

Gujarat Board Textbook Solutions Class 12 Organization of Commerce and Management Chapter 11 Consumer Protection

1. Select the correct alternative and write answer to the following questions :

Question 1. When was the Consumer Protection Act passed?

- (A) 1956
- (B) 1932
- (C) 1986
- (D) 2015

Answer:

- (C) 1986

Question 2. Who has introduced the principles of Trusteeship?

- (A) Jawaharlal Nehru
- (B) Subhash Chandra Bose
- (C) Indira Gandhi
- (D) Gandhiji

Answer:

- (D) Gandhiji

Question 3. Out of the following, which has not been included in the Consumer Protection Act 1986, as consumers' right?

- (A) Protection
- (B) Basic needs
- (C) Awareness
- (D) Choice

Answer:

- (B) Basic needs

Question 4. Which one of the following options is not included as Redressal Forum according to the Consumer Protection Act?

- (A) LokAdalat
- (B) District Level Forum
- (C) State Level Commission
- (D) National Level Commission

Answer:

- (A) LokAdalat

Question 5. How many members exist in the District Level Forum?

- (A) Total 3
- (B) At least 3
- (C) At least 5



(D) Total 5

Answer:

(B) At least 3

Question 6. Members of which commission are appointed by the Central Government?

(A) District Level

(B) State Level

(C) National Level

(D) International Level

Answer:

(C) National Level

Question 7. In which court, can the public interest litigation be filed?

(A) Criminal Court

(B) Civil Court

(C) District Court

(D) Supreme Court

Answer:

(D) Supreme Court

Question 8. With which consumer protection organizational set-up is Ahmedabad connected?

(A) Consumer Education and Research Centre

(B) Consumer Guidance Society of India

(C) Consumer Unity and Trust Society

(D) Consumer Co-ordination Council

Answer:

(A) Consumer Education and Research Centre

Question 9. Which organization works towards compilation and co-ordination of the work of the various institutions working for consumer protection?

(A) Consumer Protection Council

(B) Consumer Protection and Research Council

(C) Consumer Co-ordination Council

(D) Consumer Unity and Trust Society

Answer:

(C) Consumer Co-ordination Council

Question 10. Which of the following is not done by consumer protection institutions?

(A) Educating the people regarding consumer rights

(B) Publish information which has consumer interest

(C) List of consumers given to the industries

(D) Protect the interest of consumers

Answer:

(C) List of consumers given to the industries

2. Answer the following questions in one sentence each :

Question 1. Who is the king of the market in a free market system?

Answer:

Consumer

Question 2. Under which heads can consumer exploitation be divided?

Answer:

- (a) Mental exploitation: Getting disappointed, angry and frustrated and feeling cheated
- (b) Physical exploitation: Loss of money, adverse effect on human body by using the product, etc.

Question 3. According to the principles of Trusteeship who is the important person in an organization?

Answer:

Customer is the most important person

Question 4. Which two rights are favoured by the United Nations Organisation in its directive for the consumer?

Answer:

- (a) Basic rights and
- (b) Right to hygienic environment

Question 5. What proof should compulsorily be produced by the consumer to prove his purchase?

Answer:

Bill of the product purchased

Question 6. If the complainant is not satisfied by the judgement of District Level Forum, then to whom should he appeal for reconsideration and within what period?

Answer:

The appeal should be made to State Level Commission within 30 days of the of the district forum.

Question 7. If the complainant is not satisfied by the judgement of State Level Commission, then to whom should he appeal for reconsideration and within what period?

Answer:

The appeal should be made to National Level Commissions within 30 days of the judgment of the State Level Commission.

Question 8. If the complainant is not satisfied with the judgement of the National Level Commission, then to whom should he appeal for reconsideration and within what period?

Answer:

The appeal can be made within 30 days of the judgment to the Supreme Court for re-examining the case.

Question 9. In which courts can public interest litigation be filed?

Answer:

In the Supreme Court

Question 10. Give full forms of the following abbreviations :

(i) CERC

Answer:

CERC: Consumer Education and Research Centre

(ii) CPC

Answer:

CPC: Consumer Protection Council

(iii) VOICE

Answer:

VOICE: Voluntary Organization in Interest of Consumer Education

(iv) CGSI

Answer:

CGSI: Consumer Guidance Society of India

(v) CUTS

Answer:

CUTS: Consumer Utility and Trust Society

(vi) CCC

Answer:

CCC: Consumer Co-ordination Council

(vii) NCH

Answer:

NCH: National Consumer Helpline



3. Answer the following questions in short :

Question 1. What are the ways in which producers can exploit the consumers to increase their sales of goods and services?

Answer:

Classification of consumer exploitation: There are mainly three types of consumer exploitation. They are:

1. Physical and mental exploitation:

- If the consumer is fooled or forced to purchase a sub-standard quality or a duplicate product, then it leads to mental agony as well as physical loss.
- Getting disappointed, angry and frustrated and feeling cheated are forms of mental exploitation that the consumer faces whereas loss of money, adverse effect on human body by using the product, etc. are the form of physical loss or physical exploitation.

2. Economic exploitation:

If the seller is following malpractices such as hoarding of goods, black marketing and charging higher price than the printed price then it is called economic exploitation of the consumer. The consumer has to pay higher prices for purchasing hoarded or black-marketed goods.

3. Against public interest:

Public interest is not safeguarded when some products are produced by using certain materials which can cause harm to environment.

Question 2. Explain about consumers' exploitation.

Answer:

Physical and mental exploitation:

- If the consumer is fooled or forced to purchase a sub-standard quality or a duplicate product, then it leads to mental agony as well as physical loss.
- Getting disappointed, angry and frustrated and feeling cheated are forms of mental exploitation that the consumer faces whereas loss of money, adverse effect on human body by using the product, etc. are the form of physical loss or physical exploitation.

Question 3. Write a note on the Principles of Trusteeship and Consumer Protection.

Answer:

Principles of Trusteeship and Consumer Protection:

Gandhiji gave fine thoughts about Trusteeship and Consumer Protection. They are:

(A) Principle of Trusteeship: Whatever wealth the society has given to us should be used for the welfare of the people of the society.



(B) On consumer: “Consumer is the most important person visiting the place of business. He is not dependent on the seller but we (sellers) are dependent on him. He does not interfere in our work but he is the objective of our business. He is not an outsider for our business but he is a part of our business. We do not favour him by providing a product of his choice but he does a favour by giving an opportunity to serve him”.

Question 4. Explain consumer protection from the point of view of consumers.

Answer:

Consumer protection from the view point of consumer:

1. Extensive exploitation of consumers:

It is becoming quite common that business units are trying to increase their profit by producing sub-standard, adulterated and duplicate products and resorting to misleading advertisement, black marketing, hoarding of goods and other unethical and exploiting policies. Such wrong and irrelevant policies have resulted in a need for consumer protection.

2. Ignorance of consumers:

- Consumers are ignorant about laws and rights that have been empowered on them by the government for their protection. Many a times, even if the consumers are aware, they hesitate of fear to use such laws and rights. Also, they are misguided and misled.
- It is extremely important to make the consumers aware about their rights and laws so that their exploitation can be stopped.

3. Lack of unity among consumers:

- A single consumer may find himself weak, but if consumers unite, they can become more powerful and fight against the injustice done to consumers.
- The group can form a consumer protection forum. The forum can fight for the right of all those consumers who get cheated and it will be easier and effective to protect the interests of the consumers.
- Although such organizations have become active in India, but until they become strong, it is essential to protect consumers through laws.

Question 5. How does Lok Adalat help in creation of consumer awareness?

Answer:

Lok Adalat:

- Lok Adalat or People’s Court is India’s innovative contribution to the world for resolving cases quickly.
- The concept of Lok Adalat was started in Gujarat.



- It is an effective way to provide speedy and economical justice to the poor, weak and exploited section of the society.
- Generally, the Lok Adalats hear cases related to accident and its compensation, divorce, alimony, general debts, personal complaints, police complaints, etc.
- Lok Adalats consist of advocates, social workers, educationalists, reputed citizens, businessmen, police officers, insurance officers, judges and judicial officers.
- The Lok Adalats try to solve the cases amicably in such a way that both the parties get satisfied.

Question 6. Write in brief about Public Interest Litigations (PIL).

Answer:

Public Interest Litigation (PIL):

In Indian law, public interest litigation means a litigation (judicial proceeding) for the protection of public interest.

- A person may not be capable enough to file a complaint individually in a court either because of economic reasons or due to lack of time.
- There are certain matters which affect not just the individual but the entire society.
- The affected person or a group of person from the society can simply write an application on a plain paper to the High Court of the concerned state or even directly to the Supreme Court.
- The court must get assured that the petition is filed for the public interest and not casually. If the court feels the application to be relevant, it can convert the petition into a case.
- After hearing the arguments of both the parties, the court gives its judgment.

4. Answer the following questions in brief :

Question 1. State the importance of consumer protection from the viewpoint of of business.

Answer:

Importance of consumer protection from the view point of business:

1. Use of public resources and wealth:

Every business unit is continuously and haphazardly utilizing public or say national resources and wealth. Hence, it is the responsibility of these units to produce such goods and services which are useful to the society. This way they can promote social welfare and justify the used resources.

2. Social responsibility:

- It is a well-known fact that business units have social responsibility towards its stakeholders.
- Consumers also form a major group of stakeholders for every business. The business earns profit by selling the products to the consumers.



- The way a business takes care of its stakeholders such as directors, creditors, etc. it should also see to it that it remains honest and fulfills its duties towards consumers who form the most important group of stakeholders.

3. Part of the society:

- Every business is a part of the society we live in. Every business owner or a seller is customer for another business unit. So, if consumer exploitation is inevitable then every person will have to experience exploitation because every individual is also a consumer.
- Hence, every seller should adopt such a policy which will increase the faith of the buyer and prevent his exploitation.

4. Impression on the society:

- The product that the business sells as well as the policies that it practices affects the habits of the people of society, their lifestyle, thoughts, living standards, food habits, fashions, clothing, etc.
- Advertisements and promotions play a major role in these aspects.
- These aspects demand that the business units follow ethical means as a moral responsibility to the society and create a lasting impression on the current and future generations.

5. Consumer protection is good for business:

- Business units have realized that wellbeing of consumers is the wellbeing of the business.
- It is quite fundamental that in the competitive market, the business must produce goods as per the preference of the consumers. Those manufacturers / who fail to understand this, will lose market to their competitors.
- These practices satisfy the consumers. A delighted and satisfied consumer not only purchases the product again, but also recommends it to others. This will attract new consumers.

6. Principles of Trusteeship and Consumer Protection:

Gandhiji gave fine thoughts about Trusteeship and Consumer Protection. They are:

(A) Principle of Trusteeship: Whatever wealth the society has given to us should be used for the welfare of the people of the society.

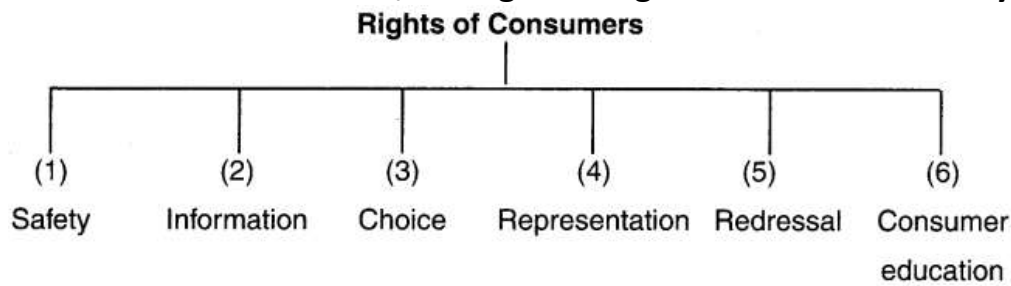
(B) On consumer: “Consumer is the most important person visiting the place of business. He is not dependent on the seller but we (sellers) are dependent on him. He does not interfere in our work but he is the objective of our business.

He is not an outsider for our business but he is a part of our business. We do not favour him by providing a product of his choice but he does a favour by giving an opportunity to serve him”.

Question 2. What are the rights made available to consumers as per the Consumer Protection Act?

Answer:

Consumer Protection Act, 1986 gives 6 rights to consumers. They are discussed below:



1. Safety:

- Every consumer is entitled to get protection from products which are harmful to health. For example, sub-standard electrical appliances can cause dangerous injuries to the consumer and hence should not be used.
- Standardized and superior quality appliances should only be used so that they do not cause harm to consumers.

2. Information:

- It is the right of a consumer to get all information regarding the product he wishes to purchase. For example, he is entitled to information such as ingredients, manufacturing date, directions for use, price, quality, weight, purity, etc.
- As per this right, a manufacturer is bound to display all information either, on the packing or on the label of the product.

3. Choice:

- Every consumer has a right to choose the product he wishes to purchase.
- The consumer must get a product at a competitive price, in right quantity, right place and at right time.
- The right of choice has led to production of variety of goods and services having different quality, brand, price, size, etc.
- A fine example would be the two-wheeler vehicle industry. There are a large number of options for scooter and motorcycles in the market in a wide price-band and features. Consumer can select his choice of vehicle on the basis of engine power, features, colour, design, price, etc.

4. Representation:

- If a consumer is dissatisfied with a product or a service, he has the right to represent his problem i.e. complain.

- With this right in the mind, most business units have set-up their own complaint redressal department. The consumers can call up and make a complain if they receive a faulty product.
- Over and above this, there are several organizations which work for protecting the consumers. These organizations help the consumers to file complain and deal with the proceedings.

5. Redressal:

- The right to redressal says that if a consumer gets sub-standard quality of goods or services as compared to what he has been promised then he has the right to get the relief.
- The consumers are eligible for various types of relieves such as replacement of goods or services or repair of the product or part.
- If at all the product has caused damage to the consumer he has the right to complain and obtain compensation.

6. Consumer education:

- Every consumer has the right to get information about the product he buys or wish to buy.
- The Act says that the consumer should get right quality and quantity at the given time and place at an ideal price. In order to see that these aspects are taken care of, the consumer has the right to get educated.
- If a product or a service is sub-standard as against the assured quality, then the consumer know that he has the legal right to claim relief and or compensation.
- Most business units and organizations who work for consumer protection are also actively working on educating consumers.

Over and above these six rights, The United Nations Organization (UNO) has issued a directive recommending two more rights for the consumers. They are:

1. Basic Needs
2. Hygienic Environment.

1. Basic needs:

This Right says that every person is entitled to basic needs such as adequate food, water, clothing, shelter and health care required for survival.

2. Hygienic environment:

- As per this Right, every individual has the right to get pollution-free air, water, food and land.
- Hygienic environment gives the person a good quality of life free from diseases.

Question 3. Define consumer and state who can complain to the dispute settlement institutions?

Answer:

Meaning of consumer:

According to the Consumer Protection Act, a consumer is “A person who receives goods or services against an exchange, who pays or agrees to compensate partly or fully or promises to compensate on a future date or has participated in some future payment plan. Any user of the product or service who uses it on the basis of the permission of the purchaser is a consumer. But the one who purchases on a resale basis or for further production is not included under the definition of a consumer.”

Any of the following can complain to the dispute settlement institutions:

- Consumer himself
- Registered consumer union on behalf of consumer
- State government or central government on behalf of consumers
- Legal heirs or representatives of deceased consumers

Question 4. How is consumer awareness created?

Answer:

- The process of making consumers aware about their rights related to the products and services they buy is called consumer awareness.
- Today, many items having similar features but belonging to different brands are available in the market.
- Illiterate, ignorant and unaware consumers who do not have complete knowledge or information about such things get fooled easily by buying fake or poor quality goods.
- There are several middlemen between producers and consumers and so the consumers get exploited in many ways.
- The system which sees that the goods and services the consumer buys are of good quality, proper weight and at a reasonable price is known as consumer protection.
- Consumer protection is a movement which is undertaken to make consumers aware about their rights.
- Consumer protection is a well-organized programme for the people of the society so that they become mature consumers. The programme aims at controlling anti-consumer activities, exploitation and deception that the consumers face.
- Every year, 15th March is celebrated as World Consumer Rights Day.



5. Answer the following questions in detail :

Question 1. Explain the responsibilities of consumers according to Consumer Protection Act.

Answer:

If we wish to have rights, we will have to take up some responsibilities. So, rather than just fighting about the rights, the consumer must undertake few responsibilities before buying a product and also while using it.

The consumer should undertake following responsibilities:

1. Conscious use of rights:

The government has given several rights to the consumer. So, the consumer should be well aware about them and should also possess knowledge about the way to use them.

2. Beware of misleading advertisements:

- In the marketing world, it is quite often that sellers and producers publish or display misleading advertisement for promoting sales. For example, consumption of a specific product will boost energy instantly or will increase the height of person in a short span, etc. Such misleading advertisements are also quite common in children products.
- The consumer should use his wisdom while taking the decision to purchase such products. He should also compare that product with other and verify the claims in order to prevent being getting fooled.
- If the consumer finds that the claims of the product are false or if the product is different as compared to shown in the commercial then he should report about such advertisement.
- Attempt should also be made to stop showing such inappropriate advertisement.

3. Care during purchase:

- The producer or seller should never provide wrong incentive for the sake of selling the product.
- Consumer should not get enchanted by the claims without verifying the details of the product. He should emphasize on getting all the necessary information regarding the product such as name of manufacturing unit and address, quality, quantity, direction for use, expiry date, ingredients, manufacturing date, weight, guarantee or warranty period and other conditions.

4. Solicit for a bill:

- A consumer should always insist on getting the bill for the product he purchases.
- Bill plays the core role during complain redressal. If the purchased product is damaged or of a sub-standard quality or does not fulfill the desired characteristics,



and if the consumer wants to complain to the Consumer Protection Forum, it is mandatory to submit the proof of purchase in the form of a bill.

- Apart from this, legally too every seller is bound to provide a bill to the consumer as proof of his purchase.

5. Solicit high quality:

- Today it is quite common to see adulterated, duplicate and sub-standard products in the market.
- Special emphasis should be laid to bring a permanent solution for such goods and services.
- The consumer should also confirm if the product has got quality control certificate and standardization mark. For example, one can look for ISI mark, ISO, mark, etc.

6. Registration of genuine complaints:

- If the consumer rights are violated in any form, the consumer should immediately complain to the concerned authority.
- Generally, consumers ignore minor problems or violation of consumer rights and do not bother to complain. This is not a good approach because the producer will keep on producing such products and harm others too.
- At times, consumers misuse their rights and claim much larger compensation for minor damages. This too is inappropriate.
- In short, it is the responsibility of the consumer to register genuine complains only.

7. Spread of consumerism:

- The act of promoting consumer protection at large is known as consumerism.
- Every consumer should take active part to promote consumerism. For this, the consumers should unite and undertake activities for spreading knowledge about consumer protection, the rights and responsibilities.

8. Environmental protection:

It is the duty of every consumer to protect the environment. He can even make small efforts in this direction. For example, he should throw the waste in dustbins in order to prevent dirt and pollution.

9. No involvement in unethical activities:

When consumer is purchasing something, he should not overlook legal aspects. For example, he should not involve in black-marketing, hoarding of goods or any such kind of unethical practices.

Conclusion:

From this discussion it can be concluded that rather than simply claiming consumer rights,

the consumer should first fulfill his responsibilities. Such an approach will automatically eliminate the use of many rights.

Question 2. Explain the 3 tier dispute settlement system according to the Consumer Protection Act.

Answer:

To see that consumers are heard for their problems, the government has formed a three-tier redressal system. These three tiers are classified as district level, state level and national level.

Based on this tier system, the redressal system can be classified as:

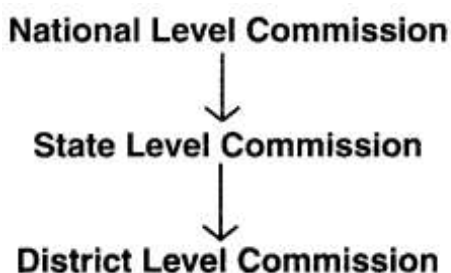
(a) District Forums: (District Consumer Disputes Redressal Forum (DCDRF))

(b) State level commissions: (State Consumer Disputes Redressal Commissions) (SCDRC)

(c) National level commission: (National Consumer Disputes Redressal Commission) (NCDRC)

The main objective of maintaining the three-tier redressal system is to make it fast and economical.

Three-Tier Redressal System:



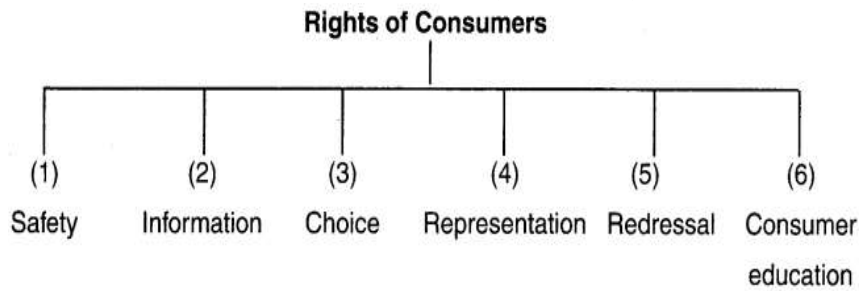
- If the consumer is dissatisfied with a product and finds that the product purchased by him is either defective or not as promised, he can take up the matter to the three-tier redressal system for getting justice. He can take the help of dispute settlement organizations set-up within the three tier redressal system.
- Depending upon compensation value, the consumer can file the complain at the concerned body.
- He can register the complaint either individually or in the capacity of a representative of consumer association at the District, State or Central level.
- If the grievances are common to a group of consumers, then they can also complain collectively.
- If the consumer is dead, even his legal heirs or his representative can file the complain.



Question 3. What types of relief and compensation are available to the consumer according to Consumer Protection Act?

Answer:

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2. Hygienic environment:

- As per this Right, every individual has the right to get pollution-free air, water, food and land.
- Hygienic environment gives the person a good quality of life free from diseases.

Question 4. Explain the working of Consumer Protection Institutions and Non-Government Organizations for protection and maintenance of consumers' interest.

Answer:

Role of Consumer Union and Non-Government Organizations (NGOs):

- In India, there are several consumer unions and Non-Government Organizations that are actively working for maintaining and protecting the interests of consumer.
- NGOs are non-profit organizations. They work for the welfare of the people on their own.
- NGOs have their own independent constitution. The workers follow this constitution and work accordingly for public welfare.
- Government does not interfere with the workings of NGOs.

NGOs that work specially for consumer welfare perform the following functions:

- Educating consumers about their rights through seminars, conferences and workshops.
- Publishing periodicals, notices, booklets, etc. to spread awareness regarding problems faced by consumers, for legal awareness, eligibility of compensation and other favourable information.
- Consumers are informed about the comparison of various products and services available in the market, quality analysis by the authorized laboratories and their reports.
- Support to provide legal information to the consumers and aid for the legal formality.
- Essential support is provided to the consumers to oppose unethical, exploitative and unfair sales practices of the sellers.
- Complaints are registered in the consumer court to protect the interest of the consumer.
- Provide complete assistance to consumers who want to complain in the Consumer Court.
- Consumer satisfaction and their related information are compiled and published.
- Releasing films and information for educating consumers.
- Consumer education programmes are organized in schools and colleges and students are educated for consumer protection.
- Awareness is created against food adulteration.
- Providing support to government institutions which work for spreading consumer awareness.

