

NCERT Solutions for Class-XII Business Studies

Very Short Answer Questions

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

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

2. Which quality certification mark is used for agricultural products?

Sol. AGMARK sign is issued and certified by Govt. of India Directorate of marketing and inspection. The quality certification mark used for agricultural products is AGMARK. The AGMARK sign is issued by Directorate of marketing and inspection of Government of India.

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

Sol. State commission will accept cases where the value of goods and services that are being disputed along with the compensation that is demanded must fall between 20 lakhs till 1 crore.

4. State any two reliefs available to consumers under CPA.

Sol. Reliefs available to consumers under CPA or Consumer Protection act are:

1. Removal of defective goods or provide replacement for the goods.
2. To stop manufacturing of hazardous goods and resist offering of such services that are of hazardous nature.

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

Sol. The component of product mix that helps the consumer to exercise the right to information is called as the quality certification of the product.

Short Answer Questions

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

Sol. Here is a list of the Acts that are passed by the Government of India in order to protect consumer interests:

1. CPA or Consumer Protection Act, 1986: This act provides protection to the consumers against different forms of exploitation such as unfair trade practices, deficiency in services or defective goods. As per this act there is a three-level redressal mechanism to address all consumer complaints. These levels are i) District forum, ii) State Commission and iii) National Commission.
2. The Contract Act, 1882: Under this act, the conditions on the basis of which promises in a contract are made binding are defined. Also, the act provides solutions in case there is a breach of the contract.

3. The Agriculture Produce or Grading and Marking Act, 1937: This act defines standards for livestock and agricultural commodities. It provides procedure for packing, grading and marking of the agricultural products. The quality certification that is provided by the Act is known as AGMARK.
4. The Standards of Weights and Measures Act, 1976: This act helps in safeguarding of the interests of the consumers for practices which are related to the goods that are under-measure and under-weight.
5. The Sale of Goods Act, 1930: It provides protection to the consumers in case the product or good purchased by them is not abiding by the warranties and conditions that are associated with the good or product.
6. The Prevention of Food Adulteration Act, 1954: This act is used for checking and preventing food adulteration and thereby maintaining purity of the product.
7. The Bureau of Indian Standards Act, 1986: As per this act, BIS or Bureau of Indian Standards are established for formulating the standards of goods quality and provide certification of quality for those products as per BIS certification scheme. The quality certification provided is known as ISI mark. It also addresses the redressal of complaints regarding product quality.
8. The Essential Commodities Act, 1955: As per this act, it provides for any type of control in production, distribution and supply of the essential goods. It also tracks the black marketing and ensures quality in product distribution.
9. The Competition Act, 2002: This act prevents any such practice by the business firms which will delay the competition of the market.
10. The Trade Marks Act, 1999: This act is formed for checking the use of false marks on the consumer goods and subsequently protecting consumers against use of such goods.

Q.2 What are the responsibilities of a consumer?

Sol. A customer can have some responsibilities which are enumerated as follows:

1. A consumer should be aware of the goods and services availability. It will make the customer informed and accordingly customer can make the choice.
2. A consumer must check all the appropriate quality marks on the items before purchasing the items. For example, checking hallmark symbol before purchasing jewellery.
3. A consumer must always ask for cash memo for the product or service that is purchased. It acts as a proof that purchase happened and can be used as a reference in case of any dispute that may arise in future.
4. Consumer must read the labels about price, expiry date etc. before making a purchase.
5. A consumer must always deal with honesty and do not involve in illegal business deals for benefit.
6. A consumer must read the manuals that are provided with the equipment in order to be safe.
7. A consumer must file a complaint about a product that is defective or lacking any functions as mentioned for the product. Complaints must be done in the appropriate forum.
8. Consumer must keep the environment clean by avoiding pollution or generating waste from products purchased.

Q.3 Who can file a complaint in a consumer court?

Sol. Under the Consumer Protection Act many establishments have been established for redressal of grievances of consumers, these establishments are consumer forums, consumer courts. As per the act,

the following type of entities can file a complaint in a consumer court:

1. Any individual consumer.
2. Any registered consumer organisation or any such association.
3. The state and the central government.
4. An individual consumer or a group of such consumer who are representing a large number of consumers each having the same type of interest.
5. Any legal representative or heir of a consumer who is deceased.

Q.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.

Sol. Consumer right which is reinforced by this proposal reinforced is "right to be informed". In this right the consumer has the right to have complete information about the product that the consumer wants to purchase, it can include the details like date of manufacture, quantity, expiry, date of manufacture, directions of use. Due to this legal binding the manufacturers are required to have all such information published on the package of the product.

Q.5 Who is a consumer as per CPA?

Sol. Consumer according to Consumer Protection Act or CPA is that person who either purchases a product or avails a service for personal use or earning income by self-employment. There is a consideration in availing the service which can be either fully paid, partly paid or partly promised. It involves a beneficiary of such goods and services when any such use is made on getting approval from such a person.

Long Answer Questions

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

Sol. Consumer protection is the process of making consumer aware of the rights and responsibilities they have and the redressal mechanisms in case they are unhappy with the goods or service. It is important for business and these points explain the significance of the business:

1. Long term interest: Companies with a desire to survive long term in the market must look at consumer satisfaction as an important component of business. It builds the reputation and necessary goodwill which results in repeat business and also introduction of new customers by the satisfied customers. Thus, for long term interests of a company, it is essential to check consumer interest.
2. A business will be utilizing the resources available in the society in order to produce goods and services and by selling those goods and services back to society profit is earned, therefore such goods should be produced and services given that will help protecting interest of society.
3. Ethics and moral values nowadays play an important part in business growth. A business that protects the consumer interests will be seen as an ethical company which will earn the business goodwill and trust from government and consumer alike.
4. Business growth is achieved by selling of goods and services to the people in society, so a business should keep interests of consumers and ensure that they are satisfied.
5. Any business organisation that is involved in unfair business practices will attract the ire of consumers as well as government. It will ruin the business name. Therefore, it is better to take consumer interest on priority.

Q.2 Explain the rights and responsibilities of consumer?

Sol. The following are the rights of the consumer as per the Consumer Protection Act:

1. Right to Safety: Each and every consumer has the right for safeguarding themselves against any goods or service that are hazardous to the health, property and life.
2. Right to be informed: This right makes a consumer to become aware about the quality, quantity, weight, ingredients and price of the goods and services. The government makes it mandatory to print all such information on the product packaging.
3. Right to Choose: The consumer has the right to choose any goods or services without force as per the wish of customer. Also, consumer has the right to access different products at prices which are competitive and fair.
4. Right to be heard: The customer in case of any instances of dissatisfaction about any product has the right to file a complaint. The customer can file a complaint and seek compensation from the manufacturers in form of product replacement, cash or free repair (if possible).
5. Right to seek redressal: The customer can ask for redressal in case the customer is exploited. The Company act has rules which makes it necessary for the companies to pay for the damage caused by the product manufactured by the company.
6. Right to consumer education: A consumer has the right to become educated about the rights available to them in case any exploitation is done. There are various organisations that work towards educating the consumer about such instances.

Apart from rights, a customer can have some responsibilities for safeguarding against exploitation. These are:

1. A consumer should be aware of the goods and services availability. It will make the customer informed and accordingly customer can make the choice.
2. A consumer must check all the appropriate quality marks on the items before purchasing the items. For example, checking hallmark symbol before purchasing jewellery.
3. A consumer must always ask for cash memo for the product or service that is purchased. It acts as a proof that purchase happened and can be used as a reference in case of any dispute that may arise in future.
4. Consumer must read the labels about price, expiry date etc before making a purchase.
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8. Consumer must keep the environment clean by avoiding pollution or generating waste from products purchased.

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

Sol. Here are following ways to achieve the objective of consumer protection:

1. Business firms should work towards protecting the interests of the customers. A satisfied customer will bring in more business for the company. To maintain customer satisfaction and providing them best service companies have set up customer support centers and grievance cells.

2. Various business organisations have been setup which are working towards the customer protection in India. Such organisations are Confederation of Indian Industries (CII) and Federation of Indian Chambers of Commerce and industry (FICCI). These organisations have created guidelines for the members for maintaining customer dealings.
3. Making a customer educated and aware about the laws is one of the most important steps in consumer protection. A customer must be aware of the compensation that can be demanded in case a business has follows unfair trade practices and exploits customer. Knowing the laws will safeguard the customer from such activities.
4. A variety of consumer organisations and associations have setup such as the Consumer Protection Council, Consumer guidance Society of India and Consumer Unity and Trust Society which are educating customers of their rights and responsibilities. They also help customers in raising any form of protest against unfair trade practices or cheating.
5. Government plays a protective role for customers by passing various rules and regulations such as the Consumer Protection Act which is helpful in protecting consumer rights and acts as grievance redressal system for consumers.

Q.4 Explain the redressal mechanism available to consumers under the Consumer Protection Act, 1986.

Sol. There exists a three levels of redressal mechanism under the Consumer Protection Act in order to listen to consumer complaints and grievances. The three levels are:

1. District Forum
2. State Commission
3. National Commission

District forum: The concerned state department has the responsibility of setting up district forums in each district. The district forum consists of a president and two or more than two members. One woman should be among them. The consumer can file a complaint in district forum when the goods have a value or compensation that is being sought is less than Rs.20 lakh. The forum on receiving the complaint, forwards it to the concerned party on whom the complaint is being is raised. The forum passes the judgement order after considering the reports and on hearing from both the parties. If the party which filed the complaint is not happy with the verdict, it can appeal to the State Commission within 30 days from the date of passing of judgement by the district forum.

State Commission: State government has setup state commission for addressing the consumer grievances. The number of members in a state commission is same as district forum and the composition is also same. The complaints that is being addressed in State Commission are of cases where the value of goods or services are more than 20 lakhs but less than 1 crore. The process of issuing order is same as the district forum. The party registering the complaint can appeal against the order if the order is not up to satisfaction. The appeal can be made to National commission within 30 days of the judgement passed from State Commission.

National Commission: National commission is setup by central government. There is a president along with four members or more members with one being woman. The customer can file complaint in case of goods having value of more than 1 crore. The commission passes an order after hearing both sides. The affected party can appeal to Supreme Court if not happy with the order passed by national commission.

Q.5 Explain the role of consumer organisations and NGOs in protecting and promoting consumers' interests.

Sol. Consumer organisations and NGO's perform the following functions in order to protect and promote consumer interests:

1. By educating the general public about the different consumer rights through workshops, training programs and seminars.
2. By publishing periodicals and other type of publications that provide knowledge about the various consumer problems, rights and other matters that can be of use to the public.
3. By carrying out tests of the different consumer products in laboratories to determine the quality of the products and letting customer know the same by publishing the findings.
4. By encouraging customers to take legal action whenever is required against unfair trade practices adopted by business organisations.
5. By providing assistance to the consumers who are looking for legal counselling.
6. By filing complaints in consumer courts for the customer.
7. By filing of cases in consumer forums which are of public interest.

Q.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 discolouration 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 a 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.

Sol.

- (a) The right exercised by Mrs. Mathur is the "Right to seek Redressal".
- (b) The right that helped Mrs. Mathur in availing the compensation is the "right to seek redressal". Under this right the consumer has a right to get relief or compensation in case the service or the product falls short of the customer expectations.
- (c) Mrs. Mathur fulfilled the consumer responsibility of filing a complaint in an appropriate consumer forum in case a shortcoming is found in the quality of goods and services that are purchased.
- (d) The other two responsibilities that can be assumed by customers include:
 - (i) Buying only goods that are of good quality and are standardised. This include checking for the required quality assurance marks on the items purchased. It can include hallmark for jewellery, ISI mark for electrical goods.
 - (ii) Check the labels correctly so that there is proper information on the manufacturing and expiry dates, actual weight, ingredients and maximum retail price etc.