

## 1. Answer the following questions in detail :

### (1) Discuss the reason for price rise in detail.

- Price rise is a great problem of Indian Economy. It arises due to the imbalance between stock and supply.
- (1) Increase in monetary supply :
- Monetary supply can be increased by
  - a) By filling deficit replacement i.e. by generating new money.
  - b) Increase in circulation of money i.e. increase in transaction of money in market.
  - c) To decrease rate of interest on debt.
- When monetary supply gets increased, people get more income that raises their purchasing power where results into price rise.
- In order to compensate the deficit of plan and non-plan expenditure, Government raises Mcapital that causes increase in monetary supply.
- Due to price rise, people's purchasing power goes down so, they ask for increase in allowance, salary. When it is sanctioned, their purchasing power raises.
- Increase in purchasing power causes price rise.
- 2) Population Growth :
- In 2011 AD. total Indian population was 121 crore.
- It observes 1.9 % annual growth rate.
- After 2001 AD. population grows with high rate so demand of commodities gets boosted.
- So, there raises an imbalance between demand and supply that leads to scarcity.
- 3) Increase in export :
- When national products are more demanded abroad, it causes increase in export.
- As the commodities are exported out, it causes scarcity in the nation, that leads to price rise.
- 4) High price of raw-materials :
- Scarcity of raw-materials raises its price.
- Expensive raw-materials and costly human resources add price burden upon the commodities.
- 5) Black money :
- Many people do not mention their income in the book of account in order to escape from taxes.
- Black money holder enjoys high purchasing power.

- As they wish to spend money hastily, they buy the commodities at any rate that causes price rise.
- 6) Price rise by government :
- In order to control the consumption or for judicious use of commodity, Government
- imposes price rise of the commodities like petroleum products, crops products and other commodities.
- 7) Natural Factors :
- Natural calamities like flood, drought, epidemic, earthquake causes reduction in the production which leads to scarcity in the market.
- Stock and supply remains less and money proportion stabilized that causes price rise.
- 8) Smuggling, Hoarding, Black Marketing :
- Certain restricted items as well as other items are exported or imported illegally by escaping from taxes is called smuggling.
- Due to the prediction of price rise, consumers lead themselves to the illegal collection of goods in much or less proportion which causes artificial scarcity and increase in price.
- Smuggling, hoarding and black marketing causes artificial scarcity and leads to profiteers.

## (2) Discuss main two measures for controlling price rise.

- Total expenditure goes on increasing in Nation. Where as production can not be accelerated
- so comparatively list so it creates imbalance.
- Monetary and Fiscal steps are undertaken to control price rise.
- (A) Monetary Steps :
- The Reserve Bank of India (RBI) reduces the monetary supply so people receive less money and decreases their purchasing power.
- The RBI raises interest rate so that loan and other borrowings become costly that controls purchasing power of the people on the contrary increase in interest rate encourages people to the savings and capital fund raising so profiteering is controlled.
- Even producers and shopkeepers withdraw their money from hoarding and smuggling.
- As deposits of commercial Bank gets decreased it causes less money flow to people so, it controls purchasing power and price rise.
- B) Fiscal Steps :

- Government's policy related to income expenditure and taxes is called Fiscal Steps. Government controls the expenses behind administration and postpone the non- productive projects so, it can control money supply.
- Government raises the rate of income tax, asset tax and company tax so that income level of people goes down and that controls their purchasing power.
- By declaring compulsory saving project, Government can control excess of money to the market.
- Government restricts the public loan, subsidy and increases direct and indirect taxes.
- Moreover the comfort yielding commodities observe high taxes so that their production and selling set controlled.

**(3) Explain in detail "Rights and Duties of the Consumer" (Six points).**

- Consumer is the king of market. His present keeps the market alive so, it is advisable for consumers to be aware of his rights and duties and for the producers and sellers to know legal provision for that following are the rights of consumers.
- Rights of Consumers :
- (1)Right to Safety :
- Any commodity and its selling which are injurious to the health of citizens against that it is his right to opt for safety.
- Moreover he is free to enjoy life quality and physical environment.
- 2)Right to get Information :
- Consumers is empowered to get information related to quality, purity, efficiency, standard, consumption and price.
- This information can be obtained from label, packing, advertisement, price list, government public news and reports.
- 3)Right to Choose :
- Consumer enjoys the right to take maximum advantage from the commodities as per his choice.
- It ensures the consumers to fair price, satisfactory service and quality and out of all the options, consumers is free to choose as per his choice.

- (4) Right to be heard or Right to represent :
- Consumer can represent his complaint at the particular level and government has facilitated the system for the consumer to move.
- Government forms non-political association in which it includes the consumers to arrange hearing about their complaints.
- (5) Right to Seek Redressal :
- Consumer can go against exploitation and can get compensation.
- It includes exchange of goods, replacement of goods, returning of money, repairing etc. Consumer can ask for more than one compensation.
- (6) Right to Consumers Education :
- In order to have information enhanced consumer, he needs knowledge, understanding, skills and wisdom.
- Generally, ignorance of consumer leads to consumer exploitation.
- It is wisely propagated by holding exhibition, conversation, seminars, debates. It increases vigilance of consumer so it gives protection.
- It aims to make consumers aware of his rights, duties and protection of it.
- Duties of Consumer :
- Following are the duties of consumer.
- (1) Consumer should check BIS, ISI, AGMARK, Warrantee Card, Guarantee Card before purchasing the goods.
- He should insist to purchase the commodities of standard or branded items only.
- (2) Consumer 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.
- He should display judicious, wise and logical behaviour.
- (3) Consumer must receive the receipt from the producers with bill and Warrantee Card.
- (4) Consumers should actively participate in consumer association and their activity.
- (5) Consumer should display the behaviour of a gentlemen.
- (6) Consumer should provide evidences in support to his complaint.
- (4) Discuss the provisions of consumer court.

- In relation to Consumer Protection Act 1986, Central Consumer Protection Council and State Consumption Commission is constituted.
- National Consumer Conflicts Pune has formulated the Consumer Forums and 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.
  - In India, there are 571 District Consumer Forum.
  - Consumer can claim the register the case claiming the amount of ? 20 lacs.
  - If consumer is not satisfied with the jurisdiction he can complain to state commission in 30 days.
  - Consumer must submit 50 % of total amount or ? 25000, whichever is less to Forum.
- (2) State Commission (State Forum) :
  - There are 35 State Forums are working presently.
  - The cases containing the claim of ? 20 lacs to ? 1 crore are registered in it.
  - If consumer is unhappy with State Forum, he will move to State level in 30 days one has to submit ? 35000 or 50 % then case is registered to National Forum.
- (3) National Commission (National Forum) :
  - It constitutes the bench of 5 members.
  - Consumer must submit required fees in the case containing claim of ? 1 crore.
  - State Forum and National Forum should justify the case within the time limit of 90 days.
  - If consumers is not satisfied with National Forum Verdict, he can move to Supreme Court in 30 days.
  - Consumers must submit ? 50000 or 50 % of claiming money.
  - If person disobeys the Verdict of any of the Forum, it is punishable Act.
  - Consumer can set guidance from District free Legal Service Centre but consumers must be BPL, Senior Citizens or Disabled Person.
- (5) Describe national and international institutions for quality standard.
  - Indian Standard Institutes (ISI) was formed in 1947 and it was renamed as BIS (Bureau of Indian Standards) in 1986.
  - It ensures and certifies non Agro products.

- AGMARK began in 1937 which certifies ag products like Spices, Cream, Honey, Ghee, Rice, Butter, Groundnuts, Fruits, Pulses.
- AGMARK is administered and monitored by DMI (Directorate of Marketing Intelligence).
- This Act was amended and continuously given under DMI (Directorate of Marketing and Intelligence).
- Golden ornaments carry the mark of BSI and for purity assurance number 916 this shows 22 carat. 'J' stands for the logo of Jewellers.
- FPO : It is marked on Jam, Fruit, Juice or Cane, Tin of Fruits and vegetables.
- ISI : It certifies non agro products like textile, chemical, insecticides, rubber, plastic, metals, electronics equipments.
- Woolmark : For woolen items and costumes.
- MPO certifies meat and fish.
- HACCP special mark to food producers by BSI.
- ECO : It is marked on detergent, soap, paper, lubricating oil, colour chemicals, powder coating, cosmetics, leather items.
- International Organization :
- There are two organization functionally at international level.
- (1) ISO (International Standardization Organization) :
- It was founded in 1947 AD. Headquarter is in Geneva.
- It certifies quality of commodities at an international level.
- ISO-14000 manages to certify about environments management. It marks the organized or Boffice which is eco-friendly.
- (2) CAC (Codex Alimentarius Commission) was founded in 1963 AD. by FAO and WHO. Its headquarter is at Rome in Italy.
- It certifies the quality of edible items.
- It also formulates the rules about trade of milk, milk products, fish, meat.
- The job work of contacting ISO is done by BIS in India, while Director General of Health Services contacts the CAC.
- (6) Which precautions should be undertaken while purchasing ?
- Consumers must care about the following things during purchase.

(1) He/ She must buy the commodities after ensuring about BSI, AGMARK, Warrantee Card, Guarantee Card.

He/ She must purchase the electronics and electrical devices of standard brand.

(2) He/She must check an information labelled on commodity which can ensure its quality and purity.

He/She must do it logically, wisely and calculating.

(3) 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.

(4) Consumers must actively participate informing the voluntary consumers Associations so, that the issues can be solved fast.

They must demand representation in various committee formed by Government about consumers protection.

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

(6) If exploited, they should present their complaint to consumer associations and then to various forum.

(7) They must not compromise in the matter of quality and safety.

They must buy after ensuring about price, batch number, manufacturing date, expiry date, address.

(8) If he found under weight or duplication, he must complain to seller, then to consumer association or forum.

(9] Consumers should not get tempted by lustrous advertisements, further he must not get impressed or imitated.

(10) They must participate actively in workshops, seminars, debate so that consumer awareness and protection mission can be accelerated.

(11) They should check the scale, weighing machine or indicator and if they are found faulty, he must complain to the concerned officer.

(12) He should check seal of cylinder, zero indicator of taxi indicator or a CNG, Petrol-Diesel filler.

While purchasing liquid, he should check that measuring containers must not be pressed or

misshaped.

(13) In the case of lottery shown by Bank, Post, Railway, Hospital, Schools, he must not tolerate physical or mental damage instead he should complain to the consumer associations and forum.

Such news and feedback must be edited in news so that other consumers can not be victim.

## 2. Answer the following questions pointwise :

(1) Explain "Price rise is beneficial as well as a hindrance in economic development".

- Productive adventures enters in the economy as profits raises to producers.
- Initially production cost increases and price rise remains less so investment increases.
- Due to price rise, number of industries increases, that yields more production and employment.
- Even workers are paid more so their purchasing power improves which results into better life style.
- As price rise promotes economic activities so it is a promotor.
- It also obstructs the economic development.
- When price rises, no product can be instantly produced more.
- On the contrary money is supplied fast.
- More capital is invested to buy few commodities that causes inflation.
- So monetary planning gets disturbed.
- Majority people's living standard goes backward which leads them to stealing and other crimes.
- So price rise is beneficial as well as a hindrance in economic development.

(2) "Black money is one of the reason for price rise." Explain.

- Many people hides their high income in order to escape from taxes.
- Black money holders prefer to spend money as they are worried of trapping.
- So they affluently spend money that provides a chance to the producers to increase the price of commodities.

### (3) Clarify the role of "Public Distribution System" in controlling price rise.

- Consumer Association are situated at Taluka, District, State and National level without political intention or influence.
- Representatives from various groups are appointed in it.
- It aims to help government by holding awareness programmes related to consumer awareness.
- These association review and supervise about consumer rights and offers their suggestion.
- They also delivers consumer education and guidelines.
- They publish the magazine like "Grahak Suraksha", "Insight", "The Consumers", "Grahak Manch" monthly or bi-monthly.
- They are helpful in elimination of complaints of consumers.

### (4) Describe the reasons of consumer exploitation.

- Consumer is exploited for the following reasons.
- 1.Consumer 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 :
  - Producers enjoy freedom to produce goods in any proportion in capitalist system.
  - There are no specific rules for price, quantity and quality management.
  - In such instances, consumers face lack of information related to commodities and rules.
  - Consumers are not further trained so they are exploited easily.
- 3.Limited supply :
  - Scarcity of commodity arises due to boarding or natural calamity.
  - As supply is less, market observe scarcity and businessmen take disadvantages.
- 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.

#### (5) Clarify the role of consumer societies in providing consumer protection.

- Public Distribution System has been operative since 1977.
- India has 4.92 lacs fair price shops where the people living below poverty line, Antodaya people are given essential commodities at fair price.
- It enhance transparent, concrete system of providing qualitative commodities at affordable price.
- Every month the needy people get the installment of sugar, kerosene, oil. salt at fair price.
- It controls and some what abolishes hoarding, scarcity and black marketing.
- It also secures good life style to the poor.
- Much success rate, depends upon honesty of shop keeper and transparency and administration.

#### (6) Who can file a complaint? Describe the information included in complaint.

- The following people can complain :
- (1) Consumer himself.
- (2) Central Government, State Government or Government of Union Territories.
- (3) Consumer Association registered under prevalent laws.
- (4] One or two representative consumer on behalf of many consumers.
- (5] Any family member who has consumed or utilized the brought items on the permission of buyer.
- Very first consumer, or representative or family members complain to the producers or shopkeeper.
- If his complaint is overheard, he can complain to the District Forum, State Forum, National Forum, Local Supply Office, Consumer Association or to the Collector.
- If any commodity lacks the quality or else lacks the level of service then that is considered as efficient service.
- So, consumer can complain against the lack of purity, quality and weight reduction.
- How to file a complaint :
- A victim may file a complaint in simple and clear language, either typed or hand written 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.

### 3. Answer the following questions in short :

#### (1) Why has it become necessary to control price rise ?

- Price rise adversely affects the living standard of the people.
- Price rise causes an increase in profit, income, allowance, salary and purchasing power of the rich but it creates pitiable problem for the poor and middle class.
- Due to price rise, there is a notable decrease in capital raising, savings so industrial production decreases and employment reduces.
- Foreign investment decreases and import increases so it creates scarcity of foreign exchange.
- If price of essential commodity goes too down it creates scarcity of that commodity which causes fall in living standard.
- Manufacturing cost hikes so the exported commodities price goes up where as imported items remain cheap so it imbalances the foreign exchange.
- Price rise leads the poor people towards corruption, stealing, murder, betting, hoarding, Mprostitution, crimes and black marketing.

#### (2) Describe the effects of price rise on capital investment.

- Price rise increases purchasing power of people so savings decrease as a result capital raising goes down and production of essential commodities decreases.
- Employment and new industries decrease.
- So foreign investment decreases in the nation.

#### (3) What is the role of price mechanism system in price regulation ?

- Government has initiated to control price rise and following are the steps taken by price mechanism.

- Essential Commodities Act was implemented in 1955.
- Government decides the price of certain commodities so that they can be easily available and hoarding can be controlled.
- If businessman overtakes the price decided by government, he will be punished.
- Prevention of Anti—Social Activity Act (PASA) is operated against hoarders, black marketers.
- The godown check list, stock registers and price register are inspected.
- Government decides the price of onion, cotton, paddy, cement, petrol, diesel, sugar, kerosene,
- aluminium, iron-steel, railway freight and life protecting medicines so that they can easily be facilitated to consumers.

#### (4) Who is consumer ?

- One who buys service or commodity in lieu of money in the market is called consumer.
- One who receives legal protection so far as goods is concerned is called consumer.
- (i) One who buys service or commodity buying paying the bill or else by assuring to pay or by paying partial bill is called consumer.
- (ii) One who takes something on rent by paying or by assuring to pay is also called consumer.

#### (5) Give information about 181, ECO, FPO, AGMARK.

IS] : Textile, Chemical, Insecticides, Rubber, Plastics item, Cement items, Electronics appliances carry 181 or BIS mark.

ECO : Soap, Detergent, Paper, Lubricating oil, Packaging materials, Colour, Chemical, Powder coating, Battery, Cosmetic items, Leather and Plastics items carry ECO.

FPO : Mark of FPO is used on Jam, Fruit, Juice, squash, and fruits or vegetables packed in tin or cane.

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