibility:** An enterprise must consider the objectives and happiness of its consumers while it makes money by offering them an assortment of products & services.
- **Government Interference:** Any company that exploits customers in any way through adulteration and unethical trade practices invites government action. The company's reputation and goodwill are damaged by such government interference. Consequently, it is in the company's best interest to voluntarily adopt such practices that safeguard the interests of the customer.

2.

Explain the rights and responsibilities of consumer?

Ans: The Consumer Protection Act grants a consumer six rights. The following are the rights of a consumer.

- **Right to Safety:** Every consumer has an opportunity to be protected from goods & services that endanger their lives, property, or health. For instance, electrical gadgets & cooking gas cylinders with manufacturing drawbacks may prove to be hazardous for people. The consumer has the potential to be shielded from such harmful items.
- **Right to be Informed:** While placing an order, the customer has the obligation to get extensive data about a given item, including facts on the product's condition, size, components, purity, cost, and other elements, so that they can arrive at a knowledgeable choice. All of the above data must be legitimately included on the label of the goods & wrapping by the Indian manufacturer.
- **Right to Choose:** A consumer has the chance to purchase various affordable goods & services. In other words, the consumer possesses a right to a large assortment of products at reasonable & competitive rates. As a result, the vendor or retailer must offer them a

range of goods based on final cost, overall durability, brand & other aspects. They shouldn't influence clients to buy a particular commodity or service.

- **Right to be Heard:** If a customer has a grievance or is unhappy with a product or service, they have the right to register a complaint. Any kind of exploitation can be reported legally, and consumers can seek remedies in the proper channels set up by the government. These days, a lot of associations and consumer groups are also active in this field.
- **Right to Seek Redress:** A consumer has the right to pursue compensation and remedies in the event of exploitation. The Consumer Protection Act offers many forms of compensation, including cash compensation, product replacement, and repair or removal of defects.
- **Consumer Education:** Consumers have a lifelong right to receive knowledge and instruction. They must be informed of their privileges and choices if the good or service fails to satisfy their standards. The Indian government uses the media to inform consumers about their rights and has incorporated consumer education into the curriculum of schools. For instance, initiatives like Jaago Grahak Jaago are one way to educate customers.

Consumer Responsibilities

A consumer has certain responsibilities apart from their rights to safeguard themselves from being exploited. Here are some major consumer responsibilities that one should follow meticulously.

- **Awareness:** An array of products & services that are being offered should be known to the end user. Hence, they can embark on a sensible & well-informed choice.
- **Seeking Quality Marks:** Consumers must constantly look for reliable certification labels before they make a purchase, such as AGMARK for agricultural products, ISI for electrical items & so forth.
- **Requesting Cash Memo:** Consumers should constantly search for quality certification marks before making a purchase, such as AGMARK for agricultural products, ISI for electrical items, and so forth.
- **Reading Labels:** Product labels provide information about size, cost & expiration time. When making an acquisition, the buyer has to carefully examine these descriptions.
- **Legit Transactions:** Consumers must constantly pick lawful purchases over illicit ones, including hoarding & black market.
- **Ensure Protection:** To ensure that the good is utilized securely, a consumer must meticulously read the instructions provided by the manufacturer & instruction guidelines. For instance, while employing an electrical device, one must thoroughly comprehend the instructions.
- **Legal Dispute Filing:** A grievance should be made in the proper venue when an item is discovered to be flawed or of poor craftsmanship.

- **Consumer Societies:** To promote consumer welfare & knowledge, consumer associations & regulatory bodies such as the Consumer Coordination Council, Common Cause & the Tamil Nadu State Consumer Service Society should be established.
- **Environmental Protection:** Eliminating waste materials, which would result in lowering environmental damage, and consumers may also help to safeguard the ecosystem.

3.

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

Ans: Consumer protection is the practice of teaching & enlightening consumers of their legal obligations, and it assists them in seeking redress regarding their concerns & claims. For both customers and companies, consumer protection is essential. Some strategies for accomplishing the objective of consumer protection include the following.

Self-Administration by Business: Companies should understand that safeguarding the interests of their clients is ultimately in their best interests. To attain their business goals, the concerned individual must put forth maximum effort in the work. They should know that satisfied customers increase revenue & spread the word about the firm by attracting prospective buyers worldwide. They must follow corporate ethics and refrain from actions that harm the interests of customers, such as adulteration and unfair trade practices. Many companies have set up customer care centers and grievance cells to handle consumer complaints.

Formation of Business Associations: Companies should understand that safeguarding the interests of their clients is ultimately in their best interests. To attain their business goals, the concerned individual must put forth maximum effort in the work. They should know that satisfied customers increase revenue & spread the word about the firm by attracting prospective buyers worldwide. They must follow corporate ethics and refrain from actions that harm the interests of customers, such as adulteration and unfair trade practices. Many companies have created customer care centers and grievance cells to handle consumer complaints in quick time.

Consumer Education and Awareness: Increasing consumer knowledge and education is one of the most crucial measures in protecting consumers. A consumer must be fully informed of their rights as outlined in the Consumer Protection Act. In the event of exploitation, he must also be informed of the relief that the Act provides. To safeguard himself against deceit and exploitation, he must also be informed of his responsibilities. A knowledgeable and well-educated customer can make wise choices.

Formation of Consumer Associations and Organizations: It is necessary to create an increasing number of consumer associations and organizations, including the Consumer Protection Council, the Consumer Unity and Trust Society, the Consumer Guidance Society of

India, and others. Customers are actively educated and made aware of their rights and duties by these organizations. They also encourage clients to oppose any form of deception or manipulation & assist individuals with taking legal recourse & obtaining compensation.

Role of Government: The governing body contributes significantly to safeguarding customers by enacting a number of rules & regulations. The Indian government has implemented a number of rules and legislation, including the Competition Act, the Trade Marks Act, the Contract Act & the Consumer Protection Act, to ensure the safety of consumers. The Consumer Protection Act is possibly the most important among all. The Act establishes a three-tiered mechanism: State & National Commission and District Forum to address customer issues & concerns.

4.

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

Ans: The Consumer Protection Act created a hierarchy of three levels for handling issues and complaints from customers. The mechanism operates at three different tiers: the State Consumer Dispute Redressal Commission (State Commission), the National Consumer Dispute Redressal Commission (National Commission), & the District Consumer Dispute Redressal Forum (commonly referred to as the District Forum). Following is a summary of the Consumer Protection Act's procedures.

A. DISTRICT FORUM

District forums are set up in each district by the relevant state. The salient features are as follows: Officially nominated by the state government, it consists of a president and two members, one of whom must be a woman.

- The overall valuation of consumer issues must not surpass ₹1 crore.
- The district council will communicate the matter to the other entity while delivering the specimen or goods to a research facility to be examined after obtaining it.
- The opposing side might be required to fix, exchange, or compensate the products if the district court finds that they are faulty or that unethical trade procedures have occurred.

B. STATE COMMISSION

In each state of our country, a state commission is established by the governing body. It consists of the below salient features:

- Every commission has a president and a minimum of two state-appointed members, one of whom ought to be a woman.
- The total value of the goods or services, including the requested compensation, exceeds ₹1 crore but falls short of ₹10 crore.

- The state commission has the authority to forward the complaint to the other party and send the goods to a lab for analysis.
- The state commission may demand that the other party replace, refund, or pay compensation after it is satisfied. Participants who are dissatisfied by the ruling body have a chance 30 days from the date of the decision-making to submit a proper complaint to the national council.

C. NATIONAL COMMISSION

The National Commission is appointed by the central government. Among other things, the National Commission can issue orders for product replacement and loss compensation. When any party is unhappy with the decision made, they can file a complaint with the Supreme Court of India within 30 days of the order being issued. The provisions of the commission include:

- It is composed of a president and at least four members chosen by the central government, one of whom should be a woman.
- All complaints about goods and services with a compensation value exceeding ₹10 Crore can be filed with the National Commission.

Reliefs Available to the Consumer

- Removal of flaws in the products & offerings.
- Swapping out broken things for fresh & perfect versions.
- Giving the complainant his money back for what he paid.
- The provision of a suitable sum of compensation for any harm or loss that has occurred.
- Punitive damages may be paid under certain circumstances.
- Unfair or restrictive trade practices that are discontinued or abandoned.
- The sale of hazardous goods and services has been discontinued.
- Contribution to the consumer welfare fund (at least 5%), which must be utilized as directed.
- To offset the impact of deceptive advertising, run corrective ads.
- Pay back each party for their outlays.

5.

Explain the role of consumer organisations and NGOs in protecting and promoting consumer's interest.

Ans: Non-governmental organizations (NGOs) & consumer advocacy groups are essential to protecting and advancing the goals of clients. Among the well-known NGOs & consumer firms are the Consumer Coordination Council, Common Cause, the Tamil Nadu State Consumer Service Society, and so forth. To protect the objectives of their clients, these entities do the following things.

- **Consumer Education:** NGOs & consumer associations enlighten consumers regarding their rights through an extensive array of workshops & training programs.
- **Journal Publishing:** To spread knowledge and increase awareness of different consumer issues, legal remedies, and other connected topics, they produce journals and periodicals.
- **Legal aid:** They also help consumers seek the proper redress by providing them with legal aid.
- **Promoting Consumer Protest Against Exploitation:** They urge customers to voice their opposition to unfair trade practices and exploitation in any form.
- **Complaint Support:** They assist customers in submitting complaints on their behalf and encourage them to do so in the proper forums.
- **Taking Action:** They take the initiative to bring lawsuits in the public interest in addition to encouraging customers to make complaints.
- **Product Quality Testing:** They carry out quality testing in labs on a range of products and report the findings.
- **Seeking Quality Marks:** Consumers must constantly look for reliable certification labels before they make a purchase, such as AGMARK for agricultural products, ISI for electrical items & so forth.
- **Requesting Cash Memo:** A customer should always ask for cash memos or bills while making purchases of products and services. The bill can be used later on and is proof of purchase.

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 discoloration 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 Rs. 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.

Ans:

- a. One of Mrs. Mathur's rights is the "Right to seek Redressal."
- b. Mrs. Mathur was able to obtain the compensation thanks to her "right to seek redressal." In the event that the service or product does not meet the customer's expectations, the consumer is entitled to relief or reimbursement.
- c. In the event that a defect in the quality of the products and services acquired is discovered, Mrs. Mathur complied with the consumer duty to lodge a complaint in the proper consumer forum.
- d. In addition, clients can take on the following two duties:
 - i. Only purchasing high-quality, standardized products. This involves making sure the purchased goods have the necessary quality assurance markings. It may consist of an ISI mark for electrical products or a hallmark for jewelry.
 - ii. Make sure the labels provide accurate information about ingredients, maximum retail price, actual weight, manufacturing and expiration dates, and other details.

Project Work

1.

Visit a consumer organization in your town. List down the various functions performed by it.

Ans: The roles in which customer associations play are as follows:

- **Consumer Awareness:** One of the primary objectives of consumer advocacy organizations is to inform customers of their legal rights & responsibilities. It does this by holding a range of seminars and publishing papers at regular intervals.
- **Research:** It investigates a range of customer queries as well as additional subjects of popular interest.
- **Assists Consumers:** It assists customers in reporting fraudulent activities, and occasionally it files cases on the customer's behalf as well.
- **Monitors Illegal Acts:** It keeps an eye on illicit operations like adulteration and black marketing. To take the proper action, it alerts the relevant government authorities.
- **Testing Product Quality:** To guarantee the genuineness & integrity of the goods sold by commercial enterprises, a few consumer advocacy organizations also periodically inspect everyday items for excellence.

2.

Collect some newspaper cutting of some consumer cases and the rulings given therein.

Ans: The consumer cases and their rulings are:

Kailash Vasdev vs. Bajaj Electricals Ltd., Mumbai

In this instance, in September 2010, the concerned party bought a Morphy Richards. In February 2011, the oven door's safety latch broke. Mr. Kailash got in touch with the Bajaj Electricals service center about this. After several follow-ups, the maintenance facility did not repair the broken component. In April 2011, he contacted the consumer association. Once the lawsuit was tried & a verdict was made in support of Kailash Vasdev, the corporation had to get rid of the cooking appliance.

Tejpal Rohra vs. ICICI Bank, Mumbai

Two checks of Rs 50,000 each were taken out of Mr. Tejpal's ICICI savings bank account in Jan 2010 & sent to an FD account. But the bank moved the money to ICICI Prudential Life Insurance without telling Mr. Tejpal. Management received numerous complaints, yet nothing was done about them. In November 2010, Mr. Tejpal then made contact with the consumer forum. The bank was mandated to reimburse the ICICI Prudential Life Insurance investment.

Voltas Ltd. vs. Jayesh Lohana, Mumbai

In his complaint, Mr. Jayesh Lohana claimed that Voltas Ltd. had not fulfilled its obligation to provide him with the yearly maintenance on the air conditioner he had purchased. After an issue had been submitted to the community platform, Voltas Ltd. was mandated to supply the aforementioned services.

Bhawesh Chandra Jha of Orissa v. Royal Images Catalogue Co. Pvt. Ltd. of Chennai

Royal Images Catalogue Co. Pvt. Ltd. had received an order from Mr. Bhavesh. The payment process was made with a credit card. However, the products were sent to the wrong place. The company acknowledged its error while responding to the customer's dispute but refused to give the reimbursement. After that, Mr. Bhawesh reached out to the consumer group, which directed the business entity to return the disputed cash promptly.

Ajit V. Gole of Andheri vs. Ramabai Paranjape Balmandir of Vile Parle

The daughter of Mr. Ajit V. Gole was admitted to Ramabai Paranjape Balmandir. He spent Rs 3,000 for enrollment & Rs 30,000 to cover educational expenses. The receipt made it very clear that registration costs are nonrefundable, but it made no mention of academic expenses.

Later, Mr. Ajit Gole asked for reimbursement of his academic fees and had his admission revoked. However, the school declined to reimburse the costs. After that, Mr. Ajit went to the consumer forum, which mandated that the school return the disputed cash.