

# Social Studies

## (Economics)

Chapter 5: Consumer Rights



## Consumer Rights

### Consumer in the Marketplace

In the market, producers involved in production and consumers buy goods and services for their daily requirements. Some traders indulge in unfair trade practices such as sale of defective/adulterated goods; shopkeepers sell goods which weigh lesser than the actual weight or sell goods with additional charges. Therefore, rules and regulations are required to protect consumers in the market.

People participate in the market both as producers and consumers. **As a producer** they sell their goods and provide services to the needy people. Producers provide service in the sector like, agriculture sector or primary sector, secondary sector or manufacturing sector and service sector or tertiary sector.

**As a consumer**, a person purchase goods and services that he/she need. Consumers exploited in the marketplace by the producers in various ways. In informal sector, borrowers are exploited by the moneylenders. People borrow money from moneylenders at high rate of interest and also forced by the moneylenders to pay the loan timely.

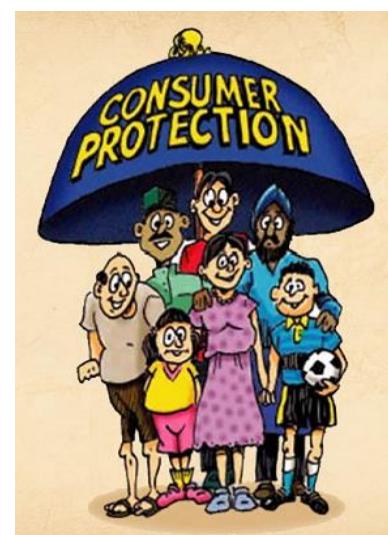
### Consumer Movement

The consumer movement in India as a social force originated to promote and protect the interest of consumers against unethical and unfair trade practices. The consumer was responsible for making a thoughtful purchase, and they avoided buying from sellers/goods with whom they had a terrible experience. Consumer movements started because of widespread dissatisfaction with such practises. In 1985, the United Nations guideline for consumer protection became the foundation for the consumer movement. There were 220 member organisations from over 115 countries at the international level. With all these efforts of the consumer movement, India has enacted the Consumer Protection Act 1986, also known as COPRA, to protect consumers' rights.

### Consumer Rights

Producers are required to follow the rules and regulations with special attention to the production of goods and services. Consumers have the right to be protected against marketed and delivered goods and services which are dangerous to life.

- **Right to Information:** Consumers have the right to be informed about the particulars of goods and services which they consume in the market. Information such as the ingredients, price, date of manufacture and address of manufacturer is given on the packaging. If the commodity proves to be defective before the expiry period, consumers can complain and request for



replacement or compensation. However, the manufacturer will neither replace nor compensate for the defective product if the expiry date is not printed on the pack of a commodity. When the trader sells a commodity at a price higher than the Maximum Retail Price (MRP), the consumer can complain against the trader. Further, the Right to Information Act was enacted by the Government of India in October 2005 to ensure citizens with all information about the functions of government departments.

- **Right to Choice:** Consumers have the right to choose the good or service irrespective of the nature of product or service available to them. If the right to choice is denied, consumers can lodge a complaint against the trader.
- **Right to Safety:** This is the first and the most important of the Consumer Rights. They should be protected against the product that hampers their safety. The protection must be against any product which could be hazardous to their health – Mental, Physical or many of the other factors.
- **Right to Heard:** If a consumer is dissatisfied with the product purchased then they have all the right to file a complaint against it. And the said complaint cannot go unheard, it must be addressed in an appropriate time frame.
- **Right to Seek Redressal:** In case a product is unable to satisfy the consumer then they have the right to get the product replaced, compensate, return the amount invested in the product. We have a three-tier system of redressal according to the Consumer Protection Act 1986.
- **Right to Consumer Education:** Consumer has the right to know all the information and should be made well aware of the rights and responsibilities of the government. Lack of Consumer awareness is the most important problem our government must solve.

### Consumer Forum

- The consumer forum or consumer protection councils are formed locally in India to guide consumers on how to lodge a complaint in the consumer court.
- Three-tier quasi judicial machinery at the district, state and national levels was set up under COPRA for the redressal of consumer disputes.
  - The District Forum is a district-level court that hears matters involving claims of up to Rs. 20 lakh.
  - The State Commission is a state-level court that hears disputes involving claims of between Rs. 20 lakh and Rs. 1 crore.
  - The National Commission is a national level court that hears cases involving claims above Rs. 1 crore.

### Responsibilities of a Consumer

The consumer has a certain responsibility to carry as an aware consumer can bring changes

in the society and would help other consumers to fight the unfair practice or be aware of it.

- They should be aware of their rights under the Consumer Protection Act and should practice the same in case of need.
- They should be well aware of the product they are buying. Should act as a cautious consumer while purchasing the product.
- If in case a product is found of anything false or not satisfactory a complaint should be filed.
- The consumer should ask for a Cash Memo while making a purchase.
- A customer should check for the standard marks that have been introduced for the authenticity of the quality of the product like ISI or Hallmark etc.

### **ISI and Agmark**

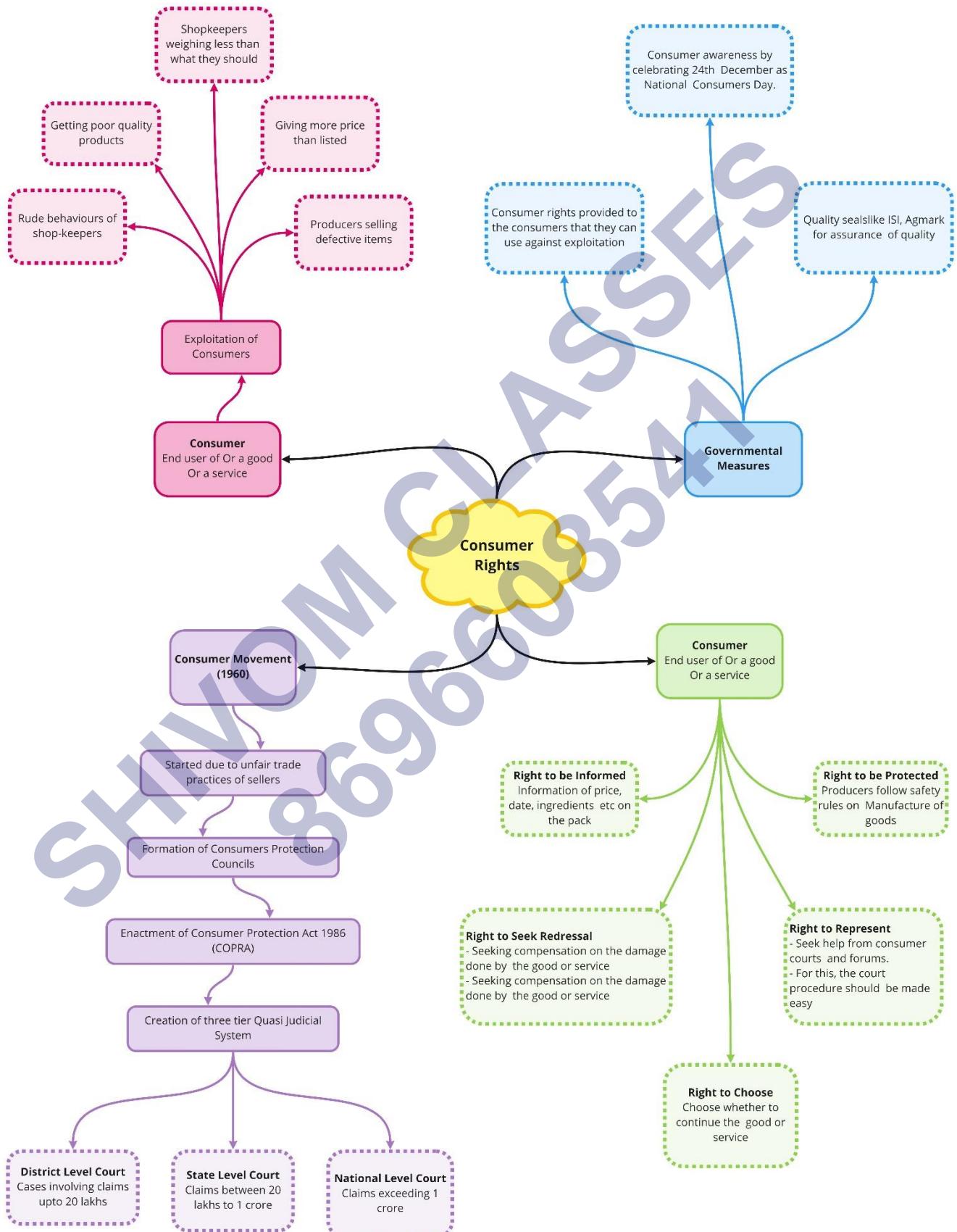
These organisations monitor the production process of a particular product based on certain quality standards. Then the certificate is issued to the producers to use their logos. The quality standards are not mandatory for all products, but some products need to have ISI and Agmark which concern the health and safety of consumers such as LPG cylinders, cement and drinking water.



### **7 Certification Marks Issued for different products in India**

#### **Consumer Movement**

The Indian Parliament enacted the Consumer's Protection Act on 24<sup>th</sup> December 1986. It is celebrated as National Consumers' Day. It has only 20–25 well-organised and recognised consumer groups out of 700 groups in the country. The consumer redressal forum involves a cumbersome and expensive process to file a case against a defective product. Consumer awareness is gradually spreading among the people.



## Important Questions

### Multiple Choice questions-

Question 1. Which one of the following days is being observed as 'National Consumers Day' in India?

- (a) 24 December
- (b) 25 December
- (c) 10 December
- (d) 31 December

Question 2. ISI mark can be seen on which of the following items?

- (a) Jewellery
- (b) Edible oil
- (c) Electrical appliances
- (d) Cereals

Question 3. 'Hallmark' is used as a logo for which one of the following?

- (a) Agricultural products
- (b) Jewellery
- (c) Electrical goods
- (d) Electronic goods

Question 4. The Consumer Protection Act or COPRA was enacted in the year

- (a) 1985
- (b) 1986
- (c) 1987
- (d) 1988

Question 5. When was the 'Right to Information' Act passed?

- (a) In January 2002
- (b) In March 2004
- (c) In October 2005
- (d) In July 2007

Question 6. Which of the following is not a right of consumers?

- (a) Right to safety
- (b) Right to be informed
- (c) Right to choose

(d) Right to constitutional remedies

Question 7. When did United Nations adopt the UN Guidelines for Consumer Protection?

(a) 1985

(b) 1990

(c) 1995

(d) 1999

Question 8. Which of the following is not a function of Consumer Protection Councils?

(a) To create awareness of consumer rights among consumers.

(b) To guide consumers on how to file cases in consumer courts.

(c) To provide compensation to consumers when they are cheated by shopkeepers.

(d) To represent consumers in Consumer Courts at times.

Question 9. What was the name given to the agency at the global level for the protection of consumer rights?

(a) Consumer Court of Justice

(b) International Consumer Forum

(c) Consumers Commission

(d) Consumers International

Question 10. Which one of the following does not provide certificate of standardization in India?

(a) ISI

(b) Agmark

(c) Hallmark

(d) COPRA

Question 11. Suppose you want to buy toothpaste and the shop owner says that he/she can sell the toothpaste only if you buy a toothbrush, which of your right is being violated by the shopkeeper?

(a) Right to safety

(b) Right to be informed

(c) Right to choose

(d) Right to represent

Question 12. Which of the following is not a right of consumers?

(a) Right to safety

(b) Right to be informed

- (c) Right to choose
- (d) Right to constitutional remedies

Question 13. In October 2005, the Government of India enacted a law known as:

- (a) Right to Choose Act
- (b) Right to Information Act
- (c) Women Reservation Act
- (d) Anti-corruption Act

Question 14. Which one of the following is not true regarding the Right to Safety?

- (a) Right to be protected against unsafe appliances.
- (b) Right to protected against unsafe working conditions.
- (c) Right to seek information about functioning of government departments.
- (d) Right to be protected against services which are hazardous to life.

Question 15. Which of the following laws was enacted by the Government of India in the year 2005?

- (a) The Right to Information Act
- (b) The Consumer Protection Act
- (c) The Right to Education Act
- (d) The Right to Property Act

### Very Short Questions-

Question 1. Which cases does the district level court deal with? (2011 D)

Question 2. A shopkeeper insists that you buy a guide with your NCERT Textbook. Which right of the consumer is being violated here? (2011 OD)

Question 3. In which court a consumer should file a case if he/she is exploited in the market? (2012 D)

Question 4. What was the main cause of the rise of the consumer movement? (2012 OD)

Question 5. Mention two ways in which consumer ignorance can cause their exploitation?

Question 6. Hallmark is the certification maintained for standardization of which type of products? (2013 OD)

Question 7. When is 'National Consumers Day' celebrated in India? (2014 OD)

Question 8. Which certification is maintained for standardization of electrical goods? (2014 OD, 2015 D)

Question 9. Which one of the following is the certification maintained for

standardization of edible goods? (2014 OD)

Question 10. Which logo would you like to see for purchasing electrical goods? (2015 D)

### **Short Questions-**

Question 1. What is standardization of products? Mention any two organizations responsible for the standardization of products in India. (2011 D)

Question 2. Why are rules and regulations required for the protection of consumers in the marketplace? Justify the statement with arguments. (2016 OD, 2013 D, 2011 OD)

Question 3. 'Governments initiate schemes and programmes to alleviate the suffering of the poor and meet their basic needs.' (2012 OD)

1. Identify the fundamental right which is related to the Statement.
2. But poverty remains in the country. What could be the reason for such a situation?

Question 4. Explain the 'Right to seek redressal' with an example. (2013 OD)

Or

Explain with an example how you can use the right to seek redressal. (2015 OD)

Question 5. How do 'Consumer Protection Councils' help consumers? Explain three ways. (2012 OD)

Question 6. How have markets been transformed in recent years? Explain with examples. (2014 OD)

Question 7. Describe the conditions in which markets do not work in a fair manner. (2015 D)

Question 8. How did consumer movement originate as a 'social force' in India? (2014 OD)

Or

"The consumer movement arose out of dissatisfaction of the consumers". Justify the statement with arguments. (2016 OD)

Question 9. Explain with suitable examples meaning of 'Right to Information' as provided under the Consumer Protection Act. CBSE Sample Question Paper (2009)

Question 10. Analyse with a suitable example the meaning of right to choose provided under the Consumer Protection Act. CBSE Sample Question Paper (2009)

### **Long Questions-**

Question 1. Consumers have the right to be informed about goods and services they purchase. Explain its three advantages. (2011 D)

Question 2. How do the large companies often manipulate the markets? Explain with an example. (2011 D)

Question 3. Explain why a consumer should learn to be well informed. (2011 OD)

Question 4. "There is a great need for acquiring the knowledge and skill to become a well informed consumer." Support this statement. (2012 OD)

Question 5. What is 'Consumer Protection Act'? Explain any three reasons responsible of enacting 'Consumer Protection Act, 1986' by the Government of India. (2011 D)

Question 6. How is the consumer redressal process becoming cumbersome, expensive and time-consuming? Explain. (2014 OD, 2012 OD)

Question 7. "Consumer awareness is essential to avoid exploitation in the market place." Support the statement. (2016 D)

Question 8. How does exploitation of consumers take place in the market? Explain with any five facts. (2014 D)

Or

How are consumers exploited in the market place? Explain. (2016 OD, 2012 D)

### **MCQ Answers-**

1. Answer: (a) 24 December
2. Answer: (c) Electrical appliances
3. Answer: (b) Jewellery
4. Answer: (b) 1986
5. Answer: (c) In October 2005
6. Answer: (d) Right to constitutional remedies
7. Answer: (a) 1985
8. Answer: (c) To provide compensation to consumers when they are cheated by shopkeepers.
9. Answer: (d) Consumers International
10. Answer: (d) COPRA
11. Answer: (c) Right to choose
12. Answer: (d) Right to constitutional remedies
13. Answer: (b) Right to Information Act
14. Answer: (c) Right to seek information about functioning of government departments.
15. Answer: (a) The Right to Information Act

### **Very Short Answers-**

1. Answer: The district level court deals with cases involving claims upto ₹ 20 lakhs.
2. Answer: Right to choose.

3. Answer: Consumer Court
4. Answer: The consumer movement grew out of consumers' dissatisfaction due to unfair trade practices of sellers.
5. Answer:
  1. Consumers may not be careful in looking at the quality of the products or guarantee of the products and services. They do not bother about the warranty card.
  2. They may not bother to buy quality marked products (such as ISI, Agmark).
  3. They may not bother to take the cash memo without which they cannot make complaints or get redressal.
6. Answer: Jewellery
7. Answer: National Consumers Day is celebrated every year on 24th December.
8. Answer: ISI
9. Answer: ISI
10. Answer: ISI

### **Short Answers-**

**Answer 1:** Standardization of a product or service is done by government agencies to ensure consistency in quality of products or services. It helps consumers get assured of quality while purchasing the goods and services. The organizations that monitor and issue these certificates allow producers to use their logos, i.e., ISI, Agmark or Hallmark provided they follow certain quality standards.

The two organizations responsible for the standardization of products in India are:

1. Bureau of Indian Standards issues ISI for industrial products and Hallmark for jewellery.
2. Ministry of Agriculture issues Agmark for food items.

**Answer 2:** Rules and regulations are required in the market place for the following reasons:

1. Individual consumers often find themselves in a weak position, whenever there is a complaint regarding a good or service that had been bought. The seller tries to shift all the responsibility on to the buyer as if the seller has no responsibility once a sale is completed.
2. To check exploitation in the market place that happens in various ways. For example, unfair trade practices such as when shopkeepers weigh less than what they should or when traders add charges that were not mentioned before or when adulterated goods are sold.
3. Markets do not work in a fair manner when producers are few and powerful whereas consumers purchase in small amounts and are scattered. Large

companies sometimes manipulate the market in various ways.

For example, at times false information is passed on through media to attract consumers.

4. False and incomplete information. Sellers easily mislead consumers by giving wrong information about a product, its price, quality, reliability, lifecycle, expiry date, durability, its effect on health, environment, safety and security, maintenance cost involved and terms and conditions of purchase. Cosmetics, drugs and electronic goods are common examples where consumers face such problems. For example, At times false information is passed on through media to attract consumers.

Hence there is a need for rules and regulations to ensure protection of the consumers.

#### **Answer 3:**

1. Right to Equality
2. The situation of poverty remains unchanged despite government's initiatives because every citizen does not participate directly in competitive politics and the problems and need of the public, especially the poor are not duly represented. People may not have the desire, the need or the skill to take part in direct political activity other than voting. Sometimes people act together without forming any organization, which indirectly helps people to reach the government to listen to their demand or point of view.

#### **Answer 4:**

Right to seek redressal:

1. The consumers can seek redressal against trade practices of exploitation and have the right to fair settlement of the genuine grievances.
2. He has a right to get compensation from a manufacturer/trader if he is harmed. The consumer can seek redressal through Consumer Courts functioning at district, state and national levels.

Example: Mahesh sent a money order to his village for his mother's medical treatment. The money did not reach his mother at the time when she needed it and reached months later. Mahesh, thus filed a case in the district level consumer court to seek redressal.

**Answer 5:** The consumer movement led to the formation of various organizations locally known as 'Consumer forums'. These are voluntary organizations.

1. They guide consumers on how to file cases in the consumer courts.
2. They represent consumers in the consumer courts.
3. These voluntary organizations receive financial support from the government for creating awareness among the consumers.

**Answer 6:** The initial aspect of unequal situations in a market and poor enforcement of rules and regulations have now seen a transformation in the market in recent years.

1. The transformation of markets in recent years has come because of legal institutions helping consumers in getting compensated and upholding their rights as consumers.
2. The awareness of being a well-informed consumer which arose out of consumer movement has also shifted the responsibility of ensuring quality of goods and services on the sellers.
3. The producers in the market need to strictly follow the required safety rules and regulations. The manufacturer in the market is now required to display information about the ingredients used, price, batch number, date of manufacture, expiry date and the address of the manufacturer.

For example, pressure cookers have safety valves and manufacturers have to ensure its high quality. While buying medicines the 'directions for use' and information relating to side effects and risk associated with its usage are to be mentioned on the packets.

**Answer 7:** Markets do not work in fair manner when:

- producers are few and powerful;
- consumers are numerous and purchase in small amounts and are scattered;
- large companies producing these goods having huge wealth; power and reach manipulate the market in various ways; and
- consumers are misinformed through the media and are unaware of their rights.

**Answer 8:** The consumer movement as a 'social force' originated with the necessity of protecting and promoting the interests of consumers against unethical and unfair trade practices of the producers and sellers.

1. Rampant food shortages, hoarding, black marketing and adulteration of food and edible oil gave birth to the consumer movement in an organized form in the 1960s.
2. In the early phase, consumer organizations were mainly engaged in writing articles and holding exhibitions. They formed groups to look into malpractices in ration shops and overcrowding in road passenger transport.
3. Because of all these efforts, the movement succeeded in putting pressure on business firms and the government to change their unfair ways.
4. As a result of all this, a major step was taken by the Indian Government in 1986. It enacted the Consumer Protection Act, 1986, which popularly came to be known as COPRA.

**Answer 9:** Consumers have the right to know what kind of goods they are buying in

order to save themselves from exploitation at the hands of shopkeepers and producers.

1. This includes quality, quantity, potency, purity, standard and price of goods and date of expiry (in the case of drugs).
2. Detailed information about ingredients used, date of manufacture and the address of the manufacturer should be available to consumers, particularly in the case of drugs (regarding its use and side-effects, if any).
3. In the case of a garment, washing instructions should be available. Electrical goods must have information regarding their use.

Without this information the consumers cannot complain and ask for compensation or replacement if the bought product proves to be defective in any manner.

In recent years, the right to information has been expanded to cover various services provided by the government by The RTI (Right to Information) Act 2005. This Act ensures citizens' right to relevant information about the functioning of government departments.

**Answer 10:** Any consumer who receives a service in whatever capacity, regardless of age, gender and nature of service, has the right to choose whether to continue to receive the service. The right to choose in the simplest sense is the consumer's right:

1. To buy any brand of a good (soap, cooking oil etc.) and not be forced to buy only what a monopolist produces.
2. The right to choose is even more extensive than this, even after the consumer has bought a good and then finds out that it is not of the quality claimed for it, he/she has the right to return the good and choose another brand.
3. In a modern economy the right to choose has been further extended into all kinds of services including education. If your child is admitted to a school and you find that the school is not giving your child the kind of education it had promised, you should have the right to withdraw your child and seek admission in another school without losing the money you had spent as admission fee, annual fee etc. all over again.

## Long Answers-

**Answer 1:** It is mandatory for the manufacturer to display certain details on the packing because consumers have the right to be informed about the particulars of goods and services they purchase. These details are about ingredients used, price, quantity, quality, potency, batch number, date of manufacture, expiry date and the address of the manufacturer.

The advantages of this rule are:

1. Consumers can use this information to complain and ask for compensation or replacement if the product proves to be defective in any manner. For example, if we buy a product and find it defective well within the expiry period, we can

ask for a replacement. If the expiry period was not printed, the manufacturer would blame the shopkeeper and will not accept the responsibility.

2. One can protest and complain if someone sells a good at more than the printed price on the packet. This is indicated by 'MRP' — maximum retail price. In fact if the MRP is missing from the packing, a consumer can bargain with the seller to sell at less than the MRP.
3. In October 2005, the Government of India enacted a law known as RTI (Right to Information) Act, which ensures its citizens all the information about the functions of government departments. The RTI Act gives consumers the power to Question the government about the functions and various services provided by the government.

**Answer 2:** The big companies eliminate their competitors by lowering down the price of products thereby establishing their monopolies in the market giving less choice to people.

The large companies with huge wealth, power and reach often manipulate the market in various ways. Some common ways by which consumers are exploited in the market are :

1. Goods sold in the market are sometimes not measured or weighed correctly.
2. The goods sold are sometimes of sub-standard quality, For example, selling medicines beyond their date of expiry.
3. In costly edible items such as oil, ghee etc. adulteration is common.
4. At times false information is passed on through the media and other sources to attract consumers. For example, a company for years sold powder milk for babies all over the world as the most scientific product claiming it to be better than mother's milk. It took years of struggle before the company was forced to accept that it had been making false claims.
5. Similarly, a long battle had to be fought with court cases to make cigarette manufacturing companies accept that their product could cause cancer.

**Answer 3:** Consumers should learn to be well informed to avoid exploitation and unfair trade practices that happen in the market place in various ways. For example, sometimes shopkeepers weigh less than what they should or when traders add charges that were not mentioned before or when adulterated and defective goods are sold to ignorant consumers.

At times false information is passed on through the media to attract consumers. Consumers have the right to be informed about the particulars of goods and services that they purchase. Consumers can then complain and ask for compensation and replacement if the product proves to be defective in any manner. One can also protest and complain if someone sells a good at more than MRP or can bargain with the seller to sell at less than the MRP.

When we as consumers become conscious of our rights, while purchasing various

goods and services, we will be able to discriminate and make informed choices. This calls for acquiring the knowledge and skill to become a well informed consumer.

**Answer 4:** There is a great need for acquiring the knowledge and skill to become a well informed consumer because

1. We, as consumers participate in the market.
2. Consumer consciousness is very important for every buyer while purchasing various goods and services.
3. We should know the rules and regulations protecting the consumers' rights.
4. When we buy a commodity, we should know the details like the ingredients, date of manufacturing, date of expiry, directions of usage and risk associated.
5. This enables consumers to make the right choice.

**Answer 5:** Consumer Protection Act. The COPRA was enacted to protect and promote the interests of consumers against unethical and unfair trade practices.

The rationale behind COPRA (Consumer Protection Act) is to provide the consumers the means to redressal at three levels of quasi-judicial courts—District Forum, State Consumer Courts and National Commission.

This Act has enabled the consumers to have a right to represent themselves in the consumer courts.

The 'Consumer Protection Act, 1986' was enacted:

- to protect consumers in the market place and promote the interests of consumers against unethical and unfair trade practices like rampant food shortages, hoarding, black marketing, over pricing, adulteration of food and edible oil.
- to stop big companies from manipulating the market by giving false information through media, thereby exploiting the consumers.
- to give rights to consumers to represent in the Consumer Court and seek redressal against unfair trade practices and exploitation.

**Answer 6:** The consumer redressal process is becoming cumbersome, expensive and time-consuming.

1. Many a time, consumers are required to hire lawyers. These cases require time for filing and attending court proceedings.
2. In most purchases, cash memos are not issued, therefore it is difficult to gather evidence in case a consumer is cheated.
3. The existing laws are also not very clear on the issue of compensation to consumers injured by defective goods.
4. Enforcement of laws that protect workers in the unorganized sectors is weak.
5. Also, consumer awareness is spreading slowly. Rules and regulations of

working markets are not followed.

Answer 7: Consumer awareness is essential to avoid exploitation in the market place. Markets do not work in a fair manner. Exploitation happens in various ways. Therefore, awareness is essential. Certain details are given on the packing of all commodities. When we buy medicines, details are marked on the packets. Rules have been made so that the manufacturer displays the information.

Consumers who are not aware may buy, For example,

1. Medicines that have not been properly inspected and certified by the appropriate authority, or whose expiry date is already over.
2. They may buy electronic/electrical goods which may have defects or these products may not adhere to safety norms. Consumers can complain and ask for compensation or replacement of the product, if it proves to be defective in any manner.

Answer 8: Some common ways by which consumers are exploited by manufacturers and traders are given below:

1. Underweight and under-measurement. Goods sold in the market are sometimes not measured or weighed correctly.
2. High prices. Very often the traders charge a price higher than the prescribed retail price.
3. Sub-standard quality. The goods sold are sometimes of sub-standard quality, e.g. selling medicines beyond their date of expiry, selling deficient or defective home appliances.
4. Duplicate articles. In the name of genuine parts or goods, fake or duplicate items are sold to the consumers.
5. Adulteration and impurity. In costly edible items like oil, ghee and spices, adulteration is common in order to earn more profit. This causes heavy loss to the consumers. They suffer from monetary loss as well as damage to their health.
6. Lack of safety devices. Fake or inferior electronic goods, electrical devices or other appliances, produced locally lack the required in-built safety measures. This may cause accidents.
7. False and incomplete information. Sellers easily mislead consumers by giving wrong information about a product, its price, quality, reliability, life-cycle, expiry date, durability, its effect on health, environment, safety and security, maintenance cost involved and terms and conditions of purchase. Cosmetics, drugs and electronic goods are common examples where consumers face such problems.