

OPEN STUDENT FOUNDATION
Std-12 Business Administration
Day - 11

Chapters : 11

Date : 26/02/24

Section A

- Choose correct answer from the given options. [Each carries 1 Mark] [5]
1. Which day is celebrated as Consumer Rights Day every year internationally? (March-2018, March-2019, March - 2022)
(A) 15 January (B) 15 March (C) 15 August (D) 15 December
 2. Public interest petition can be filed in which court? (July-2018, March-2020, Aug-2020)
(A) District Court (B) Civil Court (C) Criminal Court (D) Supreme Court
 3. In which year, the Consumer Protection Act was passed? (July-2019, March-2022, March-2023)
(A) 1956 (B) 1932 (C) 1986 (D) 2015
 4. Who gave the theory of Trusteeship? March-2022, July-2022)
(A) Jawaharlal Nehru (B) Subhash Chandra Bose
(C) Indira Gandhi (D) Gandhiji
 5. In which type of commission does the central government appoint the members? (March-2022, July-2022)
(A) District Level (B) State level (C) National Level (D) International level

Section B

- Write the answer of the following questions. [Each carries 2 Marks] [6]
6. Write in brief about Public Interest Litigations (PIL). (Aug-2020, March-2022, July-2022)
 7. Explain about consumer exploitation. (March-2022, March-2023)
 8. Write a note on the Principles of Trusteeship and Consumer Protection.

Section C

- Write the answer of the following questions. [Each carries 3 Marks] [9]
9. State the importance of consumer protection from the viewpoint of business. (July-2016, July-2019, March-2020, Aug-2020)
 10. What are the rights made available to consumers as per the Consumer Protection Act ?
 11. What kind of relief's can consumers get under consumer protection act? (March-2023)

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- ➡ Ans : (D)
5. In which type of commission does the central government appoint the members? (March-2022, July-2022)
(A) District Level (B) State level (C) National Level (D) International level
- ➡ Ans : (C)

Section B

- Write the answer of the following questions. [Each carries 2 Marks] [6]
6. Write in brief about Public Interest Litigations (PIL). (Aug-2020, March-2022, July-2022)
- ➡ **Public Interest Litigation:**
- ⇒ Some individuals in the society hesitate to go to court and some issues affect the entire society and not an individual or a group of individuals. Any person i.e. a person not aggrieved by such questions can also make a public interest in plea. A Public Interest Litigation is filed in the Supreme Court or State High Court. The court after reading the application, if it thinks fit, registers the case and presents its parties and gives its judgment on the application.
7. Explain about consumer exploitation. (March-2022, March-2023)
- ➡ (1) Physical and mental Exploitation:
⇒ Consumers feel frustrated or angry due to sale of inferior product or fake product. Improper materials used in the manufacture of the product may also cause bodily harm.
- (2) Economic Exploitation:
⇒ Economic loss to the consumer due to sales made through hoarding or black market or by charging more than the printed selling price of a good or service.
- (3) Damage to public interest :

⇒ While manufacturing many products, the environment is polluted due to some of the substances used in them. Thus, public interest is harmed by environmental damage.

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

⇒ Principle of trusteeship and consumer protection:

⇒ According to Gandhiji's principle of Trusteeship, whatever wealth the society has given to a person should be used for the welfare of the people of the society. For customers, Gandhi says that "The customer is the most important person in a business. They do not depend on us, but we depend on them. It does not interfere with our work, but it is the purpose of our work. He is not an outsider of our business but a part of it. We do him no favours by giving him what he wants, but he favours us by giving us the opportunity to do so."

Section C

● Write the answer of the following questions. [Each carries 3 Marks]

[9]

9. State the importance of consumer protection from the viewpoint of business. (July-2016, July-2019, March-2020, Aug-2020)

⇒ Consumer protection means providing protection against unethical, exploitative and unfair practices.

⇒ Importance of customer protection from a business perspective:

(1) Utilization of society's resources:

⇒ Any business starts or develops itself through the resources of the society. Therefore, it becomes the responsibility of the business to provide products or services to the customers so that the standard of living of the customer improves.

(2) Social Responsibility :

⇒ Corporate has social responsibility towards various groups. Consumer is also a part of the society. Therefore, every business unit has a sincere responsibility towards customers should be performed.

(3) A section of society :

⇒ Any business is a part of society. Every trader is a customer of every other trader. So the customer should not be exploited to win his trust. So all business units should follow policies that should help to build trust of customers and they should remain far from customer's exploitation.

(4) Impact on Society :

⇒ Business has more influence on society. Through advertisement, there is an impact on the habits, living, thinking, food - drink of the people of the society. Hence a business unit has a moral responsibility to have a proper business policy in the interest of the society.

(5) Business interest in protecting consumers:

⇒ If a business unit produces products without understanding customer preferences, needs, customers will buy from competitors. Therefore, it is in the interest of the business to proceed by understanding the demand, need, protection of customers etc

(6) Principle of Trusteeship and Consumer Protection:

⇒ According to Gandhiji's principle of Trusteeship, those who has been given wealth by the society should use it for the poor and needy persons of the society.

⇒ While presenting ideas about the customer, Gandhiji says, 'The customer is the most important person in the business. He is not an outsider of the business, but a part of the business itself. Business depends on the customer, the customer does not depend on the business. It does not interfere with our work but is the purpose of our work. We don't do him a favour by giving him what he wants, but he

does us a favour by giving us the opportunity to do so.'

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

➡ **Consumer Protection Act - 1986 :** The main objective of the Consumer Protection Act is to protect the interests and rights of consumers. Consumer protection laws protect consumers against defective goods, deficient services, unfair trade practices and consumer fraud. A three-tier system has been established by the Consumer Protection Act. In which a system has been set up for immediate and cost-effective disposal of customer complaints at three levels namely district level, state level and national level.

➡ **Consumer Rights :**

(1) Security:

⇒ Consumers are protected against products or services that harm health and human life. E.g. Consumers are warned against using tobacco, cigarettes, gutkha etc. as they are harmful to human life.

(2) Right to information:

⇒ The customer has the right to get all the information about the product or service he wants to buy. E.g. Price of the item, ingredients, quantity, purity, method of use, quality, date of manufacture, expiry date etc. It is legally mandatory for the manufacturer to display all such information on the packaging or label of the product.

(3) Selection :

⇒ Every customer has the right of choice i.e. the freedom to choose from a variety of goods or services and buy them at competitive prices. A customer should get the product or service of his choice at the right price, in the right quantity, at the right place and at the right time. Because of the consumer's right to choose, marketers vary goods and services in terms of quality, brand, price, size, etc., and provide choice to consumers. For example, consumers get a wide choice in the range of two-wheelers and among these, buying a motorcycle gives scope of choice by engine power, appearance, colour etc.

(4) Representation:

⇒ A customer has a legal right to make representations if he is dissatisfied with the use of a product or service. For this, many business units themselves set up a special department for redressal of their customers' grievances.

(5) Prevention:

⇒ According to the Consumer Protection Act, if the product supplied to the consumer is of inferior quality, the consumer should be given appropriate relief for the same. The Consumer Protection Act provides many relief's to consumers such as right to replacement of goods or services, rectification of defects in goods or services, right to complain and seek redressal and compensation for loss or damage caused.

(6) Consumer Education :

⇒ The consumer has the right to education and information about the legal remedies available to him to ensure that he receives a high-quality product in the right quantity, right quality, at the right time, at the right place and at a reasonable price.

➡ Apart from this, according to the guidelines issued by the United Nations, consumers have been favoured to have two additional rights.

(i) Primary needs:

⇒ Primary needs mean the right of people to have the things or services to live a decent life.

(ii) Hygienic Environment:

⇒ Every human being has the right to pollution-free air, water, food and land. A healthy environment means protection against pollution so that humans can lead a pollution-free life.

11. What kind of relief's can consumers get under consumer protection act? (March-2023)

⇒ If the consumer court accepts the complaint, it may grant one or more of the following relief's in favour of the complainant:

- (1) May order to remedy the defect in the goods or services.
- (2) May order refund of money paid for goods or services.
- (3) Can replace a defective item with a non-defective item.
- (4) Can reasonably compensate the customer for loss and injury caused by the negligence of the opposite party.
- (5) Compelled to pay punitive damages in appropriate circumstances.
- (6) To stop any unfair and restrictive trade practices and not to repeat them in future can order.
- (7) May stop the manufacture or sale of dangerous goods.
- (8) May prevent dangerous goods from being offered for sale.
- (9) In case of defective goods or deficient service provided, at least 5% of the total sales may be ordered to be paid to the Consumer Protection Fund or to another organization or person on condition that it be used for a specific purpose.
- (10) May compel corrective advertising to eliminate the effect of misleading advertising.
- (11) May order a party to pay reasonable costs.