

# Chapter 12 · Consumer Protection

CBSE Class 12 Business Studies (054) · Part B · Unit 11+12 = 15 marks · Ultimate Revision Sheet

## 60-SECOND RECALL

|                               |                                                                                                       |
|-------------------------------|-------------------------------------------------------------------------------------------------------|
| <b>Act</b>                    | <b>The Consumer Protection Act, 2019</b> (replaced the 1986 Act)                                      |
| <b>Rights (6)</b>             | <b>S-I-C-H-R-E</b> — Safety, Information, Choose, Be Heard, Redressal, Consumer Education             |
| <b>Redressal (3-tier)</b>     | <b>District → State → National</b> Commission                                                         |
| <b>Pecuniary limits</b>       | District <b>up to ₹50 lakh</b> · State <b>₹50 lakh–₹2 crore</b> · National <b>above ₹2 crore</b>      |
| <b>Appeal time</b>            | District→State <b>45 days</b> · State→National <b>30 days</b> · National→Supreme Court <b>30 days</b> |
| <b>Time limit to complain</b> | Within <b>2 years</b> of the cause of action                                                          |

## 1. Concept & Importance

**DEFINITION** Consumer protection means safeguarding the interests and rights of consumers against unfair trade practices and exploitation by sellers. It educates consumers about their rights and provides a mechanism for the speedy redressal of their grievances.

Importance from the CONSUMER'S point of view (3)

1. **Consumer ignorance** — most consumers are unaware of their rights and reliefs available, so they need to be educated.
2. **Unorganised consumers** — consumers in India are still not well organised; consumer organisations need to be strengthened.
3. **Widespread exploitation** — consumers are exploited through defective goods, deficient services, adulteration, underweight, duplicate goods and misleading advertisements.

Importance from the BUSINESS point of view (5)

1. **Long-term interest of business** — satisfied customers lead to repeat sales and a wider customer base.
2. **Business uses society's resources** — so it has a responsibility to supply products that are in the interest of society.
3. **Social responsibility** — a business has social obligations towards consumers, owners, employees and the government.
4. **Moral justification** — it is the moral duty of a business to look after consumers' interests and avoid unfair practices such as adulteration and hoarding.
5. **Government intervention** — a business that engages in unfair practices invites government action, which tarnishes its image.

## 2. Who is a Consumer?

**UNDER THE ACT** A consumer is any person who **buys goods or hires services** for a **consideration** which has been paid or promised, and includes any user of such goods or beneficiary of such services **with the approval** of the buyer.

**NOT a consumer:** a person who obtains goods for **resale or for a commercial purpose**, or who obtains goods or services **free of cost**.

**TRAP** A person buying goods for **self-employment** to earn a livelihood **IS** a consumer, even though it looks commercial. A person buying for **resale** is **not**. Cases test this distinction often.

## 3. Consumer Rights (6)

**S-I-C-H-R-E** — Safety, Information, Choose, be Heard, Redressal, consumer Education

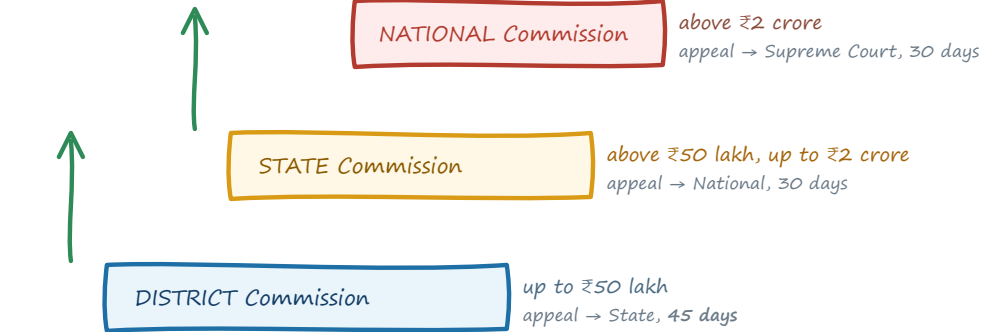
| Right                              | Meaning                                                                                                                                                             |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Right to Safety</b>             | Protection against goods and services that are <b>hazardous to life, health and property</b> . Eg: pressure cookers must have an ISI mark.                          |
| <b>Right to be Informed</b>        | Right to complete information about the <b>quality, quantity, purity, standard and price</b> of the product. Manufacturers must give this on the package and label. |
| <b>Right to Choose</b>             | Right to be <b>assured access to a variety of products</b> at competitive prices, and to be free to choose from among them.                                         |
| <b>Right to be Heard</b>           | Right to <b>file a complaint and to be heard</b> in case of dissatisfaction. Many firms set up consumer grievance cells for this reason.                            |
| <b>Right to Seek Redressal</b>     | Right to <b>get relief</b> against an unfair trade practice or unsatisfactory product — repair, replacement, refund or compensation.                                |
| <b>Right to Consumer Education</b> | Right to <b>acquire knowledge and be a well-informed consumer</b> throughout life, and to be aware of the reliefs available.                                        |

## 4. Consumer Responsibilities (8)

1. Be **aware** of the various goods and services available so an intelligent choice can be made.
2. Buy only **standardised goods** which provide quality assurance — look for **ISI, AGMARK, Hallmark, FPO**.
3. Learn about the **risks** associated with products and follow manufacturers' instructions.
4. **Read labels carefully** for information on prices, net weight, manufacturing and expiry date.
5. Assert yourself to ensure you get a **fair deal**.
6. Be **honest** in your dealings — choose only legal goods and services and discourage unscrupulous practices.
7. Ask for a **cash memo** on the purchase — it is proof of the purchase and essential for filing a complaint.
8. **File a complaint** in an appropriate consumer forum in case of a shortcoming, even for a small value.
9. Form **consumer societies** that participate in consumer protection.
10. **Respect the environment** — avoid waste, littering and contributing to pollution.

## 5. Redressal Machinery under CPA 2019

You file at the level set by the amount **PAID as consideration** — not the compensation claimed.



appeals climb

Complaint must be filed within **2 YEARS** of the cause of action.

Note the odd one out: the first appeal gets 45 days, both later ones get 30 days.

Three tiers, set by the money paid. Older textbook printings show ₹1 crore / ₹10 crore — see the note below.

### WHO CAN FILE A COMPLAINT

- Any consumer
  - Any registered consumers' association
  - The Central or State Government
  - One or more consumers on behalf of numerous consumers having the same interest
  - A legal heir or representative of a deceased consumer.
- Time limit:** a complaint must be filed within **two years** from the date on which the cause of action arose.

| Level                      | Pecuniary jurisdiction                                              | Appeal                                                            |
|----------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>DISTRICT Commission</b> | Value of goods/services paid as consideration <b>up to ₹50 lakh</b> | Appeal to the <b>State Commission</b> within <b>45 days</b>       |
| <b>STATE Commission</b>    | <b>Above ₹50 lakh and up to ₹2 crore</b>                            | Appeal to the <b>National Commission</b> within <b>30 days</b>    |
| <b>NATIONAL Commission</b> | <b>Above ₹2 crore</b>                                               | Appeal to the <b>Supreme Court of India</b> within <b>30 days</b> |

### IMPORTANT — CHECK YOUR TEXTBOOK EDITION

The figures above (₹50 lakh / ₹2 crore) are the **current limits**, revised by the Consumer Protection (Jurisdiction) Rules, **2021**. Some **older NCERT printings** still show the original 2019 figures of ₹1 crore / ₹10 crore. Write whichever figures appear in **your school textbook**, since that is what the marking scheme will follow — but know that 50 lakh / 2 crore is the current law.

## 6. Remedies Available to the Consumer

If the complaint is proved, the Commission may order the opposite party to:

1. **Remove the defect** in the goods or the **deficiency** in the service.
2. **Replace** the defective product with a new one, free from defect.
3. **Refund** the price paid.
4. Pay a reasonable amount of **compensation** for any loss or injury suffered due to the negligence of the opposite party.
5. Pay **punitive damages** in appropriate circumstances.
6. **Discontinue the unfair or restrictive trade practice** and not repeat it.

7. **Withdraw hazardous goods** from sale or cease their manufacture.
8. **Cease and desist** from issuing a **misleading advertisement**.
9. Pay an **adequate cost** to the aggrieved party.

## 7. Role of Consumer Organisations and NGOs

1. **Educating** the general public about consumer rights by organising training programmes, seminars and workshops.
2. **Publishing periodicals** and other publications to impart knowledge about consumer problems and reliefs available.
3. Carrying out **comparative testing** of consumer products in accredited laboratories and publishing the results.
4. Encouraging consumers to **strongly protest and take action** against unfair trade practices.
5. Providing **legal assistance** to consumers — legal advice and assistance in seeking redressal.
6. **Filing complaints** in consumer courts on behalf of consumers.
7. Taking an initiative in filing cases in consumer courts **in the interest of the general public**, not just individuals.

**QUALITY CERTIFICATION MARKS** — a common 1-marker.

**ISI** — industrial and consumer goods (BIS) • **AGMARK** — agricultural products • **Hallmark** — gold and silver jewellery • **FPO** — processed fruit products • **FSSAI** — packaged food.

## 8. Case-Study Keyword Triggers 40% of the paper is competency-based

| If the case says...                                    | The answer is...                                    |
|--------------------------------------------------------|-----------------------------------------------------|
| "the pressure cooker burst and injured her"            | Right to safety                                     |
| "expiry date and ingredients not mentioned"            | Right to be informed                                |
| "shopkeeper forced only one brand on him"              | Right to choose                                     |
| "company had a grievance cell to listen to complaints" | Right to be heard                                   |
| "asked for a replacement / refund / compensation"      | Right to seek redressal                             |
| "NGO ran an awareness workshop"                        | Right to consumer education                         |
| "bought a sewing machine to earn a living"             | <b>IS</b> a consumer (self-employment)              |
| "bought 50 shirts to sell in his shop"                 | <b>NOT</b> a consumer (resale / commercial purpose) |
| "got the product as a free gift"                       | <b>NOT</b> a consumer (no consideration)            |
| "claim of ₹35 lakh"                                    | <b>District</b> Commission                          |
| "claim of ₹1.5 crore"                                  | <b>State</b> Commission                             |
| "claim of ₹5 crore"                                    | <b>National</b> Commission                          |
| "unhappy with the District Commission order"           | Appeal to State Commission within <b>45 days</b>    |
| "asked for the cash memo"                              | Consumer responsibility — proof of purchase         |
| "looked for the Hallmark before buying gold"           | Consumer responsibility — buy standardised goods    |

## MOST-ASKED BOARD QUESTIONS

1. [6M] Explain the consumer rights / responsibilities under the Consumer Protection Act, 2019.
2. [6M] Explain the redressal machinery under the Act, with pecuniary jurisdiction and appeals.
3. [4-6M] Explain the importance of consumer protection from the consumer's and the business's point of view.
4. [4M] Explain the role of consumer organisations and NGOs.
5. [4M] State the remedies available to a consumer.
6. [3M] Who can file a complaint under the Act?
7. [1M] Which mark certifies agricultural products? → **AGMARK**

**THE FIGURES CARRY MARKS** — Learn the three pecuniary limits and the three appeal periods as a block. Case questions in this chapter almost always give you a rupee amount and expect you to name the correct Commission, then the appeal route and time limit. Getting the number right **is** the mark.