

4



Consumer : Rights and Protection

Don't we purchase goods and services for our daily use? From where do we get these goods and services? We get them from markets right from the small shops around us to the online chains spread all over. A market is thus a place where sellers and buyers establish close links.

We have learned in previous classes that consumption is the process of buying and using goods and services to fulfil one's needs. We also know that a consumer is someone who buys and uses goods and services for a price, or under an agreement to buy them for a price. We had also discussed the various factors that influence consumption. What are they? Write them down.

- Price
-
-
-



Fig 4.1



Fig 4.2

Consumer Satisfaction



Alfred Marshall
Fig 4.3

The customer gets satisfaction from using goods and services. Can this kind of satisfaction be measured and quantified? We know that consumer satisfaction is the main objective of all economic activities. But satisfaction is difficult to measure mathematically because it is subjective and depends on each person's mental state. However, if we want to know the dynamics of satisfaction, we need to quantify it. Alfred Marshall was the first economist to make an attempt at such a quantification. The satisfaction gained through consumption can be considered as the utility of goods and services.

Utility

Utility is the want-satisfying power of a commodity/good. We can measure this utility by using the unit of utils. Cardinal Utility Theory states that the satisfaction derived by the consumer through the consumption of goods and services can be quantified by using cardinal numbers. Changes in utility can influence the choice and consumption of goods and services. To understand the change in utility when a good is consumed continuously over a given period of time, we need to know about the measures of utility. Let's take a look at them.

Total Utility (TU)

Total utility is the total amount of utility that a person receives when he continuously consumes several units of a particular commodity.

Marginal utility (MU)

The change in total utility that occurs when one additional unit of a commodity is consumed is called marginal utility. Let's illustrate this with an example.

Suppose your classmate Nina's favourite fruit is oranges.

Imagine that you are giving oranges one by one for her to eat. When she eats the first orange, her satisfaction will be great. Imagine that she gets 20 utils as satisfaction from it. If you give her another orange to eat, she may not get as much satisfaction from it as she did from the first one. Let's assume that satisfaction obtained from the second orange is 18 utils ($38-20=18$). Thus, the total utility derived from both oranges is 38 utils. 18 utils is the marginal utility obtained from the consumption of the second orange. Suppose five oranges are continuously eaten one by one. The utility gained from the consumption of all the five units is called total utility and the change in total utility between the consumptions of the 4th and the 5th oranges consumed is called marginal utility. The change in total utility and marginal utility after the consumption of each additional unit of orange is given in the table below. Analyse the table and answer the following questions:

No. of Oranges	Total Utility (TU)	Marginal Utility (MU)
1	20	20
2	38	18
3	53	15
4	63	10
5	67	4
6	67	0
7	64	-3
8	57	-7



- What happens to total utility when 1 to 5 units of oranges are consumed? What is the change in total utility after the consumption of the 6th unit?
- When a certain unit of oranges is consumed, the marginal utility is shown as zero. Which is it? Why does the marginal utility become negative when 7 and 8 unit oranges are consumed?

Using the quantities given in the above table, let's draw a Total Utility Curve and a Marginal Utility Curve.

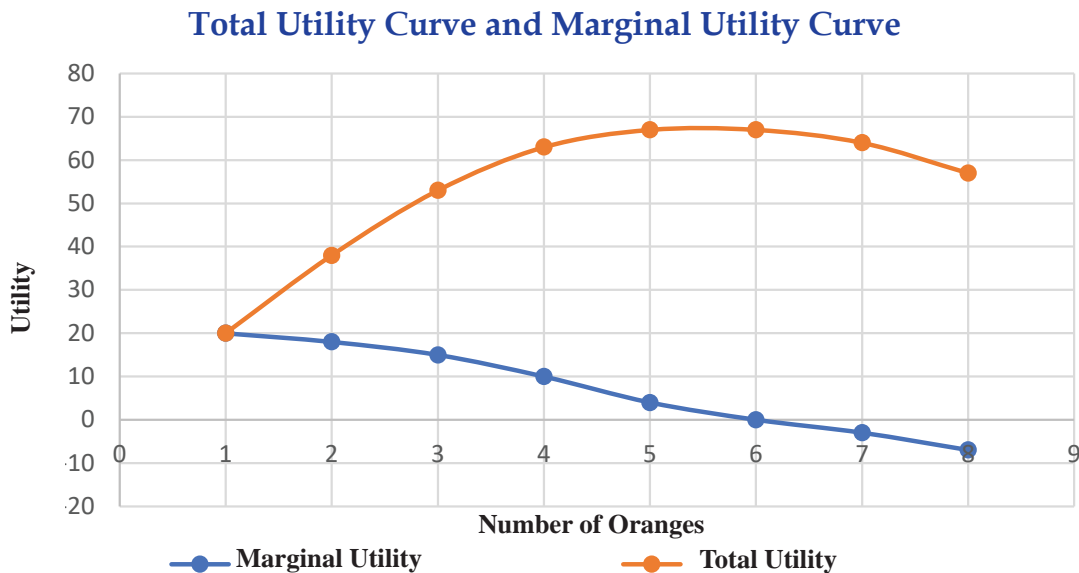


Fig 4.4



Observe the graph (Fig 4.4) and prepare a note explaining the relationship between total utility and marginal utility.



Law of Diminishing Marginal Utility

Marginal Utility from consuming each additional unit of a commodity declines as its consumption increases, while keeping consumption of other commodities constant.

Assumptions and Limitations of Cardinal Utility Theory

The Law of Diminishing Marginal Utility is based on the assumptions that all products must be of the same quality and that the consumer's income and tastes do not change. Some of the limitations of the Law of Diminishing Marginal Utility are that consumption must be continuous, that the use of other goods must be ascertained, and that the units must be of a fixed quantity and quality. Since utility cannot be quantified using cardinal

numbers, new theories have been developed to replace the Cardinal Utility Theory. However, it is a fact that the utility obtained from a good decreases as additional units of it are consumed and it also generally influences consumption.

Utility is individual-based. It may vary depending on place and time. For example, the utility provided by a fan to a person living in a hot climate may not be the same for a person in a cold climate. Any consumer would prefer to choose goods and services that provide the most utility. But we know that the price of goods and the income of the consumer often influence the choice of goods and services. Every consumer would like to have quality goods and services available at a reasonable price and in accurate measurement. It is also the right of the consumer. What other rights does a consumer have?

Consumer Rights and Protection

Before explaining the rights of the consumer and how to protect them, let's get acquainted with the different types of goods and services. Different types of goods and services and their characteristics are given below. Complete the table using the hints provided.



Utility and Usefulness

All the goods and services we use in our daily lives have utility. But all of them need not be useful. For example, a person who smokes a cigarette gets utility from it. But as we know, cigarette is not a useful thing, and it is harmful to health. Ethics has no relevance in utility.

Types of Goods	Peculiarities	Examples
Free goods	Free goods are those that are abundant in nature and are freely available to everyone. They need not be paid for.	
Economic goods	These are goods and services that are purchased and used for a price. They can often be manufactured or collected from nature.	

Consumer goods	Consumer goods are the final goods used by the consumers to satisfy their wants. They are bought and sold for a price and are not subjected to production process again.	
Capital goods	It is a physical product which is used in the production of another product. Capital goods are goods that assist in the production process and are sometimes used as consumables. It is not considered as capital goods at such instances.	
Durable goods	Durable goods are things that last for a long time. They can be reused.	
Non -Durable goods	Non-durable goods are items that can be used only for a short period of time.	

Hints

- Sunlight, Air
- Food, Vehicles
- Clothes, Minerals
- Factory, Machinery
- House, Footwear
- Table, House
- Milk, Vegetables

We have become familiar with various types of goods and we often go to markets to buy them. What are the things a consumer should pay attention to while buying goods and services from markets? Complete the list.

- Quality of the product

- Expiry date

-

-

Consumers who do not have a clear understanding of product-related issues such as price, quality, warranty, and safety standards are sometimes duped. This can result in consumer exploitation. To avoid such exploitation, we need to know many basic things related to goods and services.

It is the right of the consumer to receive a bill when purchasing goods and services. Make sure that the bill has the GST number. Otherwise, you may be cheated. By collecting the bill, you not only protect consumer rights but also ensure a social commitment.

Goods and Exercises Tax (GST)



GST came into effect in India on 1 July 2017, as part of the implementation of the 101st Amendment to the Constitution. The aim of GST is to make the economy transparent by unifying various taxes and implementing the concept of "One Nation, One Tax". There are various rates of GST such as 5%, 12%, 18% and 28%. There are also products that are exempted from GST. The structure of GST is as follows. The state government receives 50% of the GST we pay as SGST and the Central Government receives 50% (CGST). GST registration is mandatory for traders with an annual turnover of more than Rs 20 lakhs.



1. When you receive a bill for purchasing goods and services, check whether it has the GST number. Write down the other things you should pay attention to.

- GST rate

-

-

2. Check the bills of goods purchased in your household over a period of time and prepare a list of items that are subject to different GST rates.

- To empower consumers
- To legislate
- To ensure the credibility of advertisements
- To ensure representation of consumers in political forums

Consumers should be able to consume with ease and without becoming a victim to exploitation, and for this, legal help is needed. The Consumer Protection Act came into force in India on 24 December 1986, following the adoption of the 1985 United Nations Resolution containing guidelines on consumer protection. To commemorate the event, 24th December is being observed as National Consumer Day.

Consumer Protection Act 1986

This is a law passed by both the Houses of Parliament in 1986 to protect consumer rights. The Consumer Protection Act of 1986 clearly defined consumer rights and established a separate judicial system in India for consumer protection.



Fig 4.6

With the emergence of e-commerce platforms, a law to protect consumers in such areas has become imperative. It is against this backdrop that the Consumer Protection Act 2019 was enacted.

Consumer Protection Act 2019

This Act came into force on 20 July 2020, replacing the Consumer Protection Act of 1986. This Act aims at empowering consumers and protecting their rights.



Fig 4.7

Features

- Established The Central Consumer Protection Authority (CCPA) to protect and enforce the rights of consumers.
- Covers rules to prevent unfair trade practices by e-commerce platforms.
- Helps in simplifying the consumer dispute resolution process.
- Provides for punishment of those who manufacture or sell adulterated counterfeit goods.
- Prohibits the dissemination of misleading advertisements.
- Guarantees the right to consumer education.

Apart from the Consumer Protection Act of 1986, there are other laws in place to protect the rights of consumers on specific issues. For example, the Food Safety Act, 2006, was enacted to ensure the quality of food products. We are now familiar with laws that protect consumer rights. Let's see the rights of the consumer ensured by these laws.



Fig 4.8

Right to Safety

The right to be protected from those goods and services that pose a threat to life and property.

Right to Choose

Right to choose goods and services at competitive prices.

Right to Know

Right to know the quality, quantity, purity and price of goods to protect the consumer from unfair trade practices.

Rights to seek Redressal

Right to seek redressal from unfair trade practices and consumer exploitation.

Right to Consumer Education

The right to acquire the knowledge and skills to be an informed consumer.

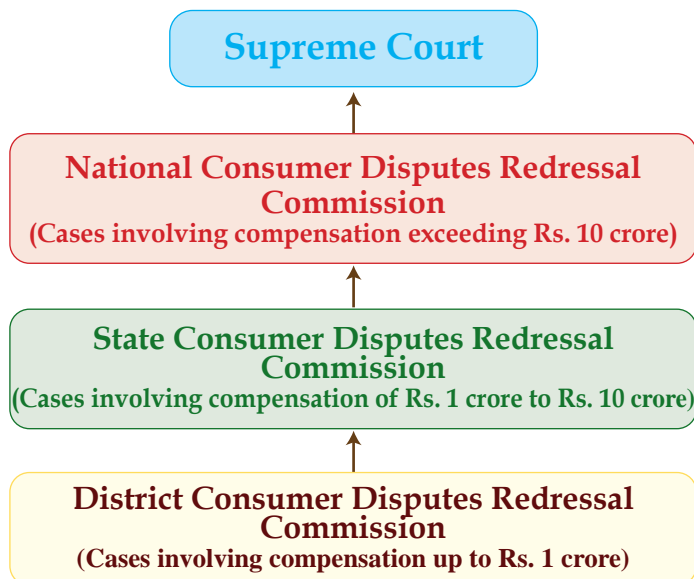


Prepare posters on consumer rights and display them in the class.

Consumer Courts

The history of consumer courts begins with the enactment of the Consumer Protection Act in India in 1986. With this, consumer courts were established and tribunals were formed for speedy resolution of complaints. Consumer courts are deployed at three levels.

Structure of Consumer Courts



Consumer courts play a crucial role in intervening in consumer disputes and providing justice, including redressal. There are over 600 district forums and 35 state commissions across India. At the top of all this, there is an apex body called the National Consumer Disputes Redressal Commission (NCDRC).

In addition to consumer courts, there are also three-tier advisory committees under the Consumer Protection Act.

They are:

- District Consumer Protection Council
- State Consumer Protection Council
- National Consumer Protection Council

The role of these committees is to advise the respective governments on matters related to consumer rights.

Various types of fraud and the institutions and methods to be approached to resolve them

1. Frauds related to educational institutions

- a) Contact UGC, AICTE, State Board
- b) Approach Consumer Forum
- c) Lodge a complaint with the police
- d) Contact the Ministry of Education

2. Healthcare Frauds

- a) File a complaint through the grievance portal of the State/National/Medical Council
- b) Complain with a report to the Director of Health.
- c) File Public Interest Litigation (PIL) in the High Court and Supreme Court for serious health frauds



Fig 4.9



Fig 4.10

d) File a complaint through the Aarogya Setu app.

3. Fraudulent offers of jobs abroad

- a) Can complain through the Protectorate of Emigrants (POE)
- b) A case can be filed under IPC Section 420.
- c) If you were scammed after arriving at the foreign country, you can lodge a complaint with the Indian Embassy or High Commission.
- d) Can get in touch with at Pravasi Sahayata Kendra (PBSK) Toll No: 1800-11-3090



Fig 4.11

4. Online Fraud

- a) Complain to Cyber Crime Cell at cybercrime.gov.in
- b) Report to the CERT - IN portal (Indian Computer Emergency Response Team)
- c) Submit a complaint through the National Consumer Helpline or at info@cert.in.org.in



Fig 4.12

5. Banking frauds

- a) Approach the Bank Grievance Redressal Mechanism (Branch Manager)
- b) If the bank does not respond within 30 days, you can approach the RBI Ombudsman.
- c) Banking Ombudsman Toll free no: 14448, cgmbank@rbi.org.in



Fig 4.13






Search the newspapers of the last six months available at your school library. Prepare a note on the various types of frauds reported in them.

How to file complaints

If a consumer is cheated, he/she can file a complaint with the respective office or consumer courts. Persons with grievance can write a detailed complaint on a white paper and submit it directly to the consumer dispute redressal court, along with supporting documents as evidence. Insisting on bills at the time of purchase assumes significance in this context.

Some quality symbols

Symbol	Name	Related sector
	ISI mark	The Bureau of Indian Standards (BIS) issues the ISI mark to ensure that products meet certain quality standards. This mark can be found on industrial products such as cement, paper, paint, and gas cylinders.
	AGMARK	This symbol is used to ensure the quality of agricultural and forestry products.
	FSSAI	Ensures food security.

To make consumers aware and to ensure the quality of the products before purchasing and using them, some symbols like the ones mentioned above are given on the labels of the products. Have you noticed them?



Examine the labels of the two toothpastes given in Fig 4.14 and prepare a note by adding the symbols found and their meanings.



Fig 4.14



There are many other symbols that indicate the quality of products. Find them and prepare a picture album.

Carelessness, ignorance and being cheated

Why do consumers get cheated? Don't you think it is the carelessness and ignorance of the consumer that often causes them to be cheated? In the following questionnaire, mark the ones that are applicable to your family and evaluate yourself with the help of your parents.

Consumer Rights - Questionnaire

- When purchasing goods and services, do you check whether the quantity and weight are correct?

☐ Always
 ☐ Sometimes
 ☐ Never
- Do you check the maximum shelf life of the product you are purchasing?

☐ Always
 ☐ Sometimes
 ☐ Never
- Do you compare the price listed on the purchased goods with the price on the bill?

☐ Always
 ☐ Sometimes
 ☐ Never
- Have you ever received damaged goods from the stores?

☐ Always
 ☐ Sometimes
 ☐ Never
- Have you noticed what ingredients are used in the purchased product?

☐ Always
 ☐ Sometimes
 ☐ Never
- Do you check the manufacturing date of the product on the product labels?

☐ Always
 ☐ Sometimes
 ☐ Never

7. Do you check whether there is warranty/ guarantee for the purchased product?
- ☐ Always ☐ Sometimes ☐ Never
8. Do you read the statutory warnings on the wrapper of the products?
- ☐ Always ☐ Sometimes ☐ Never
9. Do you normally buy products only after ascertaining the meaning of the symbols and images on the product wraps?
- ☐ Always ☐ Sometimes ☐ Never
10. Do you check whether the products you order online are the same as advertised?
- ☐ Always ☐ Sometimes ☐ Never
11. Have you ever noticed the street vendors using other materials to manipulate weights instead of the scales prescribed by the Legal Metrology Department?
- ☐ Always ☐ Sometimes ☐ Never
12. Have you checked the density of petrol and diesel while fueling your vehicle with?
- ☐ Always ☐ Sometimes ☐ Never
13. After travelling in an auto rickshaw, do you pay the same fare as the meter reading?
- ☐ Always ☐ Sometimes ☐ Never
14. Have you checked whether all commercial establishments are differently abled friendly?
- ☐ Always ☐ Sometimes ☐ Never
16. Do you check with the distributor that there is no leak in the cooking fuel supplied in the cylinders?
- ☐ Always ☐ Sometimes ☐ Never
17. Do you try to complain if you realize that you have been cheated as a consumer?
- ☐ Always ☐ Sometimes ☐ Never

Consumer Education

Consumer education is about educating consumers about their rights, responsibilities, choices of products and services, differences in markets and consumer laws. Its objectives are as follows:

1. To protect consumer rights
2. To make consumers aware of their responsibilities
3. To ensure safety in trade, especially online trade
4. To identify ethics and regulations in the market
5. To create awareness about consumer protection laws
6. To ensure health safety
7. To promote consumer justice



Fig 4.15

Consumer education raises awareness and instills self-protection values among consumers. This helps consumers to be protected from frauds and wrongful transactions.

We can create a better consumer society through consumer awareness. Consumer education is being included as a separate topic in the curriculum and through this, practical experiences are being presented to the children in the classroom. Online courses for consumer education are available today. Consumer clubs in schools also help in raising consumer awareness among students.

Wake up consumer.... wake up....



Fig 4.16



Laws and procedures alone cannot fully ensure customer satisfaction. We need intervention of a civic-minded society also. How can a society intervene in this matter? Organize a discussion in the class and prepare a note.



To register complaints with the State Consumer Helpline, visit the website consumeraffairs.kerala.in. Consumers can also call 1800 425 1550, 1967, 1915 to lodge complaints.

Consumers need to be aware of their rights and be able to complain and get solutions to the problems they face. We need to develop a mindset of consuming only the necessary goods. This will provide an opportunity for the people, who do not have access to goods and services, to get them. This way, sustainable consumption and development can be achieved.

Consumer protection law plays a major role in ensuring ethical practices in the business sector where producers and consumers come into contact. The intervention of a society that has civic consciousness and consumer education, should be there in consumer protection.



Extended Activities

1. Visit the website nationalconsumerhelpline.gov.in, study the Consumer Handbook and prepare an album of pictures related to consumer protection.
2. Visit the different markets in your area and conduct a survey to identify the changing consumer preferences, product characteristics, and price variations.
3. Conduct a survey of homes in your neighborhood by adding appropriate questions to the questionnaire on consumer rights already given in this chapter.
4. Set up a consumer help desk under the auspices of the school's consumer club. With the help of teachers, educate the public on the steps to be taken if a consumer is cheated.
5. If any of your school's alumni is working in consumer courts, invite them to your school and organize an interview about consumer rights.
6. Celebrate Consumer Day in a grand manner by including seminars, exhibitions, etc.
7. Prepare short documentaries on what you, as students, can do to spread consumer education.
8. Prepare a note examining recent court observations and judgments against misleading advertisements.



Fig 4.17