



## **Important Questions for Class 12**

### **Business Studies**

#### **Chapter 12 – Consumer Protection**

##### **Very Short Answer Questions**

**1 or 2 Marks**

**1. 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 have obtained for filing the complaint in the consumer forum.**

**Ans:** Ravi could have the monetary memo for filing the complaint in the consumer forum.

**2. Mention when as a consumer you are not in a position to resolve your grievance under consumer protection act.**

**Ans:** When we fail to fulfil our consumer responsibilities, we are unable to resolve our grievances as consumers.

**3. Sandeep purchased a diesel car for Rs. 7 lacs from an automobile company and found its engine defective. Despite many complaints, the defect was not rectified. Suggest to him the appropriate authority where he could file**

**a complaint under consumer protection Act.**

**Ans:** District Forum is the appropriate authority he could file a complaint under consumer protection Act.

**4. A company is using sub- standard electric wiring in its coolers. Which consumer right is being violated?**

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**Ans:** The Right to Safety is violated here.

**5. Rita wants to buy a packet of juice. As an aware customer how can she be sure about the quality of juice she plans to buy?**

**Ans:** Rita can inquire about FPO (Fruit Product Order 1955) certifications. She can check the manufacture and expiry dates, as well as the storage and display conditions.

**6. Under three-tier machinery where can a legal heir or representative of a deceased consumer file a complaint where the compensation claim is Rs 25 lakhs.**

**Ans:** The legal heir or representative of a deceased consumer may file a complaint with the state commission if the compensation claim exceeds Rs 25 lakh.

**7. Pragya bought an iron of a reputed brand for Rs 1,500 but it caused an electric shock while it was being used. Pragya wants to exercise her 'Right'. Identify the 'Right' under which she can be protected.**

**Ans:** The right to safety is the one under which Pragya can be protected.

**8. Manvendra always went to a specific shop to buy all consumable and non- consumable goods. In this shop variety of products of different brands were displayed nicely and the sales person available also gave good sales presentation if required. However, this shop was quite far off from his residence. His friend Annant always wondered why Manvendra wastes so much time in going to that shop where as there were many big brand hops situated near his residence having consumable and non-consumable goods.**

**Annant asked Manvendra the reason of going to that particular shop. Manvendra told that he was exercising one of his 'Rights' which he could not exercise in near-by big brand shops. State the consumer's right which Manvendra had exercised.**

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**Ans:** Manvendra had exercised his right to choose. This is because a variety of products from various brands were displayed nicely in the shop, and Manvendra could easily choose from the displayed products.

**9. Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week the representative of the company visited Suman's residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her. State the consumer right which Suman exercised.**

**Ans:** Suman's consumer right is the "Right to Seek Redress."

**10. 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.**

**Ans:** Manuj exercised his 'Right to Information.'

Explanation: Because the ingredients in the chips were illegible in this scenario, Manuj was unable to see them. Because a consumer has the right to be fully informed about the quality, quantity, price, ingredients, weight, and other aspects of goods and services, he exercised that right.

### **Short Answer Questions**

**3 or 4 Marks**

**11. Explain any four points of importance of consumer protection from the point of view of business.**

**Ans: Importance of consumer protection from a business standpoint:**

- i. **Long-term Interest:** Customer satisfaction is critical for any business. Consumer satisfaction has become increasingly important in today's

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- world of increasing competition. As the organisation looks after the interests of its customers, it gains goodwill and reputation in the market. This, in turn, helps to increase the company's sales and profits. Thus, protecting the interests of consumers benefits the business in the long run.
- ii. **Resource Utilization:** Every business depends on society to survive. It makes use of societal resources in its various production activities. Profits are generated by the sale of these goods and services to society. As a result, businesses must consider societal interests and provide goods and services that are consistent with societal interests and well-being.
  - iii. **Ethical Reasoning:** Every business must adhere to fundamental moral and ethical principles. It must not engage in any business practises that lead to consumer exploitation in any way.
  - iv. **Social Responsibility:** Every business strives to exist on the basis of society. It makes a profit by selling various goods and services to society's consumers. As a result, it is the responsibility of the business to take this into account and work toward satisfying consumer interests.

**12. Mr. Verma who was a vegetarian went to a snack bar for having French fries and later found out that it had non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content. Will Mr. Verma be able to claim compensation which right of the consumer is violated here?**

**Ans:** There is a violation of the consumer's right to know in this case. According to the amendment to the regulations in the Weight and Measurement Act, (2000), every product should explicitly bear a green dot for vegetarian ingredients, while a brown dot indicates the use of non-vegetarian ingredients. It is also required to display the dot on all advertisements, whether electronic or print, as well as all posters, banners, stunts, and so on, so Mr. Bharti would be able to claim compensation.

**13. State any three directions which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint.**

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**Ans:** The following are the three directions that the consumer court can issue to the opposing party if it is satisfied that the complaint is genuine:

1. Repair the faulty goods or eliminate the deficiency in the service.
2. Replacement of the faulty item with a new one.
3. Refund the consumer's payment for the goods or services.

**14. What is meant by a 'consumer' as per the provisions of Consumer Protection Act, 1986?**

**Ans:** The Consumer Protection Act defines a consumer as follows:

- Any person who buys a good for which he has paid or promised to pay; or who has paid a portion of the price and has promised to pay the remainder. That is, it includes all individuals who use the goods with the seller's permission. Individuals who buy goods for resale or commercial purposes, on the other hand, are not considered consumers.
- Any individual who uses or hires a service for which he has paid or promised to pay; or has paid in part and promised to pay the remainder. That is, it includes all individuals who have used the service with the seller's approval.

**15. State any three points of importance of consumer protection from the point of view of consumers.**

**Ans:** Consumer protection entails educating consumers about their rights and responsibilities, as well as resolving their grievances and complaints. Important consumer protection points from the consumer's perspective:

- i. **Consumer Ignorance:** Because consumers in India are unaware of their rights and available remedies, it is critical to educate the consumers about their rights which can protect them.
- ii. **Consumer exploitation:** Sellers engage in exploitative and unfair trade practises in order to gain profits and maximise their sales, leading to an increase in the importance of consumer protection.

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- iii. **Unorganized consumers:** In India, consumer organisations as well as non-governmental organisations (NGOs) are few and weak.

**16. Explain the following rights of consumers:**

**i. Right to be informed**

**Ans:** Every consumer has the right to have and gain complete information about the goods and services they purchase. They must, for example, have information on the quality, quantity, price, ingredients, and weight of goods and services. Manufacturers in India are required by law to provide product information on the package and label. This enables the consumer to take an informed and wise decision.

**ii. Right to safety**

**Ans:** Consumers have the right to protect themselves from goods and services that could endanger their lives, health, or property. Consumers, for example, can be harmed if they use faulty electrical appliances. Under the Act, every consumer has the right to be protected from such goods.

**17. State any three functions performed by non-governmental organisations for protection.**

**Ans:** The following are the functions of Non-Governmental Organizations (NGOs) for consumer protection.

i) **Consumer Education:** Non-governmental organisations (NGOs) and consumer organisations (CBOs) organise various training programmes and workshops in order to educate and spreading awareness about their rights as well as responsibilities.

ii) **Journal Publishing:** In addition to training programmes and seminars, they spread awareness through journals and periodicals. These journals and other publications provide information on a variety of consumer issues, legal remedies, and other related topics.

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iii) **Product Quality Testing:** They conduct quality tests on various products in laboratories and publish the results. Such findings assist consumers in making well-informed decisions.

### **18. Who can file a complaint in a consumer court?**

**Ans:** Consumer courts as well as consumer forums that have been established under the Consumer Protection Act to address consumer complaints. The following people have the right to file a complaint in a consumer court.

- (i) Any consumer;
- (ii) Any registered consumer association or organisation;
- (iii) The Central and State Governments; and
- (iv) A consumer or a group of consumers acting on behalf of a number of consumers who share a common interest.
- (v) The deceased consumer's legal heir or representative.

### **Long Answer Type Questions**

**5 or 6 Marks**

**19. Pooja purchased a packet of juice from the local grocery shop. The information provided on the packet was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief.**

**(a) Identify the important aspect which has been neglected by the marketer in the above case.**

**Ans:** In the preceding example, the marketer overlooked the aspect of labelling.

**(b) Explain briefly the functions of the aspect identified in (a)**

**above. Ans:** The points below highlight the functions of labelling.

- (i) **Use and content description:** The primary function of labelling is to provide a description of the product's use, application, cautions, content, and so on. For example, the contents of a shampoo bottle are written on the bottle, along with warnings such as "keep away from children under the age of 10." Similarly, a picture of noodles describing its appearance can be



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found on food products such as Maggie Cuppa Mania. Along with this, the ingredients and method of preparation are specified.

- (ii) **Product Identification and Differentiation:** A label aids in product identification. It assists consumers in differentiating their preferred products from others. In a potato chip product, for example, a man eating potato chips is imprinted for identification. A label also contains useful information such as the manufacturer's name or address, net weight, maximum retail price, batch number, and so on.
- (iii) **Standardizing and Grading:** A label can also help with product grading. This allows marketers to categorise the product into different categories based on specific qualities or features. For example, a face-cream brand may be divided into three categories: oily skin, dry skin, and normal skin.
- (iv) **Promotes Production:** An appealing label aids marketers in promoting the product. It aids in attracting new customers to the product. For example, the label for Maggie Noodles reads, "Taste bhi, Health bhi." In this case, the label is crucial in highlighting the product and promoting its sale.
- (v) **Information Required by Law:** The label also provides and mentions the information that is required by law. For example, on a packet of tobacco, it says, 'Chewing tobacco is harmful to your health.'

**20. Indian Youth Organisation (IYO) organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the IYO members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of old age home were reluctant for it because they believed that the pest control may create health problems for them. IYO, therefore decided to provide ethical, safe and odourless pest control. They showed to the inmates of old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. It worked for a fortnight but to their dismay the effect started wearing off. IYO contacted the pest control company which kept on postponing their visit. After waiting for a month, IYO filed a case in the consumer court.**

**The consumer court was satisfied about the genuine.**

**(a) State any six directions that might have been issued by the court.**

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**Ans:** The court may order'

- (i) Repair the defective goods or correct the service defect.
- (ii) Replacement of the faulty item with a new one.
- (iii) Refund the consumer's purchase price for the good or service.
- (iv) Payment of monetary compensation for the loss or injury suffered.
- (v) Removing the misleading advertisement and replacing it with a correct advertisement going forward.
- (vi) Payment of an appropriate amount (not less than 5% of the item in question) to the Consumer Welfare Fund.

**(b) Also, identify any two values that are being communicated by IYO to the society.**

**Ans:** Values involved

- (i) Encouraging cleanliness and hygiene
- (ii) Taking on social responsibility

**21. Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer's instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG Electronics Ltd., which refused to provide any service on the plea that the installation of the machine was not done by the company.**

**(a) State the responsibility which Sumit had to fulfil as an aware consumer to get the services of the company.**

**Ans:** Sumit's responsibility as an informed consumer to obtain the company's services is to learn about the risks associated with the products as well as services, to follow the manufacturer's instructions, and to use the products safely.

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**(b) Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).**

**Ans:** Sumit could have exercised two rights if he had fulfilled his responsibility:

- **Right to be Heard:** Consumers have the right to be heard in an appropriate legal forum if they have a complaint or are dissatisfied with a product or service. In other words, a consumer has the right to file a complaint.
- **Right to Seek Redress:** Consumers have the right to seek redress in the event of a complaint and, if necessary, to seek appropriate compensation. The Act provides for compensation in the form of product replacement, cash compensation, and defect repair/removal.

**22. As a well informed consumer. What kind of quality certification marks you will look for before buying ‘products? Specify any 6 points.**

**Ans:** The following are some examples of quality certification marks:

- (1) **FPO (Fruit Products Order 1955)** – It specifies as well as regulates the production & marketing of processed fruits & vegetables, sweetened aerated water, vinegar, and synthetic syrups.
- (2) **ISI:** On consumer durable goods.
- (3) **Hallmark:** BIS gold jewellery certification scheme.
- (4) **Earthen Pitcher:** For labelling eco-friendly products.
- (5) **AGMARK:** This is a quality standard for agricultural commodities and similar stock products.
- (6) **Wool mark:** This symbol denotes 100 percent pure wool.

**23. Explain the rights and responsibilities of a consumer.**

**Ans:** A consumer has six rights under the Consumer Protection Act. A consumer's rights are as follows.

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1. **Right to Safety:** Every consumer has under the act the right to be protected from goods and services that endanger life, health, or property. Manufacturing flaws in electrical appliances and cooking gas cylinders, for example, can be hazardous. The consumer has a right to be shielded from such products.
  2. **Right to be Informed:** Under this, the consumer has the right to be informed about the quality, quantity, price, ingredients, weight, and other aspects of the goods and services. In India, manufacturers are required by law to provide all such information on the package and label of the goods. This helps the consumer in taking an informed decision.
  3. **Right to Choose:** A consumer has, under the act, the right to select from a wide range of goods and services at competitive prices. That is, the consumer has the right to a diverse range of products at reasonable and competitive prices. As a result, the retailer or supplier should provide a wide range of products in terms of quality, brand, price, and so on. They should not persuade customers to purchase a specific product or service.
  4. **Right to be Heard:** A consumer has the right to file a complaint if he or she has a complaint or is dissatisfied with something. A consumer in such case can file a legal complaint as well as seek redress for any form of exploitation in appropriate government-established forums. Many consumer organisations and associations are now working in this area as well.
  5. **Right to Seek Redress:** In any case of exploitation, consumer under the act has right to seek redress as well as compensation. The Consumer Protection Act provides in such cases for compensation in the form of product replacement, cash compensation, defect repair/removal, and so on.
  6. **Right to Consumer Education:** It is said to be the right of the consumers to be educated as well as to have awareness of their rights, as well as the remedies available in the event of exploitation. Many government and non-governmental organisations are actively involved in this endeavour.

A consumer has some responsibilities in addition to his rights to protect himself from exploitation.

Some of a consumer's responsibilities are as follows:

1. **Awareness:** A consumer should be aware of the various goods and services that are available. As a result, he is able to make an informed and wise decision.

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2. **Seeking Quality Marks:** Before purchasing goods, a consumer should always look for quality certification marks such as ISI in the case of electrical goods, AGMARK in the case of agricultural goods, and so on.
  3. **Requesting Cash Memo:** When purchasing goods and services, a consumer should always request cash memos or bills. The bill serves as proof of purchase and can be used as a reference in the event of a complaint.
  4. **Reading Labels:** Product labels provide information such as price, weight, and expiration date. Before purchasing the goods, the consumer must carefully read these labels.
  5. **Honest Transactions:** A consumer should always opt for legal transactions and avoid illegal trade practises such as black marketing and hoarding.
  6. **Ensure Safety:** To ensure the safe use of the product, a consumer must carefully read the manuals and instructions provided by the manufacturer. Before using an electrical appliance, for example, the instructions must be carefully read.
  7. **Complaint Filing:** If the product is found by the consumer as defective or any form of deficiency in the quality, a complaint must be filed in the appropriate forum.
  8. **Consumer Societies:** Consumer organisations and societies such as the Consumer Coordination Council and the Common Cause as well as the Karnataka Consumer Service Society, among others, must be formed to promote consumer education and awareness.
  9. **Environmental Protection:** Consumers must also work to protect the environment by avoiding waste, reducing pollution, and so on.