

TEXTBOOK: BUSINESS STUDIES NCERT PART -2

CHAPTER: CONSUMER PROTECTION

STEP 1: Read the Chapter: Consumer Protection from NCERT and underline keywords/value points.

STEP 2: Watch videos through the given link

<ul style="list-style-type: none">• Meaning• Importance	https://www.youtube.com/watch?v=LhKmwHMoooU
<ul style="list-style-type: none">• Rights• Responsibilities	https://www.youtube.com/watch?v=iXlqWZFSBow
<ul style="list-style-type: none">• Who can file a complaint• Redressal Machinery	https://www.youtube.com/watch?v=H2gunRg4A5E

STEP 3: Revise the chapter through the following notes.

Consumer Protection

Consumer is the king of the market

- ❖ The earlier approach Caveat emptor, which means “Let the buyer beware”
- ❖ Has now been changed to Caveat venditor, which mean “Let the seller beware”
- ❖ Sellers’ market is now Buyers’ market

- ❖ With growing competition, marketers may attempt to engage in unscrupulous, exploitative and unfair trade practice.
- ❖ As a result of this, consumers may be exposed to risks due to unsafe products- that is, he may be cheated, may have to pay a higher price etc.
- ❖ Thus; there is a need to provide adequate protection to consumers against such practices.

- ❖ ***Business practices that may lead to consumer exploitation include:***
 - Firms charging high prices for low quality products in order to earn high profits.
 - Use of false weights and measures
 - Spurious and adulterated products
 - Rough behavior of salesman
 - Unsatisfactory after sales services.

- ❖ ***Consumer protection***
 - Educating consumers about their rights and responsibilities.
 - Getting their grievances redressed through judicial machinery.

- ❖ ***Requirements for consumer protection***
 - Judicial machinery for protecting consumer interests
 - Formation of consumer-associations voluntarily by consumers.

Importance of Consumer Protection

❖ **From The Consumers Point Of View:**

1. **Consumer Ignorance -**
 - About their rights and reliefs available. So it becomes important to educate them about the same.
2. **Unorganized Consumers -**
 - consumers are not organized in the form of consumer associations that take care of their interests, as a result, adequate protection has to be given to consumers till these organizations become powerful enough to protect and promote consumer interests.
3. **Widespread Exploitation Of Consumers -**
 - Consumers need protection from widespread unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding, black-marketing etc.

❖ **From Point Of View of Business:**

1. **Long-term Interest of Business-**
 - It is in the long-term interest of business to satisfy their customers.
 - This leads to repeat sales and provides good feedback to prospective customers and thus, help in increasing the customer-base of business.
 - It leads to long-term profit maximization through customer satisfaction.
2. **Business uses Society's Resources-**
 - Business organizations use resources which belong to the society.
 - They, thus, have a responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.
3. **Social Responsibility-**
 - A business has social responsibilities towards various interest groups.
 - Consumers form an important group among the many stakeholders of business and like other stakeholders; their interest has to be well taken care of.
4. **Moral Justification-**
 - It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.
 - A business must avoid unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding, black marketing etc.
5. **Government Intervention-**
 - A business engaging in any form of exploitative trade practices would invite government intervention or action. This can impair and tarnish the image of the company.

Role of NGOs and Consumer Organisations

Some of the important consumer organisations working in India and their locations are

- ✓ **VOICE**- Voluntary Organisation in Interest of Consumer Education, Delhi
- ✓ **CERC**- Consumer Education and Research Centre, Ahmedabad
- ✓ **CPC**- Consumer Protection Council, Ahmedabad
- ✓ **CGSI**- Consumer Guidance Society of India, Mumbai
- ✓ **CUTS**- Consumer Unity and Trust Society, Jaipur

They perform several functions such as:

1. Educating the general public about consumer rights by organizing training programmes, seminars and workshops.
2. Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
3. 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.
4. Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
5. Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
6. Filing complaints in appropriate consumer courts on behalf of the consumers.
7. Taking an initiative in filing cases in consumer courts in the interest of the general public (Public Interest Litigations PILs), not for any individual.

The Consumer Protection Act, 1986

❖ Significance of Consumer Protection Act, 1986

- **Set up to protect and promote consumer interests** through a speedy and inexpensive redressal of grievances.
- Recognizes **consumer rights**
- **Redressal agencies**- set up a three-tier agency to address consumer grievances.

❖ Scope of Consumer Protection Act, 1986

It is applicable to all types of undertaking:

- Large and small scale
- Private, public and co-operative sector
- Manufacturer or trader
- Firms supplying goods as well as services

❖ Complaints can be filed and compensation claimed w.r.t:

- ✓ Fraudulent practices by traders and manufacturers
- ✓ Defective goods
- ✓ Deficiency in services in connection with 9 services such as banking, transportation, insurance, supply of electricity and gas, house construction, medical service

❖ A consumer is

- A person who buys any goods for a consideration or any user of such goods when such use is made with the approval of the buyer.
- A person who hires or avails of a service for a consideration or any beneficiary of such services when such use is made with the approval of the buyer.
- ✓ Consideration here means that the goods or services are either fully paid, partly paid or under a scheme of deferred payment such as installment scheme.
- ✓ This definition does not include people who avails services for some commercial purpose or obtain goods for resale or for some commercial purpose.

❖ Who can file a complaint?

- a) Any consumer
- b) Any Registered Consumers Association
- c) The Central Government or Any State Government
- d) One or more consumers on behalf of numerous consumers having same interests
- e) A legal heir or representative of a deceased consumer.

○ Time limit for disposal of cases: As speedily as possible-

- ✓ Within 3 months or
- ✓ Within 5 months if complaint requires testing or analysis of goods.
- ✓

❖ Relief available to consumers:

- Remove defect in goods and deficiency in services.
- Replace defective goods with one with no defects
- Refund price paid
- Pay a reasonable amount of compensation for any loss or injury suffered.
- Pay punitive damages in appropriate circumstances.

- Discontinue unfair/restrictive trade practice
- Not to offer hazardous goods and services for sale
- Withdraw hazardous goods from sale
- Cease manufacturing hazardous goods
- Pay an amount to consumer welfare fund/ person (not less than 5%) to be utilized in the prescribed manner
- Issue corrective advertisement to neutralize the effect of misleading ads.
- Pay adequate costs to parties.

Consumer Rights

1. *Right to safety:*

- Protection against products, production processes and services that is hazardous to health and life.
- Important for safe and secure living
Example, for products like gas cylinders, pressure cookers etc.

2. *Right to be informed:*

- Right to be informed about the quality, quantity, purity, standard and price of the goods and services that he intends to purchase.
- This is important to ensure that the consumers are able to make a proper choice and decision and to protect them against unfair practices, deceptive advertising and misleading labels.
- The information is provided on the package and label of the product.

3. *Right to choose:*

- Assurance, wherever possible, of availability of a variety of products at competitive prices.
- The producer should not use aggressive selling techniques to sell these products.

4. *Right to be heard:*

- Right to register his dissatisfaction/ complaint/ grievance at appropriate forum.
- In case of dissatisfaction with a good or service.
- Business firms have set up their own consumer service and grievance cells.

5. *Right to seek redressal:*

- Has a right to get relief in case the product or service falls short of his expectations.
- Consumer who suffers a loss or injury due to unfair trade practice or restrictive trade practice or unscrupulous exploitation of consumers can complain to the necessary forum for redressal of his grievance. He can claim repair/replacement of defective goods, refund of money or compensation of loss or injury suffered.
- The government has set up district, state and a national commission for redressal of consumer grievances.

6. *Right to consumer education:*

- Right to acquire knowledge and skills required to be an informed consumer.
 - Consumers have a right to be educated about:
 - Their rights and remedies, responsibilities Unfair and restrictive trade practices, relevant laws enacted to prevent UTPs and protect consumer interests.
 - However there is no clear cut policy about how consumers should be educated
- If consumers are educated:
- They will be aware of their rights and remedies available and therefore will be able to protect themselves against frauds by businessmen.

Consumer Responsibilities

1. Ask for a cash memo
 - On purchase of goods or services. This would serve as a proof of the purchase made.
2. Be aware
 - About various goods and services available in the market so that an intelligent and wise choice can be made.
3. Buy only standardized goods
 - As they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.
4. Follow manufacturer's instructions
 - Learn about the risks associated with products and services, and use the products safely.
5. Read labels carefully
 - So as to have information about prices, net weight, manufacturing and expiry dates, etc.
6. Assert yourself
 - To ensure that you get a fair deal.
7. Be honest in your dealings.
 - Choose only from legal goods and services and discourage unscrupulous practices like black- marketing, hoarding etc.
8. File a complaint in an appropriate consumer forum
 - In case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.
9. Form consumer societies
 - Which would play an active part in educating consumers and safeguarding their interests.
10. Respect the environment.
 - Avoid waste, littering and contributing to pollution.

Three Tier Mechanism Set Up By the Consumer Protection Act, 1986

Basis	District Forum	State Commission	National Commission
<p>1. Jurisdiction</p> <p>(That is entertains complaints against)</p>	<ul style="list-style-type: none"> When value of goods and services and/or compensation claimed <u>does not exceed 20 lakhs.</u> 	<ul style="list-style-type: none"> <u>Appeals</u> against any order of any <u>district commission within the state.</u> When value of goods and services and/or compensation claimed is <u>between 20 lakhs and one crore.</u> 	<ul style="list-style-type: none"> <u>Appeals</u> against any order of any <u>State Commission.</u> When value of goods and services and/or compensation claimed is <u>more than one crore.</u>
<p>2. Appeal against order filed with</p>	<ul style="list-style-type: none"> <u>State commission</u> within 30 days of filing such order. 	<ul style="list-style-type: none"> <u>National commission</u> within 30 days of filing such order. 	<ul style="list-style-type: none"> <u>Supreme Court</u> within 30 days of filing such order.
<p>3. Composition</p>	<ul style="list-style-type: none"> A <u>president</u> who is/has been/ is qualified to be a district judge. <u>Not less than two other members</u>, one of who has to be a woman. 	<ul style="list-style-type: none"> A <u>president</u> who is/has been/ is qualified to be a state that is High Court judge. <u>Not less than two other members</u>, one of who has to be a woman. 	<ul style="list-style-type: none"> A <u>president</u> who is/has been/ is qualified to be a judge of the Supreme Court. <u>Not less than four other members</u>, one of who has to be a woman.
<p>4. Appointments</p>	<ul style="list-style-type: none"> All appointments are by the <u>State Government.</u> 	<ul style="list-style-type: none"> All appointments are by the <u>State Government.</u> 	<ul style="list-style-type: none"> All appointments are by the <u>Central Government.</u>

5. Action that can be taken	<p>In all the cases, on receiving the complaint,</p> <ul style="list-style-type: none"> ○ The concerned forum shall refer the complaint to the party against which the complaint has been received. ○ If required, the goods or samples thereof shall be sent for testing to a laboratory. ○ The concerned commission then shall pass n order after considering the test report from the lab and after hearing the party against whom the complaint has been filed.
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NOTE: Following topics not in the syllabus

- **Legal protection to consumers**
- **Ways and means of consumer protection**

Step 4: Watch the videos of your seniors and prepare on the same parameters involving your family members

Video 1	https://www.youtube.com/watch?v=BLjJSjF6Fjw&feature=youtu.be
Video 2	https://drive.google.com/file/d/1RGXdiaJ-rAUDCSpvhKBsH8ldC7I01NVe/view?usp=sharing

STEP 5: Attempt the given assignment.

NAME: _____

BUSINESS STUDIES, CLASS-12
PRACTICE SHEET NO 1
CONSUMER PROTECTION

M. Marks: 25

1.	The earlier approach of caveat emptor, which means “Let the buyer be aware”, has now been replaced by _____	1
2.	Which act provides safeguard to consumers against deficient services. _____	1
3.	Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised. _____	1
4.	On the eve of Diwali Ravi purchased two kilograms of sweets from Nandan Sweets. On consumption of sweets his wife fell sick and was to be hospitalized. Ravi wanted to file a case in the consumer forum but could not do so because he did not have any proof of buying the sweets from Nandan sweets. Name the document that Ravi could had obtained for filing the complaint in the consumer forum. _____	1
5.	Identify the importance consumer protection highlighted in the following statements: a) In India, consumers are ignorant about their rights and reliefs available to them. _____ b) It is the duty of business to take care of consumer’s interest and avoid any of their exploitation. _____ c) Business organisations earn profits by using the society’s resources.	3

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6.	<p>Prakhar purchased an ISI mark electric iron from 'Bharat Electricals'. While using he found that it is not working properly. He approached the seller and complained for the same. The seller satisfies Prakhar by saying that he will ask the manufacturer to replace this iron. The manufacturer refused and Bharat Electricals decided to file complaint in the customer court.Can 'Bharat Electricals' do this? Why?</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	3
7.	<p>In the year 2015, Under section 12(ID) of the Consumer Protection Act, the Consumer Affairs Ministry had filed a suit in National Consumer Disputes Redressal Commission (NCDRC) against Nestle India, the manufacturer of Maggi noodles, seeking about Rs. 640 crore in damages for alleged unfair trade practices, false labeling and misleading advertisements. In context of the above case:</p> <p>i) Name any two other two parties besides government who can file a case under Consumer Protection Act 1986.</p> <p>ii) Why has the government filed a suit in National Consumer Disputes Redressal Commission (NCDRC) and at no other level of three tier redressal system?</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	3

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8.	<p>Gaurav purchased a pack of sweets for his son from a shop in the nearby market. After consuming those sweets, the condition of his son deteriorated and he had to be hospitalized. Later on through a laboratory test, it was certified that the sweets were adulterated.</p> <p>i) State any one precaution that he should have taken while purchasing packed sweets.</p> <p>ii) Name the appropriate redressal agency that he can approach in case he decides to file a case against the shopkeeper.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	3
9.	<p>Give full form of</p> <p>FSSAI _____</p> <p>ISO _____</p> <p>ISI _____</p> <p>CUTS _____</p> <hr/>	4
10.	<p>On her sister's wedding, Radha decided to gift her gold earrings. When she shared her plan with her husband, he showed her an article in the daily national newspaper under the heading "Jago Grahak Jago." The campaign included details about the</p>	5

