



ECONOMICS (214)

CHAPTERWISE NOTES



ECONOMICS

Sl. No.	Module	Chapters (Public Examination)	Marks
1	Module 1: Understanding Economics	L-3: Goods and Services	7
2	Module 5: Money, Banking and Insurance	L-14: Money and Its Role L-15: Banking and Credit	10
3	Module 7: Indian Economy	L-20: Sectoral Aspects of Indian Economy L-22: Indian Economy in the Global Context	20
4	Module 8: Contemporary Economic Issues	L-23: Environment and Sustainable Development L-24: Consumer Awareness	15

Component	Details	Marks
Public Exam (Selected Module 1,5,7,8)	Total Chapters : 7	52
Practical Exam	Practical	0
TMA	Tutor Marked Assignment	20
Final Possible Marks		72
		Marks

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1

GOODS AND SERVICES

Introduction

Human wants are unlimited and goods and services are required to satisfy them. **Goods and services** are obtained through various economic activities and play an important role in the economy.

Goods and Services

- In daily life, humans use many **goods and services**.
- Both **goods** and **services** satisfy human wants.
- Food, clothes, house, machines etc. goods fulfill wants.
- Services provided by doctor, tailor, barber, cobbler etc. also fulfill wants.
- Therefore **both goods and services contribute** to the satisfaction of human wants.

Difference between Goods and Services

Goods

- Goods are **visible**; they can be seen and touched.
- There is a time gap between their **production and consumption**.
- Goods can be **stored**.
- Goods can be **transferred from one place to another**.



Services

- Services are **invisible**; they cannot be seen or touched.



- There is no time gap between their **production and consumption**.
- Services **cannot be stored**.
- **Transfer** of services is not possible.

Classification of Goods and Services

Goods and services are classified in the following ways

- **Free goods and economic goods**
- **Free services and economic services**
- **Consumer goods and producer goods**
- **Consumer services and producer services**
- **Single use goods and durable use goods**
- **Private goods and public goods**



1. Free Goods and Economic Goods

Free Goods: Goods which are obtained from nature and whose supply is more than demand are called free goods.

Main Points

- They are gifts of nature.
- They are available in abundant quantity.
- No price has to be paid for them.



Economic Goods: Goods whose supply is limited and for which a price has to be paid to obtain them are called economic goods.



Main Points

- They may be man-made or provided by nature.
- Their demand is more than supply.
- They have to be purchased from the market.

2. Free Services and Economic Services

Free Services: Services which are provided on the basis of love, affection and social relations are called free services.

Economic Services: Services which are bought and sold in the market and for which payment has to be made are called economic services.

3. Consumer Goods and Producer Goods

Consumer Goods: Goods which directly satisfy human wants are called consumer goods.

Producer Goods: Goods which help in the production of other goods are called producer goods.

(a) Intermediate Goods

Goods which are used in the production of final goods and services are called intermediate goods.

4. Consumer Services and Producer Services

Consumer Services

Services which are directly used by the consumer or family are called consumer services.

Producer Services

Definition: Services which help in the production of goods and services are called producer services.

5. Single Use and Durable Use Goods

Single Use Goods: Goods which can be used only once are called single use goods.



Durable Use Goods: Goods which can be used repeatedly for a long period of time are called durable use goods.

6. Private and Public Goods

Private Goods: Goods which are owned by a particular person and used by that person are called private goods.

Public Goods: Goods which are owned by the whole society and can be used by all people are called public goods.

Role and Importance of Goods and Services in an Economy

1. Human Wants

- Human wants are unlimited.
- With the increase in availability of goods and services, more wants are satisfied.

2. Production

- Availability of consumer goods and services depends on **producer goods and services**.
- Better machines, raw materials and services increase production.

3. Investment

- Increase in the production of goods and services increases **investment**.
- The remaining part of production is used for future production.
- This increases the productive capacity of the economy.



TOP 5 QUESTIONS

Q-1. What are goods?

Answer- Goods are things which can be seen and touched and which satisfy human wants. There is a time gap between their production and consumption and they can be stored.

Q-2. What are services?

Answer- Services are activities which satisfy human wants, but they cannot be seen or touched. There is no time gap between their production and consumption and they cannot be stored.

Q-3. What are economic goods?

Answer- Economic goods are those goods whose supply is limited and for which a price has to be paid to obtain them. They may be either man-made or provided by nature.

Q-4. What are consumer goods?

Answer- Goods which directly satisfy the wants of consumers are called consumer goods. They are used for final consumption.

Q-5. What is the importance of goods and services in an economy?

Answer- Goods and services satisfy human wants. Through them production, investment and economic development become possible and the productive capacity of the economy increases.



2

MONEY AND ITS ROLE

Introduction

In today's economic life **money** plays a very important role. Money is used for buying and selling goods and services. Earlier the barter system was prevalent, but due to its problems money developed.

Barter System

The **exchange of goods or services in place of goods** is called barter system.

- In ancient times people satisfied their needs by **exchanging goods and services**.
- In this system **money was not used**.
- One good was exchanged for another good.

Need for Money

- In modern times the barter system is not prevalent.
- Today **money is used** for buying and selling goods and services.
- The need for money arose due to the difficulties of the barter system.



Demerits of Barter System

1. Lack of double coincidence of wants

- Exchange is possible only when both persons need each other's goods.
- Such a situation is not always possible.



2. Lack of divisibility of goods

- Some goods cannot be divided into small parts.
- Due to this it becomes difficult to exchange.

3. Absence of a common unit of measurement of value

- There is no common unit to measure the value of goods.
- Therefore it becomes difficult to determine the value of different goods.



4. Problem of storage

- Goods have to be stored in large quantity for exchange in the future.
- This task is difficult and inconvenient.

5. Difficulty in storing value

- Many goods are perishable.
- Therefore they cannot be stored for a long time.

Definition and Functions of Money

Money is that object which is generally accepted by the society as a medium of exchange, measure of value, store of purchasing power and for future payments.

Functions of Money

1. Medium of Exchange

- Money is the **medium of buying and selling** goods and services.
- This makes trade easy.



2. Measure of Value

- Money works as a **common unit to measure** the value of goods and services.



- The price of all goods is expressed in money.

3. Store of Purchasing Power

- Money can be **stored** for the future.
- Through this a person can buy goods and services in the future.

4. Standard of Deferred Payment

- Money is used for loans and **future payments**.
- Therefore it becomes the standard of future payments.

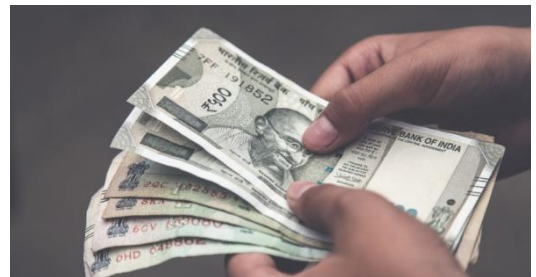
Types of Money

Paper Money and Coins

- Earlier people used gold, silver and other objects as money.
- Today money is mainly used in the form of **paper notes and coins**.

Paper Money

- Notes issued by the government are called **paper money**.
- They are called **currency notes**.



Coins

- Metal pieces used for small value are called **coins**.
- They are called **paisa**.
- The currency used in India is **Rupee** whose symbol is ₹.
- Every country has its own currency.



TOP 5 QUESTIONS

Q-1. What is barter system?

Answer- Barter system is the system in which goods and services are exchanged directly for goods. In this system money is not used and trade takes place on the basis of goods in exchange for goods.

Q-2. Write two demerits of barter system.

Answer- The main demerits of barter system are lack of double coincidence of wants and difficulty in divisibility of goods. Due to this exchange becomes difficult and inconvenience arises in trade

Q-3. Give the definition of money.

Answer- Money is that object which is generally accepted by the society as a medium of exchange, measure of value, store of purchasing power and for future payments.

Q-4. Write any two functions of money.

Answer- The main functions of money are medium of exchange and measure of value. Through it buying and selling of goods and services becomes easy and the value of goods can be expressed in a common unit.

Q-5. What is paper money?

Answer- Notes issued by the government which are used for buying and selling goods and services are called paper money. They are generally called currency notes.



3

BANKING AND CREDIT

Introduction

In the modern economy **money and banking** are complementary to each other. Banks keep the surplus money of people safely and provide loans to the needy people. In this way banks make production, distribution and business activities easy.

Meaning of Bank and Banking

Bank: A bank is an institution which accepts money from the public in the form of **deposits and gives loans to people.**

Banking: Banking means accepting deposits from people and using them in the form of loans or investment, which can be withdrawn when required through cheque, draft etc.

Functions of a Bank

The main functions of a bank are as follows:

- **Accepting deposits from the public**
- **Giving loans**



Accepting Deposits from the Public

- The bank **accepts deposits in the form of money** from individuals, groups and business institutions.
- The bank **opens an account** in the name of the depositor.
- An **account number is given** to the account.
- Whenever required the depositor can **withdraw money from his account.**
- The bank gives **interest** on some types of deposits.



- The bank provides **cheque** book to depositors through which payments can be made.

Giving Loans

- The bank **gives loans** to those people who need money.
- Loans are given only to those persons who have the **ability to repay the loan** in future.
- People take loans to buy goods or to start business.
- The bank provides loans for trade and economic activities.

Keeping Valuable Materials

- The bank provides the facility of **keeping valuable things** of people safely.
- The bank provides this facility in the form of **locker service**.
- Jewellery, documents etc. can be **kept safely** in it.



Meaning of Credit

- Credit means the **claim** to receive payment in the **future**.
- When a bank gives loan to a person then the bank is called the **lender** and the person taking the loan is called the **borrower**.
- The bank has the right to receive payment from the borrower in future.
- The bank increases its deposits by giving loans.
- This process is called **credit creation**.

Process of Credit Creation

- The bank **accepts deposits** from the public.
- The bank keeps a part of the deposit **as cash**.
- The remaining amount is provided by the bank as loans.



- Giving loans **creates new deposits** in the bank.
- In this way the total deposits of the bank increase.

Steps of Credit Creation

- **New deposits arise** from the initial deposit in the bank.
- The bank keeps a part of the deposit as **cash reserve ratio**.
- The remaining amount is **given as loan**.
- In each step the process of deposit and loan continues.
- This **increases the total credit** in the bank.

Credit Creation Capacity of a Bank

- The credit creation capacity of a bank depends on the **cash reserve ratio**.
- If the cash reserve ratio is **higher** then credit creation will be **less**.
- If the cash reserve ratio is **lower** then credit creation will be **more**.

Various Types of Banks in India

In India the following types of banks exist:

- **Reserve Bank of India (RBI)**
- **Commercial Banks**
- **Cooperative Banks**
- **Development Banks**



Reserve Bank of India

- **The Reserve Bank** of India is the **apex bank** of the banking system of the country.
- Its head office is in **Mumbai**.



- It issues **currency notes**.
- It works as the **banker** of the government.
- The deposits of the government are kept in this bank.

Commercial Banks

- These banks accept **deposits** from the public and **provide loans**.
- Their objective is to **earn profit** by providing banking services.
- These banks provide services such as **transfer of money, issuing draft** etc.



Cooperative Banks

- Banks operated by cooperative societies are called **cooperative banks**.
- They are of two types:
 - **Agricultural (Rural) Banks**
 - **Non-agricultural (Urban) Banks**
- In rural areas they provide credit for **agriculture, animal husbandry, fisheries** etc.
- In urban areas they provide loans **for self-employment and small industries.**

Development Banks

- Development banks work for the **economic development** of the country.
- They provide **long term loans** for industries and infrastructure.
- They provide loans to units of the private and public sector.



TOP 5 QUESTIONS

Q-1. What is a bank?

Answer- A bank is an institution which accepts money from the public in the form of deposits and provides loans to the needy people. The bank plays an important role in facilitating economic activities.

Q-2. Write two main functions of a bank.

Answer- The two main functions of a bank are accepting deposits from the public and giving loans to people. Through these functions the bank promotes trade and economic activities.

Q-3. What is credit?

Answer- Credit means the claim to receive payment in the future. When a bank gives loan to a person it has the right to receive that amount back in the future.

Q-4. What is meant by credit creation?

Answer- When the bank keeps a part of the deposit safe and provides the remaining amount as loan and new deposits are created from it, this process is called credit creation.

Q-5. What are the types of banks in India?

Answer- In India there are mainly four types of banks – Reserve Bank of India, Commercial Banks, Cooperative Banks and Development Banks. All these banks operate the banking system of the country.



4

SECTORAL ASPECTS OF INDIAN ECONOMY

Introduction

In the Indian economy people produce and consume various types of goods and services. These activities are divided into different sectors on the basis of their nature. Mainly there are three sectors of the economy – primary, secondary and tertiary sector.

Types of Occupations Adopted by People

- People adopt different occupations according to their education, skills and family tradition.
- These occupations are classified into three sectors of the economy:

- **Primary sector**
- **Secondary sector**
- **Tertiary sector**



Primary Sector

- This sector is based on natural resources.
- In this production takes place directly from resources obtained from nature.

Activities Included in Primary Sector

- Agriculture and allied activities
- Fishery
- Forestry
- Mining and quarrying



Secondary Sector

The following production activities are included in this sector:

- **Manufacturing**
- **Construction**
- **Gas, water and electricity supply**



Manufacturing

- Production of goods by using raw materials is called manufacturing.
- This activity takes place in factories and industries.
- Industries are of two types:
 - **Small scale industries**
 - **Large scale industries**

Construction

In this activity buildings, roads, bridges, parks, dams etc. are constructed.

Gas, Water and Electricity Supply

These are essential services which are important for production and life.



Tertiary Sector

- It is also called the service sector.
- In this different types of services are provided.

Major Services of Tertiary Sector:

- Trade, hotels and restaurants
- Transport, storage and communication



- Financial services (banking, insurance etc.)
- Real estate and business services
- Public administration
- Other services



Role and Importance of Primary Sector

1. Share in National Income

- At the time of independence the contribution of agriculture in national income was more than 50%.
- In the year 2009-10 it was about 15%.

2. Employment to Large Section of Population

- Agriculture is the main base of the Indian economy.
- In the year 2009-10 about 50% of the population was engaged in agriculture.



3. Providing Food to Millions

- Food is the basic requirement of human life.
- Production and supply of food grains takes place through agriculture.

4. Providing Raw Materials to Industries

- Many industries get raw materials from agriculture.
- This makes the development of industries possible.

Role and Importance of Secondary Sector

1. Share in National Income

- In the year 2009-10 the contribution of the industrial sector was 28%.



- At the time of independence it was about 14%.

2. Generation of Employment

- Industries have provided employment to a large number of people.
- Both small and large industries provide employment.



3. Creation of Infrastructure

Construction of **roads, railways, airports, dams** etc. has been possible because of the industrial sector.

4. Provision of Consumer Goods

Clothes, shoes, soap, cycle, scooter, car etc. are produced in industries.

Role and Importance of Service Sector

- The service sector in India is expanding rapidly.
- Services such as transport, education, health, banking, hotels etc. are part of this sector.

Major Contributions of Service Sector

- Contribution to national income
- Providing employment
- Attracting foreign investment
- Contribution in exports



Contribution of Service Sector to National Income

- In the year **2009-10 the contribution of service sector was 55.2%**.
- It is the highest among the three sectors.

Major Sub-sectors of Service Sector

- Trade and hotels



- Transport and communication
- Financial and business services
- Social and other services

Contribution in Providing Employment

- In the year **2009-10 about 29.4% employment** was in the service sector.
- Educated people get more employment in this sector.



Attracting Investment from Foreign Countries

- Foreign investment is increasing in services such as banking, insurance, trade etc.
- This promotes employment and economic development.

Contribution in Exports

- Through the service sector the country earns foreign exchange.
- In the year **2009-10 about 4.35 lakh crore rupees** were obtained from service exports.

Relationship Among the Three Sectors of the Economy

- All the **three sectors of the economy are connected with each other.**
- They are **complementary and supportive** to each other.
- Agriculture provides raw materials to industries.
- Industries provide consumer goods and machines.
- The service sector provides **trade, transport and financial services** between both sectors.



TOP 5 QUESTIONS

Q-1. What are the three sectors of the economy?

Answer- The three main sectors of the economy are primary sector, secondary sector and tertiary sector. Through these three sectors goods and services are produced and distributed.

Q-2. Which activities are included in the primary sector?

Answer- Activities such as agriculture, fishery, forestry and mining and quarrying are included in the primary sector. These activities are directly based on natural resources.

Q-3. What is the secondary sector?

Answer- The secondary sector is the sector in which new goods are produced by processing raw materials. It includes activities such as manufacturing industries, construction work and gas, water and electricity supply.

Q-4. Why is the tertiary sector called the service sector?

Answer- In the tertiary sector goods are not produced but different types of services are provided. Such as trade, transport, banking, education and health services.

Q-5. How are the three sectors of the economy related?

Answer- The three sectors of the economy depend on each other. Agriculture provides raw materials to industries, industries produce consumer goods and the service sector connects both sectors through trade, transport and financial services.



5

INDIAN ECONOMY IN THE GLOBAL CONTEXT

Introduction

India is one among many countries of the world and it has economic relations with other countries. Through exchange of goods and services, trade, investment and travel countries remain connected with each other. In this chapter the economic relations between India and the world have been studied.

Meaning of Economic Relationship between Countries

Economic Relationship

When **exchange of goods, services, money or other economic activities** takes place between citizens of two or more countries, it is called **economic relationship**.

Major Forms of Economic Relationships

- **Export** – selling goods and services to foreign citizens by domestic.
- **Import** – buying goods and services from foreign countries.
- **Sending or receiving money** to or from foreign countries.
- Visiting foreign **countries or business contacts**.
- When a country has economic relations with other countries it is called an **open economy**.



Importance of Trade

Trade:

The process of **buying and selling goods and services** is called trade.



Major Benefits of Trade

- Through trade people get **various types of goods and services**.
- Trade **encourages the production of new goods and services**.
- **Contact and cultural exchange** increase among people of different countries.
- Trade makes **specialization** possible due to which production takes place at lower cost.
- Because of this **goods become available at lower prices**.

Exports and Imports by India

- India has economic relations with many countries of the world.
- India **exports** and **imports** many goods.



The countries with which India trades are called **trading partners**.

(a) India's Exports

The major items exported by India are: engineering goods, handicrafts, chemicals and allied products, readymade garments, cotton yarn, iron ore, leather, fish, rice, fruits and vegetables

Countries to which India exports – France, Germany, U.K., U.S.A., Iran, U.A.E., China, Hongkong, Singapore, countries of Africa and Latin America

(b) India's Imports

The major items imported by India are-

- **Petroleum**
- **Mineral oil**
- **Non-ferrous metals**
- **Capital goods**



- **Machines and transport equipment**
- **Fertilizers**

India's imports mainly come from those countries with which it also has export trade.

Meaning of Globalization

Globalization

The process in which **different countries of the world become more connected with each other economically, socially and technologically** is called globalization.

Causes of Globalization

- **Development of means of transport**
- **Development of communication technology**
- **Increase in international trade**
- Increase in **contact and cooperation** between countries
- Due to globalization the world appears like a **global village**.



Comparison of Economic Development in India, China and USA

- **India, China and USA** are important among the major economies of the world.
- The economic condition and level of development of these countries are different.

A Brief Account of the Economy of USA

- USA is one of the most **developed countries** of the world.
- Here the **private sector** plays a major role in production.
- Many big companies of the world are located in USA.
- USA is also advanced in **agricultural production**.



- It is one of the major **exporters and importers** of the world.
- Education and health services are of high level.
- Despite this **poverty and unemployment** are also found there.

Economy of China

- The economy of China is considered the **second largest economy** in the world.
- After 1980 the economy of China developed rapidly.
- China promoted the **private sector through** economic reforms.
- China **exports on a large scale** and earns foreign exchange.
- China's national income and per capita income have **grown faster than India**.
- China has made remarkable progress in reducing poverty.



TOP 5 QUESTIONS

Q-1. What is meant by economic relationship?

Answer- When exchange of goods, services, money or other economic activities takes place between citizens of two or more countries, it is called economic relationship.

Q-2. What are export and import?

Answer- Selling goods and services to foreign countries is called **export**. Buying goods and services from foreign countries is called **import**.

Q-3. Write one importance of trade.

Answer- Through trade people get various types of goods and services. It increases production and strengthens economic and cultural relations between countries.



Q-4. What is globalization?

Answer- Globalization is the process in which different countries of the world become more connected with each other economically, socially and technologically.

Q-5. Write one feature of the economy of China.

Answer- After 1980 there was rapid economic development in the economy of China. Due to economic reforms and large scale exports China has become one of the major economies of the world.



6

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Introduction

Natural resources are used for the production of goods and services. Many times environmental problems arise due to the process of production. Therefore conservation of resources and keeping in mind the needs of the future, **sustainable development** is considered necessary.

Environment : Definition and Importance

Definition

The collection of all living and non-living things found naturally on the earth is called environment.

Components of Environment

Biotic components: birds, animals, plants, forests

Abiotic components: air, water, rocks, sun



Importance of Environment

- The environment provides **renewable and non-renewable** resources to humans.
- The environment **assimilates harmful waste** materials.
- The environment **maintains life through biodiversity**.
- The environment also provides **aesthetic and cultural importance**.

Environmental Problems

- With the development of human civilization **excessive use of natural resources** has taken place.
- Because of this many **environmental problems have arisen:**
- Pollution



- Land degradation
- Degradation of natural habitat
- Depletion of resources



Pollution

Undesirable change in the quality of natural resources or natural system is called pollution.

Pollutant

The waste material which affects the quality of natural resources is called pollutant.

Air Pollution

The presence of harmful gases, particles or chemical substances in the air is called **air pollution**.

Sources of Air Pollution

- Smoke coming from power plants and factories
- Gases released from vehicles
- Chemical substances and agricultural activities
- Paints, sprays and other chemicals
- Gases coming out from heaps of garbage



Natural Sources

- Dust
- Wildfires
- Volcanic activities



Water Pollution

Water Pollution : Reduction in the quality of water due to the mixing of harmful substances in water sources is called water pollution.

Sources of Water Pollution

- Sources of Water Pollution
- Industrial waste of factories
- Chemicals flowing from agricultural land
- Polluted water coming with rain
- Oil leakage



Effects of Water Pollution

- Diseases like cholera, typhoid, diarrhea
- Death of aquatic organisms
- Disturbance in the natural food chain

Noise Pollution

Noise Pollution : Excessive and unpleasant sound which affects human or animal life is called **noise pollution**.

Sources of Noise Pollution

- Motor vehicles and traffic
- Industrial activities
- Construction work
- Construction work



- Consumer appliances

Effects of Noise Pollution

- Irritability
- High blood pressure
- Stress
- Deafness
- Disturbance in sleep



Degradation

Land Degradation : Harmful change in the quality of land is called **land degradation**.

Causes of Land Degradation

- Excessive use of chemical fertilizers
- Excess irrigation and drainage problem
- Excessive grazing by animals

Effects of Land Degradation

- The productive capacity of land decreases.
- Groundwater may become polluted.
- Biodiversity decreases.
- Land gradually becomes barren.



Degradation of Natural Habitat

Decrease in the quality of natural habitat due to human activities is called **degradation of natural habitat**.



Major Causes

- Deforestation
- Expansion of agricultural land
- Urbanization
- Soil erosion
- Soil erosion



Effects

- Decrease in biodiversity
- Imbalance in the food chain
- Extinction of many species
- Increase in natural disasters

Depletion of Resources

Resource Depletion: Shortage of raw materials or natural resources in a region is called depletion of resources.

Major Facts

- The modern economy depends on **fossil fuels and minerals**.
- The demand for resources is increasing rapidly.
- Excessive use of resources also creates **environmental problems**.

Sustainable Development



Sustainable Development

Development which meets the needs of the present generation and does not affect the ability of future generations to meet their needs is called sustainable development.

Major Features

- **Careful use** of natural resources
- **Balance** between economic development and environment
- Protection of the interests of future generations

How Can We Achieve Sustainable Development

Wise Use of Resources

- Finding alternatives for non-renewable resources
- Increasing the use of renewable resources
- Use of solar energy, wind energy, water power etc.



Recycling

- Reprocessing used materials and **using them again**
- Recycling of paper and other materials

Reduce Use

- Using only necessary **goods**
- **Saving** energy and resources



TOP 5 QUESTIONS

Q-1. What is meant by environment?

Answer- Environment is the collection of all living and non-living things found naturally on the earth. It includes both biotic and abiotic components which influence each other.

Q-2. What is pollution?

Answer- Undesirable change in the quality of natural resources or natural system is called pollution. This change can occur due to human activities or natural causes.

Q-3. Write two effects of water pollution.

Answer- Water pollution can spread diseases such as cholera, typhoid and diarrhea. It can also cause the death of aquatic organisms and affect the natural food chain.

Q-4. What is meant by land degradation?

Answer- Harmful change in the quality and productive capacity of land is called land degradation. Due to this the fertility of land decreases and land may gradually become barren.

Q-5. What is sustainable development?

Answer- Sustainable development is the development which fulfills the needs of the present generation and at the same time does not harm the ability of future generations to fulfill their needs.



7

CONSUMER AWARENESS

Introduction

People buy goods and services to satisfy their needs. Many times goods are found to be of poor quality, incorrect measurement or at an unfair price. Therefore in such situations it is necessary for the consumer to have knowledge of their rights and responsibilities.

Who is a Consumer

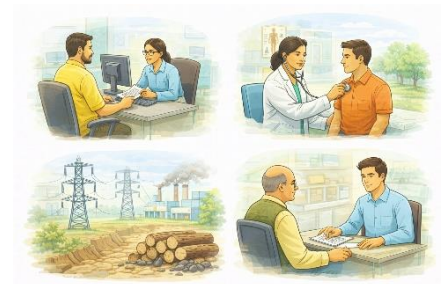
- **Consumer:** A person who buys or uses goods and services to satisfy his needs is called a consumer.
- A person who **buys goods for resale** is not considered a consumer.

What are Goods and Services

Goods : Those products which are produced or manufactured and sold in the market are called goods.

Services :

- The facilities which are made available to consumers are called services.
- **Such as:** banking, insurance, transport, electricity supply, health etc. services.



Consumer Awareness

Knowledge of consumers about their rights, duties and the market is called consumer awareness.

Main Elements of Consumer Awareness

- **Information about the quality** of the product
- Education about various **risks and problems**



- **Knowledge of consumer rights**
- **Information about the duties** of consumers

Need for Consumer Awareness

- The **variety of goods and services in the market** has increased.
- **Physical distance** between consumers and producers has increased.
- **Many times wrong information** is given through advertisements.



- Sometimes **expiry date or necessary information** is not clearly provided.
- Many consumers buy goods **without a bill**.
- Because of this it becomes **difficult for the consumer to make a complaint**.
- Therefore it is necessary for the consumer to remain **aware and careful**.

Consumer Protection System in India

- In India there is **legal and administrative arrangement** for the protection of consumers.
- Consumers can go to **consumer courts** for complaints related to goods and services.

Government Laws

Major laws for consumer protection in India—

- Consumer Protection Act (CPA) 1986
- Prevention of Food Adulteration Act (PFA) 1954
- Essential Commodities Act (ECA) 1955
- Standard of Weights and Measures Act (SWMA) 1976



Features of Consumer Protection Act

- Providing **cheap, simple and quick justice** to consumers.
- Less formal and **less expensive process**.
- Applicable to all goods and services.

Institutions for Resolving Consumer Complaints

In India there are two types of institutions for consumer protection -

- **Government councils**
- **Consumer courts**

Government Councils

- **Central Consumer Protection Council (CCPC)**
- **State Consumer Protection Council (SCPC)**



Consumer Courts

In India consumer courts exist at three levels -

- **District Consumer Forum (DCF)**
- **State Consumer Disputes Redressal Commission (SCDRC)**
- **National Consumer Disputes Redressal Commission (NCDRC)**

Protection System

- The consumer can file his complaint in **written form**.
- The complaint can be filed **personally or through a lawyer**.
- Appropriate court is selected on the basis of the value of the goods.



How to File a Complaint

- Purchase **receipt or bill** should be available.
- **Clear description** of the problem should be given in the
- Necessary documents are **attached with the complaint.**
- Three copies of the complaint **have to be submitted.**
- Prescribed **fee has to be paid.**



Role of Non-Governmental Organisations

- Many **NGOs** help consumers.
- These organisations provide **education, advice and assistance** to consumers.
- **Awareness programmes** about consumer rights are organised.



Grounds for Filing Complaint

- **Deficiency in service**
- **Defective goods**
- **Unfair trade practice**
- **Poor quality**



Rights of Consumers

Consumers have the following rights-

Right to Information

- The consumer has the right to get **correct and complete information** about the product.
- This includes price, weight, manufacturing date, expiry date etc.



Right to Choose

- The consumer has the right to **freely choose among goods and services.**

Right to Safety

- The consumer has the right to protection from goods that are **harmful to health and life.**

Right to be Heard

- The complaint of the consumer should be heard on an appropriate forum.

Right to Seek Redressal

- If the consumer suffers loss then he has the **right to receive compensation.**

Right to Consumer Education

- Consumers have the right to **obtain knowledge** about their rights and duties.

Responsibilities of Consumers

Be Careful of Advertisements

- Consumers should be careful of misleading advertisements.

Buy Quality Certified Goods

- Products having certification marks such as **ISI, AGMARK, BIS** should be purchased.

Take Bill of Purchase

- **Bill must be taken** while purchasing goods.
- Bill is an important proof for making a complaint.



Become a Green Consumer

- Products which do not harm the environment **should be used.**



Role as Consumer Manager

- Consumers can **work in an organized** way for their necessary services.

Major Issues of Consumer Movement in India

- To make the consumer movement successful in India it is **necessary to increase awareness**.
- Spread of consumer **education in rural areas is necessary**.
- Consumers should get **justice on time**.

TOP 5 QUESTIONS

Q-1. Who is a consumer?

Answer- A person who buys or uses goods and services to satisfy his needs is called a consumer. A person who buys goods for resale is not considered a consumer.

Q-2. What is consumer awareness?

Answer- Knowledge of consumers about their rights, duties and the market is called consumer awareness. Through this consumers can protect their interests.

Q-3. What is the objective of Consumer Protection Act?

Answer- The objective of Consumer Protection Act is to provide cheap, simple and quick justice to consumers and to protect their rights.

Q-4 Write two rights of consumers.

Answer- Major rights of consumers are - Right to Information and Right to Safety. Through these rights the consumer can get correct information and protection from harmful goods.

Q-5. Write one responsibility of a consumer.

Answer- One important responsibility of a consumer is to take a bill while purchasing goods. Bill is the proof of purchase and helps in filing a complaint when required.

