

**Additional Reading Material**  
**Class XII**  
**Business Studies**  
**Chapter 12: Consumer Protection**

**Meaning:** A consumer is defined as any person who buys any product or hires or avails or any service.

**Consumer Protection:** Consumer protection implies assurance against anti-consumer trade practices by the producers, businessmen or traders. Anti-consumer trade practices include adulteration, substandard quality, fractional weights and measures, overcharging, misleading claims in advertisements, and so on. Curbing such practices through legislative and other measures and taking actions against the producers and traders indulging in such practices is the essence of consumer protection.

**Need for Consumer Protection:**

- 1) **Service motive:** The sole objective of business is not to earn profits alone. Any business can flourish when it serves the customer well. Hence, service motive is the basis of success for any business and as such the business should resort to fair means of dealing with its consumers.
- 2) **Consumer is the purpose of the business:** The basic purpose of business is to create and satisfy customers. Customer is the foundation of business and keeps it in existence so the business aims at satisfying both present and potential consumers.
- 3) **Business is run to pursue multiple objectives:** A business has both economic as well as social objectives. The economic objective is to earn sufficient profits and social objective is to serve all the stakeholders of business genuinely.
- 4) **Ethical obligation:** Business must be guided by the social ethics and norms. It is the responsibility of the business to protect the interest of consumers and this can be done by offering quality goods at reasonable prices.
- 5) **Unity among consumers:** Consumer protection aims at organising consumers as a group and bringing out unity among them so that they can fight collectively against any unfair trade practices.
- 6) **Responsibility with power:** Business exercises considerable power over the society. It is the responsibility of the business to use its power in such a way that the interest of the society is not damaged.
- 7) **Consumer education:** Importance of consumer protection is to create awareness among consumers about their rights and responsibilities by organising workshops and seminars and give them confidence to take legal action against unfair trade practices.
- 8) **Self-interest of business:** If a business fails to satisfy the consumers, they will shift over to the products of competitors. Such a business will cease to exist in the long run. Further, consumer's faith in an enterprise is of prime importance which can be achieved by offering quality goods and services at reasonable prices and by following other fair trade practices.

## **Rights of Consumers**

- 1) **Right to safety:** One of the basic rights of any consumer is to be protected against the goods and services which are hazardous to health or life. The consumers have the right to get protection against any risk of injury or serious damage to property and life.
- 2) **Right to information:** The consumers have the right to be informed about the quality, quantity, purity, standard and price of goods he /she intends to purchase. Therefore, the producer must mention complete information about the products relating to the ingredients, date of manufacture, date of expiry, price, precaution of use, etc. on the label and package of the product.
- 3) **Right to choose:** The consumer should be assured of freedom to choose from a variety of products at competitive prices. The seller should not use aggressive selling techniques to sell the product to the consumer. Every consumer has a right to buy a product on his free will.
- 4) **Right to be heard:** The consumer has a right to register dissatisfaction with any product and get his complain heard. This right has been of greater importance than the other rights. Most of the reputed firms as set of consumer services to listen to the consumers complaints and take appropriate steps to witness their grievances.
- 5) **Right to seek redressal:** It is a right to seek redressal or solution against any defect in goods or any unfair trade practice suffered by the consumer. If the quality and performance of a product falls short of seller claims, the consumer has the right to certain remedies.
- 6) **Right to consumer education:** It means the right of acquiring knowledge and being a well- informed consumer throughout the life. A consumer should be made aware of his rights and the remedies available through publicity in the mass media.
- 7) **Right to healthy environment:** It means right to secure ecological balance and pollution free environment. The consumer's organisation demand conservations of non-renewable resources, preservation of natural beauty and healthy environment.

## **Methods of Consumer Protection:**

- 1) **Self- regulation by business:** This is the most important step to be adhered by a business firm. Many companies have led down standards of quality and norms of customer care to project the interest of customers. They have even set up customer service centre and grievance redressal sales for the customers.
- 2) **Consumer awareness:** The consumer himself must be alert and well informed. He should protect his own rights by speaking and acting against all forms of exploitation.
- 3) **Consumer associations:** The consumers can organise themselves and form associations to fight against the malpractices of business houses. These associations help the consumers to get their grievances redressed and also raise voice against unethical and illegal business practices.

- 4) Government:** The government offers protection to consumers by enacting special laws and implementing the same. Some of the acts form by government includes consumer protection act 1986, environment protection act 1986 and several other laws to protect the interest of consumers.
- 5) Other methods of consumer protection:** The other method includes the following:
- a. Lok Adalats:** In India, lok adalats have been constituted in various districts throughout the country to ensure speedy, effective and economical redressal of consumer grievances.
  - b. Public interest litigation (PIL):** It is a means to provide legal representation to unrepresented interest or groups such as the poor, consumers, minority, environmentalist, etc. any individual or organisation can approach the court for remedy against exploitation.
  - c. Consumer redressal forums:** Under the consumer protection act 1986, district forums, state commissions and national commissions have been constituted to provide for simple, economical and speedy redressal of consumer grievances.
  - d. Publicity:** All India Radio and Doordarshan telecast regular programmes on consumer protection. Documentaries have been prepared to educate consumers. Private news channels and print media too these days have started arising consumer awareness.

### **Consumer Protection Act, 1986**

The consumer protection act was passed and came into effect from 1987. Its purpose is to protect consumers against defective goods, unsatisfactory services, unfair trade practices, etc. the act provides for a three tier machinery consisting of district forum, state commission and national forum.

**District Forum:** This forum is set by the district of the state concerned in each district wherein it consists of President and two members of which one should be a woman and is appointed by the State Government. District forums can entertain complain for a value of not more than 25 Lacs. Once the complaint is filed the goods are sent for testing and if they found defective the accused party should be compensated and if the party is dissatisfied can move to the higher authority.

**State Commission:** This is set up by each state. It consists of President and two members. State commission can entertain claims between 25 lacs and 1 crore. The goods are sent for testing and if found defective are asked for replacement or compensation. If not satisfied can make an appeal within 30 days in front of the National Commission.

**National Forum:** Consist of President and 4 members. National commission entertains complains the value of which exceeds The complaint must exceed crore. The goods are sent for testing and if found defective are asked for replacement or compensation. An appeal against the order of the National Commission can be filed to the Supreme Court within 30 days.