

Among many economic and social problems of India, one is price rise. Continuous and constant rise in price in different fields of economy at a high rate is called price rise which is a problem. But price rise along with stability is beneficial for economy. Generally, increase in price results in increasing profit of organizers and producers. Because of undecided profit they get opportunities to set up new production units. Profit amount increases when production cost is less than price rise, so the producer gets encouragement for new investment. As a result, production activities, production and employment increases. Due to increase in income, producers, organizers and businessmen can increase the wages of their employee. Thus, due to increase in income, purchasing capacity increases. So, money spent on usage of commodities increases resulting into rise in the living standard and speed of economic development. So it can be said that stable price rise is prerequisite for economic development.

When there is noticeable increase in price level of commodities or services invariably and continuously at high rates, then the production of instantaneous commodities and services do not increase but supply of money increases speedily. Thus, excessive amount of money is used on comparatively less commodities, this kind of price rise condition is called inflationary situation. High disturbance in prices, expenditure, income and calculation of price of production equipment and their allocation, generates serious disparity in economy by creating chaos in money supply. In such condition, price rise acts as a hindrance in development of economy.

Price rise is not always inflationary. Many times in spite of decrease in inflation rates in economy, price of basic commodities or services used by common people increases, while the prices in other sectors show stable or decreasing behaviour.

Reason of Price Rise

Mainly two factors are responsible for price rise : (a) due to lack of instantaneous increase in production and supply of commodities and services in economy. (b) due to sharp increase in total demand of country as compared to supply, continuous price rise is seen. Following reasons are responsible for it :

(1) Increase in Monetary Supply : Supply of money in economy increases in three ways (i) by filling deficit replacement i.e. by generating new money (ii) increase in circulation of money i.e. increase in transaction of money in market (iii) to decrease rate of interest on debt.

When there is increase in money, income of people, purchasing power, effective demand of commodities and services increases but total supply does not increase according to it. So price rise is there. In order to fulfill planned and unplanned expenditures, government increases supply of money by generating new money through deficit replacement policy. Increase in administrative expenses of government, unplanned expenditure, defence expenditure or increase in expenditure of different welfare schemes and fairs, expenditure on celebrations, public or private expenditure leads to sudden increase in supply of money in market which increase purchasing power, resulting in increase of price level. Thus, increase in purchasing power becomes the reason of price rise.

No increase is there in total production or supply of commodities and services in market due to unplanned expenses of government, but due to increase in salary or allowances, supply of money increases in hands of people. Along with it, resources of production start getting more value, so income increases, leading to cumulative increase in supply of money. As a result of it, purchasing power increases i.e. total demand increases but total supply doesn't increase in accordance. This leads to price rise.

Thus, price rise is result as well as reason for increase in supply of money. The bank reduces rate of interest on credit as well as increases its reserved cash which helps it to give loan and credit at low rate of interest and mild condition which results in increase in supply of money in hands of people, which creates pressure on demand of commodities and substantially causes price rise.

(2) Population Growth : Population increases at a rate of 1.9% in India. Total population of India was 121 crore in 2011. Because of speedy increase in population of country in 2001 an imbalanced condition in demand and supply was created which led to shortage of supply leading to price rise.

(3) Increase in export : Because of increase in demand of Indian goods in foreign market, government has encouraged increase in export as a result of which availability of commodities decreases in local or internal market. So scarcity is observed. Shortage of supply against demand leads to price rise.

(4) High price of raw material : Shortage of raw material leads to increase in production cost. So, price of commodities increases. On the other side, consumers of produced goods are same workers or common people. They demand for increase in salary and when it is satisfied, there is again increase in production cost resulting into price rise. Thus, vicious cycle of price rise keeps on going on.

(5) Usage of Non-registered Currency (Black Money) : In order to save tax, many economical dealings are not mentioned in accounting book. Many people hide their high income or excess income. Thus such an income is not mentioned in the accounting book and tax is not paid on it. Such unregistered income is called black money. Because of fear of being caught for paying income tax or service tax, rather than storing money, people try to use it as early as possible and purchase unwanted things. Thus, black money has been supportive for price rise.

(6) Price rise by Government : The government increases support prices of petroleum products, chemical fertilizers, support price for agriculture crops by the way of administrative orders because of which supply of money increases due to steps taken by government to fill the debt. As a result of which price rise is there. Thus government only gives birth to price rise.

(7) Natural Factors : Production reduces due to natural calamities like excessive rainfall, drought, earthquake, epidemic etc. and human factors like war, riots, movements, strikes or industrial unrest, lockouts etc and adverse effect is seen in supply. Decrease in supply when the quantity of money remains stable results in increased pressure on demand of commodities resulting in rise in price level.

(8) Smuggling, Hoarding and Black Marketing : Many times, due to high import duty rates as well as control on import or restriction on exports, with the intention of duty evasion, secretly, without paying taxes, foreign goods are dumped in a country. This is called smuggling.

Due to speculations or rumours or predictions that prices are going to rise in future, all the sections of society, businessman, producer, consumers get involved in hoarding in more or less quantity. As a result of it, pressure on supply of that commodity is created. An artificial scarcity arises. So by increasing the price of the commodity, to increase their profit margin, the producers take undue advantage of people. This is called profiteering.

Thus, by evil activities like hoarding, black marketing and profiteering, scarcity of commodities is created in the market. This is a factor responsible for price rise.

Why prices should be controlled : Continuous price rise causes massive, far reaching and adverse effects on economy and social life of people. To avoid these effects the need of price control has arisen. We will understand the effects of price rise as follows :

- (1) The vicious circle of price rise keeps on moving continuously because of increase in profit, increase in income, increase in purchasing power, increase in demand of goods and services; lives of poor and middle class people becomes miserable.
- (2) Rate of savings and capital generation decreases due to price rise. Production of capital generation decreases due to price rise. Production of necessary commodities decrease. New business, industries, employment stops.
- (3) Foreign investment decreases. Because of increase in import of goods, foreign exchange is spent, which gives rise to new problem.
- (4) Production of necessary goods decreases so scarcity is created. Living standard of the people deteriorates, the poor become poorer.
- (5) As the production cost of goods increases in the country, they become expensive, so the cost of export goods increases. Comparatively imported goods become cheap in the market. As a result exports decrease and import increases, balance of exchange is disturbed. Imbalance is created in import and export.
- (6) Living standard of poor or middle class deteriorates because of price rise. In order to fulfill requirements, immoral activities like theft, robbery, murder, crime, betting, hoarding, profiteering, black marketing, corruption, suicide increase in the society. Moral degradation occurs in society.

Thus, inflationary price rise is a hindrance for economy. So there is a desperate need to control price rise.

Steps taken to control price rise : Total expenditure keeps on increasing continuously in economy, but production of goods does not increase with same pace. This results in price rise. Government takes steps to control price rise :

(1) Monetary Measures : (i) Bank : i.e. the Reserve Bank of India (RBI) reduces the money circulation in the economy. As a result, a leash is imposed on the spending tendency of people, thereby reducing the demand of goods, which in turn leads to reduction in prices. (ii) The RBI increases rate of interest through lending policy. Loan or credit becomes expensive which stops unnecessary capital investment or betting investment. On the other hand, the saving tendency of the people increases due to increasing rate of interest as well as there is increase in deposits, investment in different savings. Thus, due to lack of funds betting, speculation hoarding are stopped and profiteering is controlled (iii) Because of increase in bank rate, commercial banks have to increase lending rate. So, proportion of lending decreases. Due to increase in rate of interest, excess money is stretched from betting and comes back to economy in the form of savings. So rate of capital investment increases. New fields of business and employment are opened. (iv) Due to increase in reserve funds of banks, branch of commercial banks are controlled. Decrease in lending is there. (V) By selling Government securities in the open market, cash reserve of commercial banks and public is reduced. As there is decrease in supply of money in the hands of people, consumable, expenditure reduces, resulting in control of price rise.

(2) Fiscal Measures : Fiscal policy means Government's strategy with respect to public expenditure and rising revenue taxation and public loan policy. (i) Government decreases supply of money by reducing its own expenditure as much as possible along with reduction in total expenditure of the country. It postpones such plans on which rate of expenditure is high and is not lucrative immediately. It reduces administrative expenditure and unuseful expenditure. (ii) Under taxation policy, government increases taxes, when price rise occurs, so that there is reduction in the supply of spending money among people. Income tax, company tax, property tax are raised. Export is controlled and because of imposition of high rate of revenue on imported goods, cost of imported goods rises. So import sinks. (iii) **Public Loan Policy :** Under public loan policy, government tries to limit total expenditure of society by issuing loans or bringing schemes like 'Compulsory saving plan'. It takes different encouraging steps to encourage people to make savings, reduces the rate of public debt, decreases government help like giving subsidy, increases the proportion and coverage of

direct tax, imposes heavy tax on goods used by rich people and luxury items, because of which their production sinks and production of necessary (basic) goods increases. Thus, with these steps, proportion of income in hand will reduce, as a result of which demand of goods will decrease and finally prices will reduce.

(3) Control on capital investment : In order to see that capital investment behind unuseful and luxury items reduce, license or permit system is implemented and government encourages such type of capital investment in which the productive form of agriculture and industrial products increase. Betting oriented capital investment reduces. Production of essential goods increases. Production capacity increases. Such encouraging steps should be taken where by increase in rate of interest, saving instinct is encouraged so that capital investment increases. Such type of efforts have to be undertaken.

(4) Price regulation and rationing (Public Distribution System) : One of the step to control price rise is public distribution system which has been implemented in India since 1977. The objective which is to provide to low income group of society, people living below poverty line and people of low income group with essential commodities at reasonable price from fair price shop (FPS). Today approximately 4.92 lakh fair price shops are there. Prices at these shops are less in comparison to the prices in the open market. Government pays the difference between the original price and rate of items at fair price shop. This amount is called subsidy. This public distribution system has become a boon for maintaining the living standard of poor people in the situation of artificial scarcity, hoarding and black marketing, in which price rises considerably. The success of this system is mainly dependent on the setting up of an effective administration mechanism for the availability and distribution of the required quantity of essential commodities and the honesty and nature of the shopkeeper.

(5) Administered price mechanism: To prevent hoarding and to maintain the prices of essential goods at reasonable level and to ensure their easy availability, the government fixes the prices of the commodities. It asks the traders to sell the goods at the fixed prices. To keep price level under control, the Government has implemented Legislation Essential Commodities Act, 1955. In the trader does not sell goods according to the prices fixed by the Government, it can initiate proceedings under this act and penalize the trader. Government initiates legal proceedings and undertakes intensive campaigns against hoarders, black marketers, speculations, under PASA (Prevention of Anti Social Activities Act). To control price rise, Government initiates legal proceedings like regulation of stock of commodities kept in the godowns of the traders, checking, display of stock register, price register and takes strict punitive actions against the culprits. Till recently, the prices of onion, rice, cotton, cement, edible oils, petrol, diesel, domestic gas, kerosene, sugar, aluminium, iron, steel, railway freight etc. were regulated under the administered price mechanism. Even some life saving drugs are also covered under this and their prices are controlled.

Thus, efforts to control price rise are not independent or different from each other but are complementary to dependent on each other. So rather than taking scattered, one or two steps, omnibus steps will have to be taken. Only then expected results may be obtained.

Consumer Awareness : (Jago Grahak Jago)

Now a days every person is consumer in one way or the other. Many items of same features, of different brands are available in the market. Illiterate and unaware consumers do not have complete knowledge or information about diversity and alternative uses of goods. As there are several middlemen between producers and consumers, the consumer is exploited in many ways.



18.1 Message of Consumer Awareness

Price Rise and Consumer Awareness

The system wherein the goods and services that the consumer buys in lieu of money are of good quality, proper weight and at a reasonable price is known as consumer protection. Consumer protection is not just an agitation, but it is a movement of consumer awareness. Consumer awareness is a moment of consumer protection. Consumer protection is a well-organized programme for the people of the society to make them mature consumers with the help of which anti-consumer activities, exploitation and deception may be faced. Ralph Nadar started a movement in America to bring consumer awareness. Thus, he is called pioneer of consumer movement.

‘Satisfaction of consumer is our motto’, ‘Consumer is the King of market’. Such statements seem to be exaggeration and deception in the present time. Producers, entrepreneurs or traders produce things as per their ability and convenience (facility). Later on, they try to attract consumers through enticing advertisements in T.V., Radio by publishing advertisement in press continuously by mediums like website, hoardings or banners. Because of it consumer finds it difficult to purchase or choose proper commodity and is guided towards the false way and is thus exploited.

Forms of Consumer Exploitations

Consumers are exploited by the producers and traders in different ways which is given below. He is exploited by providing commodity of less weight than the one printed on the packet, by providing slightly defective or fake commodity/goods, over pricing, by providing adulterated goods which are dangerous or harmful for health, unsatisfactory after sale services, i.e. not providing construction goods or services as per pre-determined conditions. In providing electricity, banking, insurance, telephone or medical facilities, seller or trader shows negligence and humiliates consumer by cheating in selection of goods by attractive and deceptive advertisements, by adopting malpractices of selling, by selling fake goods in such a manner that they cause physical as well as mental harassment, by creating artificial scarcity and by not providing complete information consumer is cheated.

Reasons of Consumer Exploitation

Consumer is exploited because of following reasons :

(1) Consumer is himself/herself responsible : Traders, producers, organizers take undue advantage of consumers by exploiting them in different ways because of ignorance, lack of awareness, illiteracy, lack of tendency to become organized and oppose, lack of preparation and tendency to fight legally against exploitation.

(2) Limited Information : In the capitalist economy, the producers and sellers are free to produce or sell any commodity or service in any quantity. There are no specific rules regarding their pricing and quality regulation wherever they are, the rules are not followed strictly. In such situations, in the absence of true knowledge or information about usefulness of the product, quality and maintenance, conditions of use, after sale services, warranty or guarantee etc. the consumer is not given complete information about the commodity. Thus, due to limited information and lack of understanding the consumer tends to make mistake.

(3) Limited supply : When supply of product or service is not in accordance with demand, artificial scarcity is created. Thus, scarcity is created due to hoarding by traders, producers, betting or natural calamities. In such situation traders take undue advantage by over pricing. So, improper supply of commodities in the market is also responsible for exploitation of consumers.

(4) Limited competition : When a single producer or a group of producers have their monopoly in the production and sale of a commodity or service, then due to lack of other alternative, producer exploits the consumer in different ways in such limited or monopolized market. The consumer is dumped with defective services and commodities of low quality.

Consumer Awareness in Consumer Protection

There arose a need to stop exploitation of consumer in different ways to protect rights and to provide mental and physical security. In India, a description regarding consumer protection, because of misbehaviour towards consumers and their exploitation, was made for the first time in

Kautilya's "Arthshastra" which, describes misbehaviour of trader towards consumer and his exploitation. We find mention of punishment for undermeasurement of goods and adulteration or duplication.

American President John Franklin Kennedy presented four rights of the consumers on March 15, 1962 in the Parliament of America. He expressed soreness on the thought that opinion of the consumer is not heard.

International organization 'Consumers International' published notification showing rights of consumer on 15th March, 1983. So, 15th March is observed as "World Consumer Day" every year. Afterwards, in its meeting on 16th April, 1985, the UN declared 8 basic consumer rights in its bill 'United Nations Guidelines for Consumer Protection'. According to this, it recommended every nation of the world to set up effective legal structure for rights and interest protection of consumers. For this, Indian Parliament formed "National

Consumer Protection Act, 1986" which was signed and permitted by the President on 24th December, 1986. So every year, 24th December is celebrated as "National Consumer Right Day" In India.

Gujarat Government had implemented "Gujarat Consumer Protection Act, 1988" on 18th February 1988. As per this, legal action for consumer protection has been undertaken.

In 1993 and 2002 many important amendments have been implemented in India in Consumer Protection. People have wish to bring change in the age old act as per requirement of time.

Many provisions have been made under Consumer Protection Legislation- 1986 Now we shall gather information about important provisions made the act.

Legislation concerning consumer rights

'Consumer Protection Act' is a milestone in the history of social-economic Acts of India and is helpful to people. For protection of right of consumer and their interest this is most progressive and acceptable law, which provides following provisions :

(1) Related to Consumer Service : Under the above legislation, in terms of trader, commodity and service, a consumer may be defined as follows :

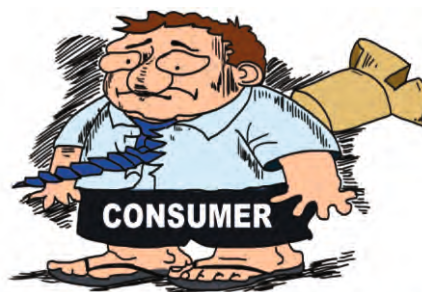
In terms of commodity, a consumer is one who has legal protection. For this, any of the following person :

(i) If a person has made payment or has promised to make payment or has agreed for any offered mode of payment in lieu of purchase of any commodity or service is called a consumer. (ii) The person who pays the value of product, either in the form of installments or by hire-purchase system or hires a service either receives a service is called a consumer.

But if any person sells, a purchased product for business or commercial purpose or provides free of cost, services or the services under personal service agreement, they are not covered under this legislation and are not protected.



18.2 Celebration of World Consumer day



CONSUMER PROTECTION ACT OF 1986

18.3 Consumer Protection Act.1986

Thus, objective of this law to see that consumers get the product or services of high quality. Along with it protection of interests of the customer are also seen.

According to the provision, if the type, quality of goods or services as well as the agreement are not as per prevailing law or provided services are defective or deficient or commodity is sub-standard quality, the consumer may complain under Consumer Protection law.

(2) Rights of consumers : Consumer commits mistake in selection of right commodity due to lack of information regarding different types of commodities available in the market and could not receive proper incentives on money spent by him. His money is wasted. He expresses regret that he has been cheated. He invites many types of diseases by purchasing edible objects of low quality, duplicate or adulterated and of low quality, which harms the health. Moral standard of society goes down due to immoral activities like under measurement, adulteration and duplication, cheating, looting in price and corruption.

Laws have been framed so that producers and traders maintain uniformity and transparency in price, quantity, quality of products. Because of the provisions, consumer becomes aware and is educated about various tricks adopted for exploiting them and how to fight against malpractices. Many rights have been granted for understanding various solutions under this act. Main objective of consumer awareness is to protect these rights. According to the law, consumers have been given six rights.

(1) Right to safety : Consumer has the right to be protected if the commodity or service is dangerous or harmful for health. He has the right to get protection for the maintenance of physical environment and quality of life.

(2) Right to get information : The consumer should have information about quality, quantity, capacity, purity, class, standard, usage, price etc. of commodities or services. so that he may be protected in the market against malpractices or corrupt practices (unfair trade practices). With the help of right to information the consumer is encouraged to behave responsibly. The consumer gets information from label, packing, advertisement, price list, government public news and reports.

(3) Right to choose : Consumer has the right to access a variety of goods at competitive rates, choosing commodity or service which could earn maximum profit and has good quality. Objective of right to choose is to confirm reasonable price, satisfactory service and assurance of quality. Consumer has the freedom to choose such a commodity which is most convenient.

(4) Right to be heard or right to represent : Under this law, such an arrangement are made in which rights and interests of the consumer are protected, represented and considered. There are also provisions to make arrangement in which non-political, non-commercial consumer society is formed having its own consumer representative, who can represent their interests properly.

(5) Right to seek Redressal : This right gives right to the consumers to make complaint against dishonest commercial practices or loss due to negligence or ethical exploitation. It also gives right to the consumer to be prevented from loss, by asking for the compensation. In this, consumer may ask for one or more than one relief like exchange of goods, return of goods, return of money, repair, without asking for charge etc. Consumer may ask for the incentive or not, but is entitled to get incentive.

(6) Right to consumer education : This right ensures that a consumer gets complete information and develops patience and skill. Factors responsible for exploitation of consumers at the village level are ignorance, lack of awareness among consumer etc. By including it in the school curriculum, efforts should be made to train consumers and improve their skill through meetings of different institutions, consumer education related discussion session, exhibitions, discourses, work camps etc. So that they may play the role of an alert consumer in the market. Consumer education is helpful in this.

(3) Duties of the consumers : As the consumers are cautious about their rights, in the same way they should show reflexes towards their responsibilities or duties also.

(1) While purchasing a commodity or service consumer should make the correct choice. At the time of purchasing a product consumer should purchase the product having good quality, reasonable price, guarantee or warranty, after sale services. He should purchase goods having standard signs like BIS, ISI or Agmark. While purchasing electrical or electronic gadgets, priority should be given to purchase of standard or branded items only.

(2) At the time of purchasing a product from many products, choice has to be made. While choosing a product, they should have all information. They should check the label and information given in the advertisement and ensure themselves like a discreet and aware consumers. As a consumer, his decision and behaviour should be wise, intelligent, calculative and bearing common sense, so that he may be protected against exploitation and cheating.

(3) It is the duty of the consumer that his conduct or behaviour towards seller or producer should be gentle and bonafide.

(4) A consumer should insist on having original bill or original receipt of items or services purchased by him. He should also insist on getting warranty card filled, signature of seller should be there along with stamp.

(5) Consumer should come together and form voluntary consumer organizations or associations at non-political and non-commercial level and with the help of these organizations they should be ready to give legal fight for solution of problems related to consumer's complaint. They should ask for representation in different government committees related to consumer. So, it is also the duty of consumer that he should fight against exploitation.

(6) Consumer should make verbal or written complaint to the officer of related department without fail. They should also take cooperation of consumer organizations and different non-profitable institutions in order to prevent or eliminate complaints related to wide interests of the consumer.

(7) While purchasing a product, consumer should not make any compromise with quality of product or its safety. He should always insist on purchasing a product after checking packing, rate, date of manufacture, batch number, weight, expiry date, name of producer, address etc.

(8) While purchasing a product, if the consumer finds that the product is adulterated, or duplicate or fake or finds decrease in weight he should immediately bring it to the notice of trader. And if the trader delays in bringing solution, then he should give an application to authorities or consumer courts asking for redressal. Thus, consumer should perform his duty as a responsible citizen.

(9) Consumer should purchase a product in sufficient quantity or number only. He should save himself from purchasing unwanted and unnecessary products by getting attracted from the advertisements or by seeing others or from sale. He should not waste money.

(10) While purchasing, weighing scale, implements of measurement, electronic instruments must be checked, whether they are correct or not. A consumer should make sure whether the tools of measurement have been tested and verified by an investigation officer or not. If tools have not been certified every year, the consumer should bring it to the notice of weight and measurement officer, Director of legal metrology and consumer affairs at the local level and if required, he should complain. This is the duty of a vigilant and responsible consumer.

(11) The seal of the gas cylinder should always be checked, whether it is intact or not. Taxi or rickshaw should be boarded only after checking the 'zero' reading of the meter. We should pay as per rate on the meter. Petrol, diesel or CNG should be filled after checking the indicator at '0000'. While purchasing kerosene, one should insist on purchasing only after the foam in the measuring can has settled down completely. Weighing should be done on that scale only which is hung on its stand. When scale is held in hand there are chances of cheating.

(12) A consumer should either himself go to consumer forum or should complain through consumer society against the negligence in the improvement of railway, bank, insurance, telephone or hospital services or for compensation for physical, mental and economical harm due to lack of services. Consumer should give details of news of judgement and compensation received on local T.V. Channel and get it published in the newspaper, so that other consumers may know about injustice done to him. By informing about the judgement, they may be prevented from being victimized. Thus, it is also his responsibility to bring consumer awareness and work for consumer education, participate.

(13) A consumer should participate enthusiastically in different consumer awareness programmes movement arranged by consumer society, discussion or seminars. Thus try to give a thrust to the movement of consumer protection in the society.

Measure of consumer protection :

Following four types of measures have been undertaken for consumer protections :

(A) Three tier (Tribunal Courts) :

Under National Consumer Protection Act, 1986 'Central Consumer Protection Council' (National Consumer Commission) has been set up. Similarly, the state consumer forum has been set up at the state level. Under this commission, laws for consumer protection are framed. National



18.4 Measures of Consumer Protection

Consumer disputes commission has created the structure of three tier court and framed norms for actions of consumer forum or commission.

(1) District Forum : Generally, there is one court in every district which is a very important court. It studies the complaints of consumers and gives compensation to the consumer against loss. Approximately 571 consumer district forums are working in our country. In these courts, presently, claims for compensation upto ₹ 20 Lakh are filed after paying the decided fee. If the petitioner is not satisfied with the decision of district forum, he may file a complaint in the state commission within next 30 days. But before that he has to pay either 50% amount of compensation claims or ₹ 25000, whichever is less.

(2) State commission (State Forum) :

- Approximately 35 state forums are working presently.
- In these courts presently claims of compensation from 20 Lakh to 1 crore are filed after paying the decided fee.
- If the petitioner is not satisfied with the decision of State Commission he may file a complain in the national commission within next 30 days although he has to pay either 50% of the compensation claim or ₹ 35000 whichever is less.

(3) National Commission (National Forum):

- Compensation claim above ₹ 1 crore could be made here by paying the decided fee.
- This commission is a bench of 5 members.
- State commission and National commission should give the decision as early as possible or within 90 days of filing the case.
- If the petitioner is not satisfied with the decision of national commission he may file a case in supreme court within next 30 days. But before appealing it is compulsory to deposit 50 % of the compensation amount or ₹ 50,000 whichever is less.

If the person does not comply the orders given by any of court, he could be given punishment or penalty or both of them.

People below poverty line, senior citizens and handicaps are exempted from paying fee under certain conditions. They are also provided free service under “District Free Legal Service” guidance of legal aid and advocate.

(B) Consumer Society (Consumer Protection Council) : As per this act, government-recognized consumer societies have been established at taluka, district, state or national level. The consumer societies or councils are non-political, non-commercial, voluntary organizations set up by consumers. The main objective of these consumer societies is to bring awareness about consumer rights and encourage them to help government to frame policies or to protect from time to time. It keeps on reviewing provisions for consumer rights and acts. It also gives suggestions to the Government regarding need to change legislative provisions. These consumer societies provide consumer education through consumer awareness programmes, which provides guidance on main subjects like rights of consumers, duties, exploitation in different ways and how to be saved from exploitation. These consumer societies or organizations publish monthly, bi-monthly, magazines or periodicals like “Grahak, Suraksha”, “Insight”, “The Consumer”, “Grahak Manch” etc. and try to bring awareness. They are helpful in elimination of complaints of consumers.

(C) Public Distribution Systems (PDS) : Under Public Distribution System, essential commodities of good quality are provided in fixed quantity at subsidized rates, to the poor at regular interval from “Fair Price Shops”. Thus the poor consumer is saved from the exploitation in the open market from where they have to purchase goods at high rate, of low quality and less weight. Public Distribution System controls corrupt practices of trader.

(D) System Certifying Weights and Measures and Purity of Goods : For health and safety of consumers, government has set up many legal institutes which perform the task of checking the quality, quantity and purity of produced goods and certifies them.

Government of India established ISI (Indian Standard of Institute) in 1947 to regulate quality. Now, since 1986, it is known as BIS, Bureau of Indian Standard. The goods that meet the described standard and quality are allowed to use ISI mark.



**18.5.1 ISI
Institution Logo**



**18.5.2 Logo of
BIS Institution**



18.6 Agmark Logo

Even gold ornaments are given BIS mark along with purity number i.e. 916 which means quality and purity of gold is generated by certain parameters. These are BIS Mark, Gold number e.g. 916 depicts 22 carat gold, 'Hallmark' logo is given by the central government which shows the year of "Hallmark" e.g. "J" means jewellery manufactured in 2008.



**18.7 Logos to be kept in mind while
purchasing gold ornaments**

Mark of FPO (Food Product Order) is used on Jam, Fruit Juice, fruits or vegetables packed in tin.



18.8 FPO Logo



**18.9 Woolmark
Logo**



18.10 M.P.O Logo



18.11 HACCP Logo

BIS allows textile, chemical, insecticides, products of rubber, cement, electronic gadgets to use ISI Mark.

Woolmark - It is given to woollen products and dress.

MPO (Meat Processing Optimiser)- It is given to meat, mutton and products made from them.

HACCP (Hazard Analysis and Critical Control Point) It is given to processed food.

ECO : It is given to soap, detergent, paper, lubricating oil, packing material, colour chemicals, power coating, battery, cosmetics, goods used in place of wood, leather and plastic products by ISI presently called BIS.

Organizations at the International Level : Two organizations are working at the international level for standardization of products :

(1) **ISO (International Standardization Organization) :** Its headquarter is in Geneva. It was established in 1947. Its main function is to provide certification of standard according to international standards. e.g. series of ISO -9000 is given for environment management system by international organization which is certification of officers and institutions having high quality.

(2) **Codex Alimentarius Commission CAC :** This organization was set up to certify edible products. It is an international (organization) commission for food. In 1963, food and agriculture organization (FAO) and World Health Organization (WHO) established it. Its headquarter is located in Rome, capital of Italy. Its main function is to develop food standard, guidelines and code of practice, for production and international trade in food products like milk, milk products, meat, fish etc. The job work of contacting ISO is done by BIS in India, while Director General of Health Services contacts the CAC.



18.12 E.C.O. Logo



18.13 I.S.O. Logo

Who can file a complaint ? Where ? (1) Consumer himself (2) Central Government, State Government or Government Union Territories (3) Consumer society or company law or other prevailing laws (4) Representative consumer on behalf of consumers on the matter in which it is in the interest of all consumers (5) Any member of the family of person who has purchased the product or service with his permission may file a case if there is shortage of material or service or may lodge a complaint against loss.

If the producer or trader neither find solution nor show preparedness to find solution of true, correct and clear the complaint, in that case, consumer or his family members may file a case in local district forum, state commission, national commission. They may complain in supply court, office of metrology (science of weights and measures) and consumer court, consumer society, collector of- fice.

The consumer can file a complaint if the item or service is faulty or deficient or is not in accordance with the agreement or prevalent law. Thus, consumer may file a case against deficiency in quality, of type and purity of goods, less weight etc.

How to file a complaint ?

- A victim may file a complaint in simple and clear language, either typed or handwritten or through e-mail. If the victim goes to the court through lawyer then he needs affidavit. Name of applicant, address, contact number should be there in application.
- Write detailed description of complaint and give the reason for complaining clearly.
- Enclose copy of supportive evidence or documents related to accusation. Never give the original evidence.
- Enclose bill, receipt of payments. If the payment has been done by cheque, then attach counter or give details of cheque.

- Enclose copy of conditions mentioned by seller, copy of advertisement, pamphlet, prospectus. Complaint may be lodged in any consumer forum by submitting appropriate fee as per amount of compensation claim.
- Consumer may lodge a complaint within 2 years of emergence of reason of complaint. Any consumer may call on Gujarat State helpline toll free number 1800-233-0222 or national level helpline number 1800-114000 for consumer related complaint, as well as for special information about law and guidance.

Exercise

1. Answer the following questions in detail :

- (1) Discuss the reason for price rise in detail.
- (2) Discuss main two measures for controlling price rise.
- (3) Explain in detail “Rights and Duties of the Consumer” (Six points).
- (4) Discuss the provisions of consumer court.
- (5) Describe national and international institutions for quality standard.
- (6) Which precautions should be undertaken while purchasing ?

2. Answer the following questions pointwise :

- (1) Explain “Price rise is beneficial as well as a hindrance in economic development”.
- (2) “Black money is one of the reason for price rise.” Explain.
- (3) Clarify the role of ‘Public Distribution System’ in controlling price rise.
- (4) Describe the reasons of consumer exploitation.
- (5) Clarify the role of consumer societies in providing consumer protection.
- (6) Who can file a complaint ? Describe the information included in complaint.

3. Answer the following questions in short :

- (1) Why has it become necessary to control price rise ?
- (2) Describe the effects of price rise on capital investment.
- (3) What is the role of price mechanism system in price regulation ?
- (4) Who is consumer ?
- (5) Give information about ISI, ECO, FPO, AGMARK.

4. Choose the correct alternative and answer the following questions :

- (1) Government decides the prices of which products ?
(A) Vegetables (B) Medical treatment (C) Petrol-diesel (D) Dining in hotel
- (2) Increase by government in supply of what leads to price rise ?
(A) Commodities (B) Grains (C) Raw material (D) Money
- (3) Due to prediction that prices are going to rise in future what do the people do ?
(A) Black marketing (B) Profiteering (C) Betting (D) Hoarding
- (4) 15th March is celebrated as which day in India ?
(A) Consumer Right Day (B) World Consumer Day
(C) Consumer Awareness Day (D) National Consumer Right Day
- (5) Which organization has been set up by central Government for consumer related laws ?
(A) Consumer Dispute Removal System (B) National Consumer Commission
(C) National Customer Commission (D) Consumer Protection Commission
- (6) Which periodical is published for consumer education and awareness ?
(A) Insight (B) Consumer awareness forum
(C) Consumer education (D) Consumer Act
- (7) Which is the voluntary organization regulating the quality of edible items ?
(A) BIS (B) CAC (C) ISO (D) FPO

Activities

- On the occasion of “Consumer Rights day” arrange a mock parliament on topic ‘How much successful consumer awareness Act is ?
- Collect the news clipping related to price rise in recent times (last three months) and stick them in a scrapbook. Prepare a short report.
- Arrange a lecture of officers of consumer society in the school and organize consumer protection exhibition.
- Organize a programme of demonstration on adulteration, fraud and cheating in weighing commodities in your school/area or society.
- Collect packing of various items and gadgets, on which different marks are printed and prepare a report.
- Start consumers’ club at school level; arrange programmes for consumer awareness.